



National Trust Community  
Investment Corporation

a subsidiary of the  
National Trust *for* Historic Preservation



# IPED Historic Tax Credit Summit

Legislative and Market Update

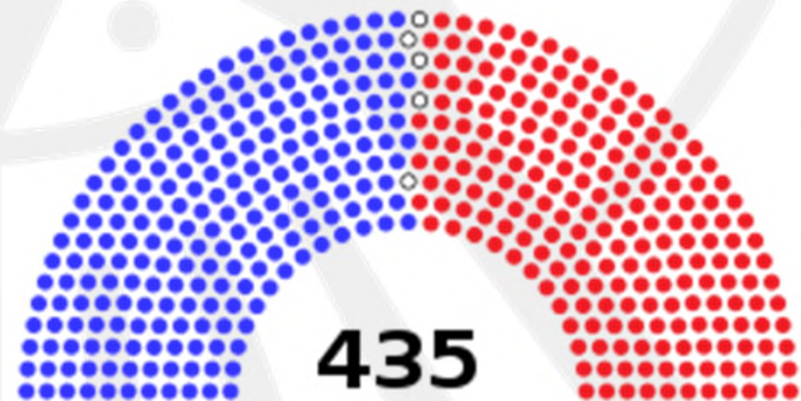
PATRICK ROBERTSON | HTCC Executive Director & Principal of Confluence GR

MERRILL HOOPENGARDNER | HTCC Chair & President of NTCIC



# MAKEUP OF THE NEW HOUSE

- Democrats: **220**
- Republicans: **211**
- Open Seats: 4 *to be settled in special elections*
  - **Ohio 11:** Marcia Fudge's seat (Nov 2) *Likely Dem*
  - **Texas 6:** Ronald Wright's seat (July 27th) *Likely Republican*
  - **Florida 20:** Alcee Hastings's seat (Jan-2022) *Likely Dem*
  - **Ohio 15:** Steve Stivers's seat (Nov 2) *Likely Republican*



# HOUSE LEADERSHIP

## Speaker of the House



### Rep. Nancy Pelosi

Elected by the whole of the House of Representatives, the Speaker acts as leader of the House and combines several roles: the institutional role of presiding officer and administrative head of the House, the role of leader of the majority party in the House, and the representative role of an elected member of the House. The Speaker of the House is second in line to succeed the President, after the Vice President.

### Democratic Leadership



#### Majority Leader

Rep. Steny Hoyer

Represents Democrats on the House floor.



#### Majority Whip

Rep. James Clyburn

Assists leadership in managing party's legislative program.



#### Assistant Speaker

Rep. Katherine Clark

Assists the Majority Leader.



#### Democratic Caucus Chairman

Rep. Hakeem Jeffries

Heads organization of all Democratic Party members in the House.

### Republican Leadership



#### Republican Leader

Rep. Kevin McCarthy

Represents Republicans on the House floor.



#### Republican Whip

Rep. Steve Scalise

Assists leadership in managing party's legislative program.



#### Republican Conference Chairman

Rep. Liz Cheney

Heads organization of all Republican Party members in the House.



#### Republican Policy Committee Chairman

Rep. Gary Palmer

Heads Conference forum for policy development.



# HOUSE TAX COMMITTEE



**Chairman  
Richie Neal**



**Ranking  
Member Kevin  
Brady  
(retiring)**



**Devin Nunes  
(CA)**



**Vern Buchanan  
(FL)**



**Adrian Smith  
(NE)**

**Potential new top Republicans**

## Slide 4

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**MH1**

Can we add the names of the potentials?

Merrill Hoopengardner, 6/14/2021

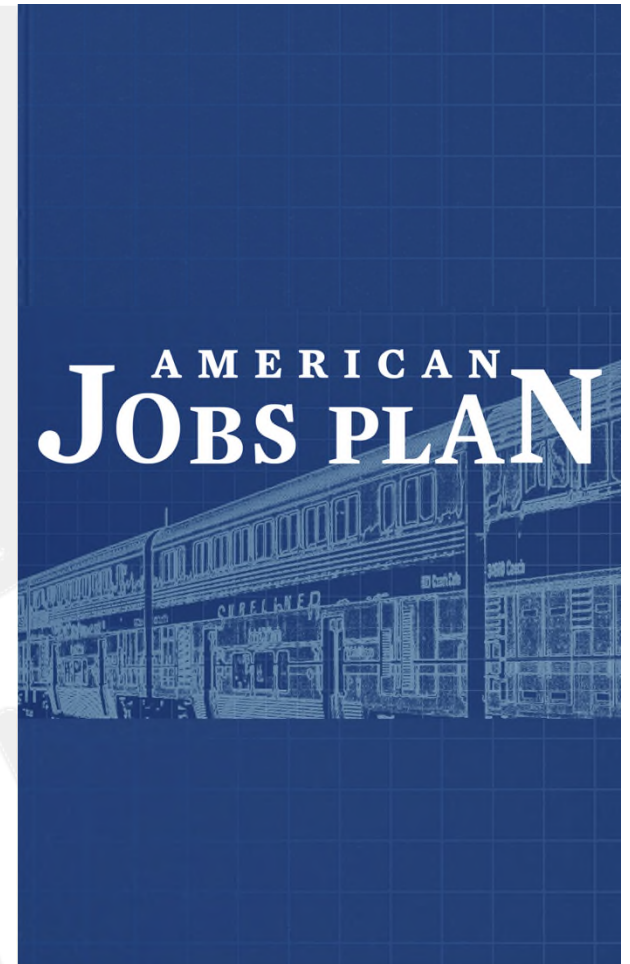
# UNITED STATES SENATE

50/50



# AMERICAN JOBS PLAN

- About **\$2 trillion** to:
  - Fix highways, rebuild bridges, and upgrade ports, airports, and transit centers
  - Rebuild clean drinking water infrastructure, a renewed electric grid, and high-speed broadband to all Americans
  - Modernize/rehabilitate homes, commercial buildings, schools, and federal buildings
  - Create caregiving jobs and raise wages and benefits for essential home care workers
  - Revitalize manufacturing, ensure products are made in America, and invest in innovation
  - Create good-paying union jobs and train Americans for jobs of the future



# DEPARTMENT OF TREASURY PROPOSALS

- Raise the corporate tax rate to 28%, up from the current 21%
- Raise the tax on Global Intangible Low Tax Income (GILTI) to 21%
- Eliminate the exemption of a 10% return on an investment abroad and calculate GILTI on a country-by-country basis
- Impose a 15% tax on book income, levied on profits instead of taxable income (only for companies with revenues over \$100 million)
- Create a tax credit for bringing jobs back to the U.S. and deny deductions for moving jobs overseas
- Increase corporate tax enforcement
- Eliminate some deductions and credits for the fossil fuel industry
- Repeal the Foreign-Derived Intangible Income (FDII) deduction



U.S. DEPARTMENT OF THE TREASURY  
**THE MADE IN AMERICA  
TAX PLAN**

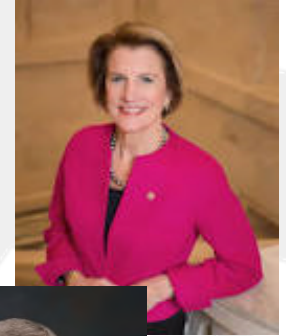
APRIL 2021





# WHAT DO REPUBLICANS THINK?

- Principles
  - Don't undo TCJA
  - No new taxes
  - Avoid “liberal wishlist”
  - Smaller package (\$1 trillion)
  - Paid for through user fees and unused COVID-19 relief funding
- A small group of moderate Republicans are trying to breathe new life into these discussions



# KEEPING SUPPORT OF MODERATE DEMS

- No corporate tax increases beyond 25%
- Insisting on a bipartisanship bill for infrastructure
- Pushing both President and Republicans towards a bipartisan common ground
- Willing to slim down proposals to accommodate a bipartisan effort



# AMERICAN JOBS PLAN

**“Build, preserve, and retrofit more than two million homes and commercial buildings, modernize our nation’s schools and childcare facilities, and upgrade veterans’ hospitals and federal buildings.”**

THE PYTHIAN  
*New Orleans, LA*

*Before*



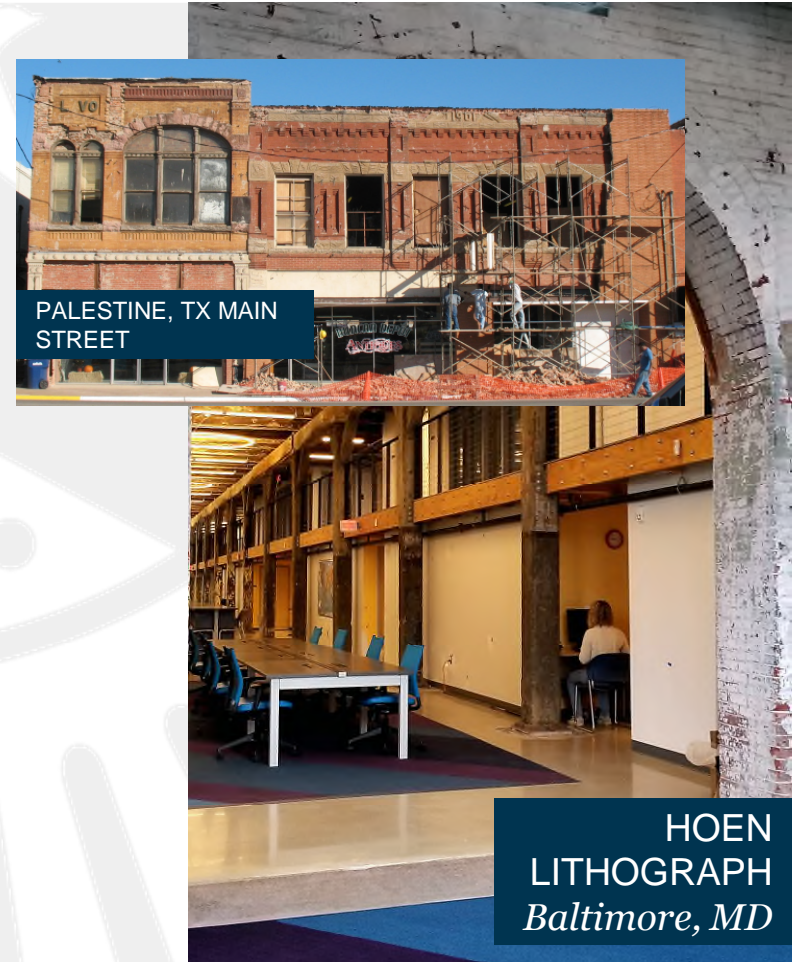
*After*



# HTC CONTRIBUTIONS

## to “*Hard Infrastructure*”

- Revitalizes the Built Environment in our Towns and Cities and Re-Activates Idle Buildings, Complexes and Existing Utility Infrastructure
- Projects Require Skilled Labor and Craftmanship, Typically Partnering with Local Small Businesses and Contractors



## HTC CONTRIBUTIONS to “*Hard Infrastructure*”

- Becomes the small business, job incubators, technology innovation and workforce development
- Invest in research and development, especially in under-served communities to build next generation industries





# HTC CONTRIBUTIONS

## to “*Hard Infrastructure*”

- Houses physical, social, community health, education and civic infrastructure in distressed and disadvantaged communities
- Critical tool in Creating Affordable Housing and job training and job creation in low-income areas

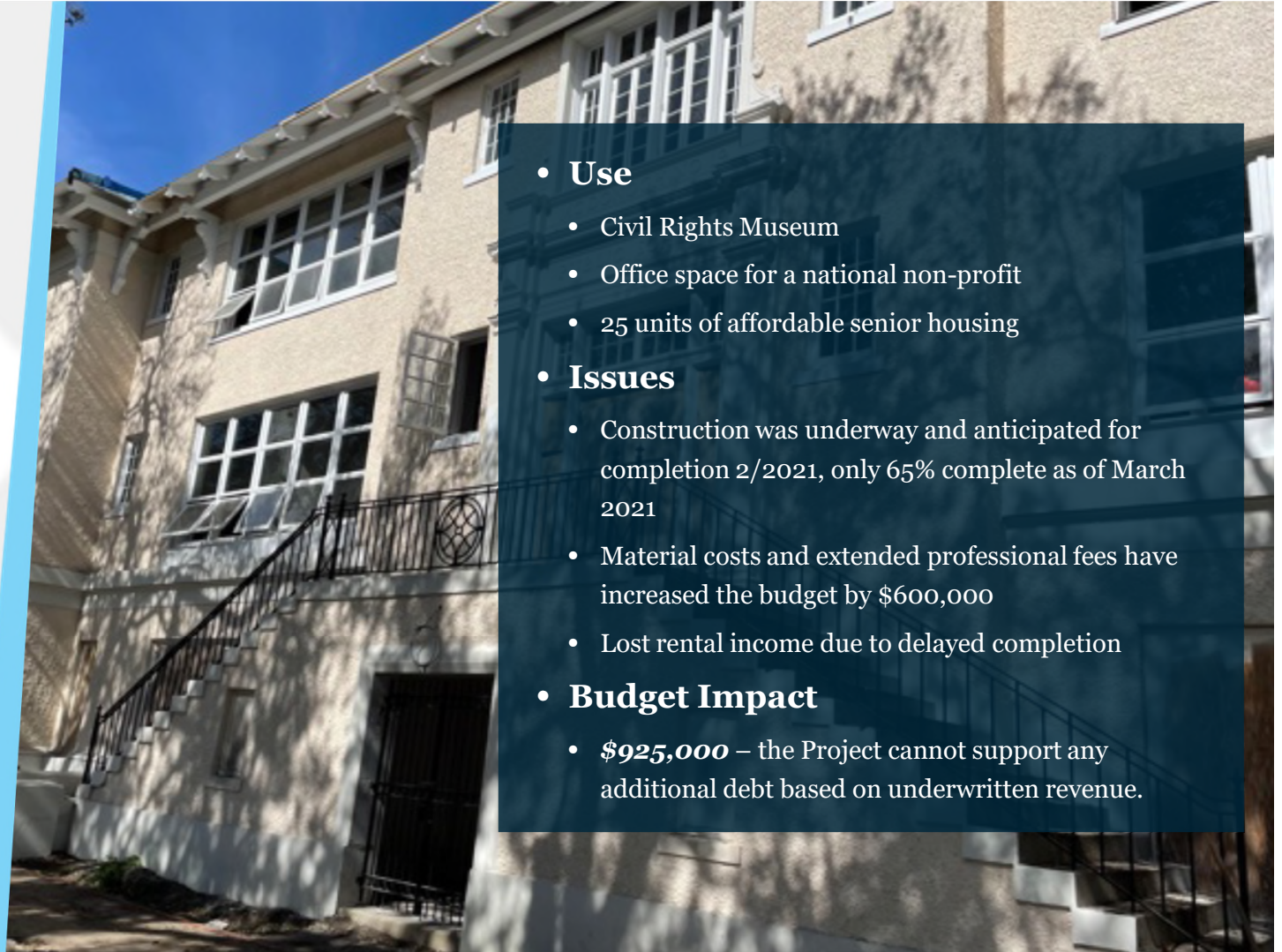


# COVID-19 IMPACTS ON HTC PROJECTS

- Case Studies



Project Cost:  
**\$16.1 Million**



- **Use**

- Civil Rights Museum
- Office space for a national non-profit
- 25 units of affordable senior housing

- **Issues**

- Construction was underway and anticipated for completion 2/2021, only 65% complete as of March 2021
- Material costs and extended professional fees have increased the budget by \$600,000
- Lost rental income due to delayed completion

- **Budget Impact**

- **\$925,000** – the Project cannot support any additional debt based on underwritten revenue.





Project Cost:  
\$41 Million

- **Use**

- Hotel

- **Issues**

- Hospitality has been disproportionately affected by the pandemic and banks lending to hotel developers has significantly declined
- This Project's loan commitment was reduced 50% then expired
- Hotels aren't appraising at the same levels resulting in additional equity needed to complete the project
- This specific downtown market is saturated with residential and office use isn't viable in the COVID environment

- **Budget Impact**

- **\$3MM** and great uncertainty around the future of hotel development in this downtown market

# HISTORIC TAX CREDIT

## *Growth & Opportunity Act (HR 2294)*

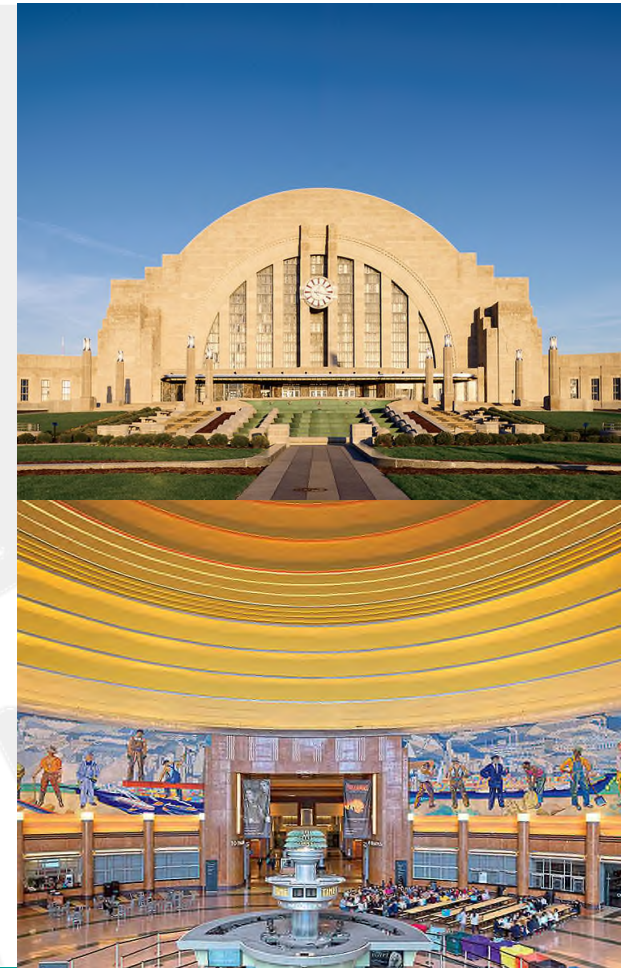
*(Blumenauer (D-OR)/LaHood (R-IL))*

### **Temporary Enhancements to the HTC**

- Temporarily increases the HTC from 20% to 30% to address pandemic related challenges

### **Permanent Enhancements to the HTC**

- 30% credit for all small projects (<\$2.5 million QREs)
- Lower substantial rehabilitation threshold to 50%
- Eliminate basis adjustment requirement
- Simplify tax rules for nonprofit-sponsored projects





# HTC-GO COSPONSORS – H.R. 2294

## Democrats

- Blumenauer [OR-3]\*
- Sewell [AL-7]\*
- Higgins [NY-26]\*
- Kaptur [OH-9]
- Brown, [MD-4]
- Beatty [OH-3]
- Kilmer [WA-6]
- Norton, [DC-AtLarge]
- DelBene [WA-1]
- Delgado [NY-19]
- Omar [MN-5]
- DeFazio [OR-4]
- Strickland [WA-10]
- Suozzi, [NY-3]
- Kildee [MI-5]
- Dean [PA-4]
- Evans [PA-3]
- Boyle [PA-2]
- Lowenthal [CA-47]
- Craig [MN-2]
- Morelle [NY-25]
- Langevin [RI-D]
- Schrier [WA-8]
- Bonamici [OR-1]
- Larsen [WA-2]
- Grijalva [AZ-3]
- Moore [WI-4]
- McGovern [MA-2]

## Republicans

- LaHood [IL-18]\*
- Ferguson [GA-3]
- Walorski [IN-2]
- Fortenberry [NE-1]
- Katko [R-NY-24]
- Chabot [R-OH-1]
- Turner [R-OH-10]
- Johnson [OH-6]
- Fitzpatrick [PA-1]
- Kelly [PA-16]
- McKinley [WV-1]
- Miller [WV-3]
- Bice [OK-5]
- Johnson [OH-6]
- Hudson [NC-8]
- Westerman [AR-4]
- Smith [MO-8]
- Carter [GA-1]
- Thompson [PA-15]
- Stefanik [NY-21]
- Bacon [NE-2]
- Hill [AR-2]
- Smucker [PA-11]
- Davis [IL-13]

# REQUEST TO MEMBERS OF CONGRESS

**H.R.2294** - To amend the Internal Revenue Code of 1986 to modify the rehabilitation credit for certain small businesses, to eliminate the requirement that the taxpayer's basis in a building be reduced by the amount of the rehabilitation credit, and for other purposes.

117th Congress (2021-2022) | [Get alerts](#)

**BILL** Show Overview ▾

Summary (0) Text Actions (3) Titles (1) Amendments (0) **Cosponsors (41)** Committees (1) Related Bills (0)

**Cosponsors: H.R.2294 — 117th Congress (2021-2022)**

Sponsor: [Rep. Blumenauer, Earl \[D-OR-3\]](#) | Cosponsor statistics: 41 current - includes 3 original

Hide Filters ▴ \* = Original cosponsor View Expanded ▾ Sort by

Party	Cosponsor	Date Cosponsored
<a href="#">Check all</a>		
<input type="checkbox"/> Democratic [22]	<a href="#">Rep. LaHood, Darin [R-IL-18]*</a>	04/01/2021
<input type="checkbox"/> Republican [19]	<a href="#">Rep. Sewell, Terri A. [D-AL-7]*</a>	04/01/2021
<b>Cosponsors by U.S. State or Territory</b>	<a href="#">Rep. Higgins, Brian [D-NY-26]*</a>	04/01/2021
<a href="#">New York</a> [6]	<a href="#">Rep. Kaptur, Marcy [D-OH-9]</a>	04/08/2021
<a href="#">Pennsylvania</a> [6]	<a href="#">Rep. Fitzpatrick, Brian K. [R-PA-11]</a>	04/08/2021

Please cosponsor H.R. 2294, the  
Historic Tax Credit Growth and  
Opportunity Act

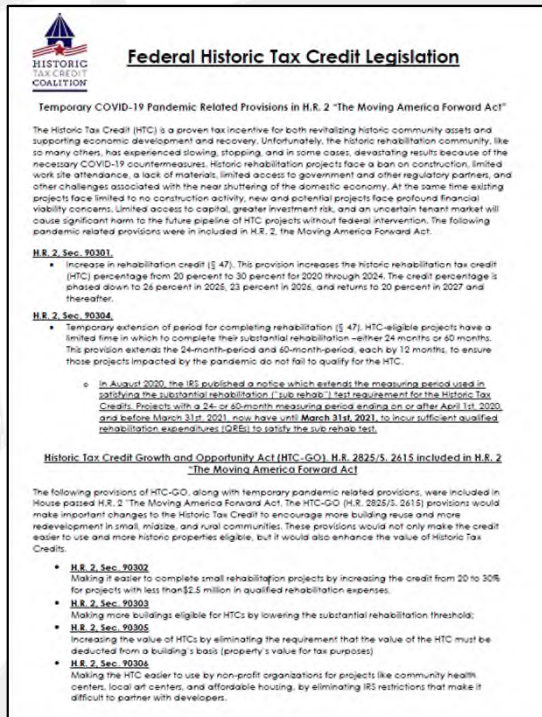
Please Look for Opportunities to  
Include HTC-GO Provisions in  
Emerging Infrastructure Legislation

# HTC-GO ADVOCATE MESSAGING

- Request that your Members of Congress cosponsor the new HTC-GO -HR 2294- in 2021
- Share projects impacted by the pandemic. Explain challenges on-site, obtaining capital, and remaining financing gaps
- Share how permanent enhancements to the HTC will contribute to economic recovery
- Request for HTC bill's inclusion in a **future infrastructure bill** or other tax legislation



# RESOURCES FOR CRAFTING YOUR MESSAGE



We encourage you to read over the HTC Related Legislation document which outlines how each bill connects to advocacy efforts.

# Resources for Crafting Your Message

- Use the updated template from to send messages to the staff contacts at the top
- Personalize your message in the highlighted areas
- Explain any challenges on-site, in the financing realm and financing gaps with HTC projects.
- Explain why HR 2294 provisions will solve these issues and permanent provisions will bring more revitalization to your community
- Share how permanent enhancements to community development incentives will contribute to the economic recovery
- Request cosponsorship of HR 2294 and encourage inclusion of these provision in emerging infrastructure legislation

## HTC-GO (HR 2294) House Advocacy Message Template

Create a Unique Subject line: HR 2294 Historic Tax Credit bill Cosponsorship|

Dear XXX,

(Introduce yourself, and your organization/company). Thank you Representative XXX for being a strong supporter of the Historic Tax Credit (HTC). The HTC is an important tool to not only revitalize city/town, but to also preserve its unique character and rich heritage. The HTC is used to bring investor equity into historic rehabilitation projects who use the tax credits to offset their tax liability. Please consider cosponsoring HR 2294, the Historic Tax Credit Growth and Opportunity Act (HTC-GO), sponsored by Rep. Blumenauer (D-OR) and Rep. LaHood (R-IL) and look for opportunities to include the provisions in infrastructure legislation.

These provisions were included in House passed infrastructure bill last year. HTC-GO has a temporary provision that would bring relief to pandemic impacted projects and makes permanent changes that would bring more value to the credit, further encourage smaller sized projects, allow developers to use the credit for substantial retrofits to modify buildings into new uses, and would make it easier for non-profits to partner with developers in historic rehabilitation.

(If possible Discuss a project(s), challenges, and how they would benefit from the temporary increase to 30%)

(Review the HTC Related Legislation document and describe which permanent provisions would be most helpful and why)





QUESTIONS?