

City of Detroit
CITY COUNCIL

HISTORIC DESIGNATION ADVISORY BOARD

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May 2, 2024

Mr. Joe Tate, Speaker of the House
Michigan House of Representatives
P.O. Box 30014
Lansing, MI 48909

RE: H.B. 5430 – Proposed Updates to the Michigan Historic Preservation Tax Credit

Dear Speaker Tate,

The Historic Designation Advisory Board (HDAB) fully supports the proposed updates to the Michigan Historic Preservation Tax Credit as written in H.B. 5430.

HDAB is in full agreement with the bill's sponsor State Rep. Joey Andrews, the Michigan Historic Preservation Network and historic building owners, developers, and homeowners that the current state historic tax credit program has constraints and limitations that need to be urgently addressed. Most importantly, the proposed changes will enable a more equitable use of the credit program, which will greatly benefit the City of Detroit.

While the Michigan Historic Preservation Tax Credit has benefitted rehabilitation projects in Detroit, we hear many complaints and frustrations from property owners and investors who feel left out.

These include:

- The inability to use the credit if a small, multi-unit residential building is owner-occupied. *H.B. 5430 addresses this two ways, first by amending the definition for small income-producing*

projects to allow owner-occupancy for something such as a storefront building with the owner's residence above. Second, the definition for residential projects is expanded beyond single-family homes to include condominium units, multi-unit dwellings such as a duplex or fourplex, and multi-purpose structures or a bed & breakfast.

- The inability to use the credit if the historic building owner is a non-profit organization. H.B. 5430 addresses this by amending the definition of "Applicants" to "an individual, partnership, corporation, association, governmental entity, or other legal entity." This ensures that such entities as non-profits may also participate.

- The inability to use the credit if the cost of rehabilitation is the responsibility of a lessee. H.B. 5430 addresses this by amending eligibility to include an applicant who holds a long-term lease, development agreement, or purchase agreement with the owner of a property.

- The inability to close a financing gap for small income-producing projects. H.B. 5430 addresses this by increasing the credit from 25% to 30% for small income-producing projects and residential projects. This will particularly benefit small businesses in neighborhood commercial districts.

The above examples apply to dozens of historic buildings throughout Detroit that today cannot be rehabilitated utilizing this important financial tool to help close a financing gap. In addition, while Detroit needs as many financial tools as possible to offer owners of our historic building stock, so too does our state to remain competitive with other states in the region. Increasing the current \$5 M credit cap to the proposed \$100 M credit cap is crucial. This will enable more qualified projects to receive the incentive in Detroit and statewide. In June 2022, within hours of the program opening, \$92 M in credit requests for income-producing project applications were received by the State. The demand and need are clear.

The urgency of addressing the current program's shortcomings is extremely important. The rehabilitation and reuse of historic buildings in Detroit and statewide provides increased opportunity for economic development and affordable housing and creates more local jobs than new construction. Rehabilitation also is a critical sustainability tool for confronting climate change, as reuse of existing buildings prevents demolition waste from entering our landfills.

Please find attached a Resolution passed by the Detroit City Council on April 30, 2024, acknowledging National Historic Preservation Month, the importance of historic preservation to the City of Detroit and support for H.B. 5430.

We hope you and the Michigan Legislature will agree that passage of H.B. 5430 will greatly benefit Detroit and Michigan. We thank you for your consideration of this very important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Calvin Jackson", written in a cursive style.

Calvin Jackson, Chair
Historic Designation Advisory Board

Cc:

Michigan House of Representatives – Detroit Delegation

Governor Gretchen Whitmer

State Rep. Joey Andrews, Sponsor, H.B. 5430

State Rep. Cynthia Neeley, Chair, Tax Policy Committee, MI House of Representatives

Mayor Michael Duggan

City Council, City of Detroit

David Whitaker, Director, Detroit Legislative Policy Division

Janese Chapman, Director, HDAB

Marcell Todd, Director, Detroit City Planning Commission

Antoine Bryant, Director, PDD, City of Detroit

Garrick Landsberg, Director Historic Preservation, PDD, City of Detroit

Ryan Schumaker, Michigan State Historic Preservation Office

Michigan Historic Preservation Network