

City of Detroit
CITY COUNCIL

HISTORIC DESIGNATION ADVISORY BOARD

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July 14, 2025

The Honorable State Representative Veronica Paiz
State House District 10
Anderson House Office Building
124 N. Capitol Ave., S-689
Lansing, MI 48933

RE: H.B. 4503 and H.B. 4504 – Proposed Updates to the Michigan Historic Preservation Tax Credit

Dear Representative Paiz,

The Historic Designation Advisory Board (HDAB) fully supports the proposed updates to the Michigan Historic Preservation Tax Credit (PA 343 of 2020) as written in H.B. 4503 and H.B. 4504. By employing the same language, H.B. 4503 applies the proposed updates to the corporate income tax and is tie-barred to H.B. 4504 that does the same for the individual income tax.

HDAB is in full agreement with State Rep. Joey Andrews, sponsor of H.B. 4503 and State Rep. Steve Frisbie, sponsor of H.B. 4504, the Michigan Historic Preservation Network and historic building owners, developers, and homeowners in Detroit and across the state that the current state historic tax credit program has constraints and limitations that need to be urgently addressed. Most importantly, the equivalent language in the two bills will ensure the proposed changes will enable a more equitable use of the credit program, which will greatly benefit both the City of Detroit and the State of Michigan.

While the Michigan Historic Preservation Tax Credit has benefitted some 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. 4503 and H.B. 4504 both address this in 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. 4503 and H.B. 4504 both address this by expanding the pool of applicants, amending the definition of "persons" to include "an individual, partnership, corporation, association, governmental entity, or other legal entity." The addition of "other legal entity" 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. 4503 and H.B. 4504 both address 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. 4503 and 4504 both address 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.

We hope you and the Michigan Legislature will agree that passage of H.B. 4503 and 4504 will greatly benefit Detroit and many communities throughout Michigan. We thank you for your consideration of this very important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Carolyn Carter". The signature is fluid and cursive, with the first name "Carolyn" and last name "Carter" clearly distinguishable.

Dr. Carolyn Carter, Chair
Historic Designation Advisory Board

Cc:

Governor Gretchen Whitmer

State Rep. Joey Andrews, Sponsor, H.B. 4503

State Rep. Steve Frisbie, Sponsor, H.B. 4504

Mayor Michael Duggan

City Council, City of Detroit

David Whitaker, Director, Detroit Legislative Policy Division

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

Ryan Schumaker, Michigan State Historic Preservation Office

Michigan Historic Preservation Network