OPPOSITION to SECTIONS 25, 26 & 27 OF HOUSE BILL 7410
AN ACT CONCERNING CERTAIN TAX RECOMMENDATIONS OF THE
COMMISSION ON FISCAL STABILITY AND ECONOMIC GROWTH AND
ESTABLISHING A STEM SCHOLARSHIP PROGRAM

April 10, 2019

TO: The Hon. John W. Fonfara, Co-Chair, the Hon. Jason Rojas, Co-Chair, the Hon. Kevin D. Witkos, Ranking Member, the Hon. Christopher Davis, Ranking Member and the members of the Finance Revenue and Bonding Committee

As a Professor of History, Public History, and Historic Preservation, as well as a board member of Connecticut Preservation Action, I oppose opposition to Sections 25-27 of HB 7410 regarding the reduction of allowable tax credits. First and foremost, despite its label, this “tax credit program” is not about giving away money. The State Historic Rehabilitation Tax Credit program provides a return of the state’s investment before any of the tax credit is issued. In these financially uncertain times, Connecticut’s historic tax credit development remains a sound, attractive, long-term, and predictable development scenario. The projects are rigorously reviewed in the planning stages, and thus there is minimal risk to the State for its investment. Developers commit to a project and invest in the state BEFORE the state provides the credit. The credit is issued only once the building is renovated, and the work is properly done.

This program can be combined with affordable housing incentives to revive actual neighborhoods with character, history, and sustainability, and not “housing projects.” Among other economic metrics, historic preservation creates local jobs for Connecticut residents of every socioeconomic background. According to Rympeka, every $100 invested in the rehabilitation of a historic building, $83 ends up in the pockets of Connecticut workers. Historic rehabilitation projects are labor intensive and require far more local materials and specialized skills than new construction. Wages, profits, and salaries stay local, creating more jobs than new construction or steel manufacturing. Most importantly, this program encourages environmentally sustainable practices that will significantly help REDUCE the state’s carbon footprint. This tax credit encourages developers to RECYCLE buildings, which also contributes to substantial savings in energy and solid waste disposal costs.

In New Britain, Jasko Development has purchased five historic buildings. In Fall 2017, owner Avner Krohn completed the conversion of the upper floors of 99 West Main Street, a 1925 office building that many believed to be an eyesore to be torn down for a parking lot. The new space included 16 one- and two-bedroom luxury apartments with of above-market rents ranging from $1,075 to $1,500 a month. The Jasko team used more than $400,000 in state historic tax credits to complete the project. The assessed value on this property has more than doubled, adding over $30,000 a year to the city’s coffers (once tax abatement matures). Designated as a National Register Historic District in 2016, all of downtown New Britain (over 100 properties) is eligible for state and federal preservation tax credits. This is a key tool in the city’s efforts to revitalize a once thriving commercial downtown New Britain with transit –oriented development.
improved way-finding signage (including heritage signage), and re-branding.

Private developers large and small, and their investors, need certainty for their financial models. **Our “tax credit” program Historic Preservation is a proven incentive for investment in resources that already integrated into the local community**, through both physical and psychological infrastructure. Between July 1, 2014 and the Spring of 2018, the State Historic Preservation Office has received accepted over 130 new rehabilitation projects into the program, and reserved over **$138,700,000 in tax credits for 73 projects**. The 73 projects represented roughly **$530,371,284 in rehabilitation costs**. What this means is an over 4:1 ratio of outside investment in the state to the state’s investment through this particular tax credit program. Each annual allocation usually provides credits for about 17 projects a year. Since the inception of the program, the cap for tax credit allocations has been met every year. This fiscal year, it was met last month in March. In order to keep development projects on track, the SHPO will begin to tap next year’s reserves to keep up with the demand.

**Between 2015 and 2018, Connecticut’s tax credit projects created 1970 housing units, and 1124 of these included affordable housing. In addition, these projects created or rehabilitated 246, 285 square feet of non-residential, commercial or manufacturing space. Applications came from 28 different towns and cities across the state including Hartford and Bridgeport, Waterbury alone New Haven, and New Britain. They seek support to renovate and reuse the historic buildings already here in our communities. Rehabilitating older buildings strengthen residents’ connection to a place, its history, and to its future. This is not place-making, rather it means place-keeping by using local history, and existing local resources, to build communities for our future.**

Thank you for your attention.

Leah S. Glaser
Professor of History
Board Member and Past President, Connecticut Preservation Action
Board Member, Connecticut State Historic Preservation Council