April 9, 2019

TO: The Joint Committee on Finance, Revenue & Bonding

Re: 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

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

I write on behalf of Connecticut Main Street Center, Inc. (CMSC) to oppose a provision in the subject bill that would be a setback to both the Historic Homes Rehabilitation Tax Credit Program (C.G.S. § 10-416) and the Historic Rehabilitation Tax Credit Program (C.G.S. § 10-416c). Our downtowns, Main Streets, mixed-use commercial corridors, historic neighborhoods, and village centers are rich with historic buildings that provide housing and commercial space critical to the state’s economy and quality of life. These two programs are critical to the maintenance and reutilization of these historic assets.

The subject provision reduces the value of the state historic rehabilitation tax credit and potentially puts the entire program at risk. Our building stock in Connecticut is aging. Reinvestment in our existing built environment is essential for the economic health and well-being of our state. Federal historic tax credits were recently watered-down and many projects are not eligible for the federal program. It is more important than ever that we have a robust state historic tax credit program. The success of the state historic tax credit program is evident. As has been the case over the last few years, once again this year, the program is fully subscribed utilizing the full fiscal year allocation with four months remaining. This requires forward approving projects for next fiscal year’s allocation. The program has assisted in the restoration of assets on the National and State Historic Register throughout the state. Based on information from architectural firms involved in historic tax credit projects there is a significant pipeline that will need this program to move forward. The tax credits are necessary for gap financing on what are often challenging rehabilitations.

The transformative nature of the program is evident. In FY 2018, the State Historic Preservation Office issued 19 new tax credit reservations that are estimated to generate more than $129 million in rehabilitation work. Tax credit projects created: 269,501 square feet of nonresidential space and 505 units of housing with 239 units of affordable housing.

Examples of tax credit projects positively impacting downtowns and Transit-Oriented Development include:
The Montgomery Mill Building in Windsor Locks – The state historic tax credit program is being layered with other financing to convert a 250,000 s.f. vacant mill building into 160 residential, mixed-income, apartments. This project is a catalyst for the revitalization of downtown Windsor Locks and is adjacent to the future Hartford Line rail stop.

The Lewtan Building in Hartford – state historic tax credits are being utilized to convert a vacant building at 28 High Street a block away from Bushnell Park and the Hartford train station into 28 units of housing with first-floor commercial space. The tax credit program helped bring this Connecticut Main Street Center Come Home to Downtown project to fruition.

99 West Main Street in New Britain – state historic tax credits were utilized to rehabilitate upper-floors in a downtown mixed-use building into 16 residential apartments. This Come Home to Downtown project is notable in that it is a couple of doors down from City Hall and is within walking distance of the Fastrak bus station.

These are just a sample of the many transformative projects that have taken place across the state thanks to the historic tax credit program. We still have hundreds of mixed-use, multi-story buildings on Main Streets in need of rehabilitation, not to mention the number of historic mill buildings waiting for their next productive use.

We ask you to carefully consider the implications of Sections 25, 26, 27 on of this important economic and community development program.

Sincerely,

Patrick J. McMahon, CEO