



Frequently asked questions about the push for restoring Michigan's Historic Tax Credit

Q. How much money will this tax credit cost?

A. It will vary by year and by the number of applicants, but in 2011, the last year of the credit, \$6 million in credits were awarded.

Q. Why is the tax credit so necessary if it's such a small amount?

A. This is a small investment that will pay huge dividends. A mere \$6 million or so out of the state's \$56.8 billion budget is a drop in the bucket, but it can be the difference-maker between whether projects happen or not, and whether a community thrives or not.

Q. I thought Michigan already had a historic tax credit?

A. The state historic tax credit that was implemented in 1999 was eliminated in 2011.

Q. Is this just a handout for wealthy developers?

A. No, it's a major economic engine! When Michigan had the historic tax credit, every \$1 spent on historic preservation yielded \$11 in direct economic impact. The rehabilitation of a gorgeous historic structure often spurs nearby development and generates other secondary benefits, such as increased tourism and putting previously unused buildings back on the tax rolls. Over the previous Michigan historic tax credit's 12-year lifespan, the credits leveraged \$251 million in federal tax credits and helped create 36,000 jobs while incentivizing \$1.46 billion in direct rehab expenses.

Additionally, according to a study by Clarion Associates, jobs created by the preservation of historic structures in Michigan create far more jobs than incentives for other industries. Every \$1 million spent on rehabbing a building created 11 more jobs in Michigan than the same amount spent on manufacturing chemicals and eight more jobs than that figure spent on manufacturing auto parts or accessories.



Q. Do other states have historic tax credits?

A. Michigan is one of only 15 states in the country that do not have historic tax credits. That puts Michigan at a severe disadvantage when it comes to recruiting development, investment, jobs and residents. Michigan developers are going to nearby states that have state historic tax credits to develop historic projects.

Q. How does a project qualify for the tax credit?

A. To qualify, generally a property must be deemed a contributing building to a local historic district. In communities with fewer than 5,000 people, which may not have such a designation, the property may be listed on the State or National Register of Historic Places to qualify instead. Not just any building can qualify.

Q. What can these tax credits be used for?

A. For everything from repairs on historic homes to the large-scale rehabilitation of commercial properties, from office towers to old stores.

Q. Will this benefit big cities and leave smaller communities out?

A. No, quite the opposite. Smaller communities stand to gain the most from this credit. Because smaller communities often don't see the attention of larger cities, it is often more difficult to secure investors, developers or financing, making the tax credit even more important in factoring whether a building will be saved or not. Michigan's smaller communities need more tools at their disposal than larger cities in order to unlock key redevelopment projects and the economic development they'll bring. Consider the state historic tax credit the key that these smaller communities need to make these projects feasible and breathe new life into empty buildings and put them back on local tax rolls.

Q. Who uses the tax credits? Is it for only the heavily populated counties?

A. No! Over the 12 years Michigan had a historic tax credit, properties in 38 counties across the state utilized it. Nearly 80 communities from every corner of Michigan have enacted historic district ordinances under the state historic district act, making them eligible for future state credits.



Q. Isn't listing a building on the national or state register of historic places enough to save them?

A. No. Listing a property on the national or state registers is an honorary designation that does nothing to preserve its historic integrity, help with maintenance or rehab, or spare it from demolition. The state historic tax credit helped property owners invest in these places and save them for future generations.

Q. Why does preservation matter?

A. Preservation of Michigan's historic resources enhances the quality of life and beauty of our state while saving our culture and architectural treasures for future generations. Once these places are gone, they're lost forever. By preserving our historic buildings, we are not only preserving our culture and our history, but also a sense of place that these buildings create, enlivening communities and making areas where people want to live and spend time. Historic buildings enhance our quality of life.

Adaptive reuse of Michigan's historic resources stimulates both the state and local economies through investment, job creation and community revitalization. It also increases property values, which is good for both property owners and local governments.

Historic buildings are built with higher-quality materials, such as hardwoods from old-growth forests that no longer exist and are decorated with ornate plaster and stonework that we can't replicate today. They simply don't build them like they used to.

Placemaking is key to a prosperous Michigan. Both younger and older people today want to live in places with culture and history, not cookie cutter developments. We need to continue revitalizing the kind of communities that make Michigan attractive to employees and employers alike.

There's also strong evidence that historic properties help to develop a strong, authentic character that attracts residents and tourists, increases neighborhood pride and cultural identity, and helps a community stand out as unique.

Q. What are some examples of buildings that may not have been saved without the tax credit?

A. Among the projects the tax credit helped make possible: the Nisbett Building in Big Rapids, the Mutual Building in Lansing, the Book-Cadillac Hotel in Detroit, the Temple Theatre in Saginaw, the Amazon Building in Muskegon, the Perry Hotel in Petoskey, the Durant Apartments in Flint and many, many more.



Q. What guarantee do we have that a developer will do the project if he or she gets the credit?

A. The credits are claimed only *after* eligible expenses are incurred, which means that labor, materials and “soft costs” – such as research, architecture, engineering and design fees – have already generated significant economic impacts, as well as state and local tax revenue, before the developer receives a penny of the credit. And the projects must stay in compliance with the [Secretary of the Interior’s Standards for Rehabilitation](#) for five years following completion of the project or face recapture.

Q. If historic buildings are being saved in Michigan without the tax credit, why do we need it?

A. The vast majority of historic renovations in Michigan are in big cities like Detroit and Grand Rapids. Our smaller communities are not seeing that same level of investment. Further, the state tax credit can be used on both commercial and residential structures. The federal tax credit can be used on only commercial (i.e. income-generating properties), so owners of historic homes in Michigan currently don’t have financial assistance at their disposal in maintaining or repairing their property.