

Friday, August 22, 2008

Governor David A. Paterson
Executive Chamber
The Capitol
Albany, New York 12224

Dear Governor Paterson,

As property developers, related professionals, and business advocates in New York State, we are writing to request that you sign legislation passed by the New York State Assembly and Senate to make the existing New York State Rehabilitation Tax Credit a more effective tool for community renewal and economic redevelopment (A.30000).

The program changes made by this legislation would increase the level of incentive and flexibility needed by developers and building owners to more aggressively pursue investment in and rehabilitation of historic buildings. Because this legislation would direct increased private investment to downtowns and "Main Streets" across New York State, it would advance and reinforce your Administration's agenda on a wide range of issues, from economic development to affordable housing, smart growth, and brownfields renewal.

The current New York State rehabilitation tax credit incentive programs are far too limited to encourage significant program use and as a result, redevelopment opportunities in municipalities throughout the state remain un-pursued. This bill provides a higher level of incentive for the commercial rehabilitation program that will attract interest and investment to New York's urban cores, as well as allow increased investment from out-of-state interests by allowing for the reallocation of these tax credits within partnerships. The expanded residential rehabilitation tax credit program will make the credit available to historic housing in a wider range of distressed census tracts.

These changes will begin to move New York's program closer in line with "best practices" of highly successful programs in other states. These changes are also essential to efforts to stimulate Upstate use of the complementary federal rehabilitation tax credit, where reinvestment is most needed. While we believe that a New York State commercial rehabilitation credit of 20% is critical to fully incentivize Upstate economic renewal, this legislation's program changes represent a prudent investment in a difficult budget year and will begin to attract rehabilitation investment to the historic cores of communities.

Economic benefit and fiscal impact analyses from other states suggest a minimal revenue impact during the start-up years of the expanded program, as well as significant revenue offsets during project construction phases. This legislation moves the start date for the program out to January 1, 2009 and incorporates a credit cap to further ameliorate impacts on the current fiscal year and revenue projections. Incremental administrative costs are negligible due to the work that the State Historic

Preservation Office (within OPRHP) already conducts in support of administration of the Federal rehabilitation tax credit program.

Other states have seen extraordinary economic redevelopment successes through implementation of similar programs. Rhode Island has hailed their rehabilitation tax credit program as the most effective economic redevelopment program in state history.

We seek and will use an expanded New York State Rehabilitation Tax Credit program in order to begin to deliver similar results in New York State. In recognition of this program's extraordinary potential to drive long-term, sustained investment in the economic revitalization and restoration of business districts and residential neighborhoods throughout New York, we urge you to sign this legislation into law.

Sincerely,

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Watertown, NY

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Washington, D.C.

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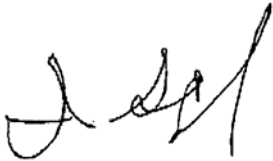
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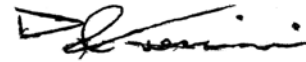
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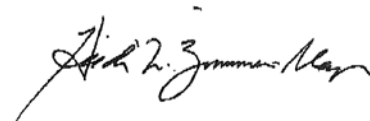
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