

September 8, 2008

Governor David Paterson
2nd Floor, Capitol
Albany, NY 12224

Dear Governor Paterson:

As elected officials in New York, we welcome your focus and commitment to improve the economic conditions and quality of life in our State. As cities and counties continue to struggle with population loss, high tax burdens and lack of economic stimulus options, we are eager to secure your support for an expansion of the New York State Rehabilitation Tax Credit Program for historic commercial and residential properties as it will effectively address these issues.

The critically-needed changes to this program passed the Legislature during the final week of the 2008 Legislative Session (A30000 Hoyt/Padavan).

The proposed changes would improve the existing New York State Rehabilitation Tax Credit programs (Chapter 547 of the Laws of 2006) to better serve municipal redevelopment and economic stimulus goals across the State by providing a greater level of financial incentive and flexibility to those considering the rehabilitation of historic buildings. We feel this program promotes and reinforces your Administration's agenda on a wide range of issues, from economic development to affordable housing, from smart growth to brownfields renewal.

The current rehabilitation program, created in 2006, is severely limited in its ability to catalyze significant redevelopment activity in downtowns and "main street" communities in New York. Incentives for rehabilitation of commercial buildings are set far too low to attract new interest and investment to our urban cores, and the program fails to attract out-of-state investment to our communities through restrictions on credit transfers. Far too few communities are able to use the current residential rehabilitation tax credit program, as it is restricted to housing only in ultra-distressed census tracts. The changes proposed in this legislation would bring the New York State program in line with "best practices" and program features of highly successful programs in other states.

Economic benefit and fiscal impact analyses from other states suggest a minimal revenue impact during the program's start-up years, significant revenue offsets during project construction phases, and net economic stimulus on the order of \$5 million for every \$1 million in credit investment.

Other states have enjoyed tremendous economic redevelopment success by implementing similar rehabilitation tax credit programs. A recent study released by GrowSmart Rhode Island noted that Rhode Island's \$460 million investment in their rehabilitation tax credit program will yield \$2.46 billion in overall economic activity and has led to more rehabilitation activity over the past five years than in the previous twenty-five years combined. Rhode Island has hailed their rehabilitation tax credit program as the most effective economic program in state history.

We seek an expanded New York State Rehabilitation Tax Credit program that will deliver similar results for our 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 in the communities across New York State, we urge that you sign this important piece of legislation into law.

Sincerely,

Robert J. Duffy
Mayor, Rochester

William J. Blawie
Mayor, Syracuse

Robert W. Bennett
Mayor, Buffalo

Gerald D. Jansing
Mayor, Albany

Brian U. Swanson
Mayor, Schenectady

David E. Swanson
Mayor, Utica

Matthew T. Ryan
Mayor, Binghamton

Paul A. Dwyer
Mayor, Kingston Falls

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Thomas R. Suozzi
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Steve Levy
County Executive, Suffolk