

News Release



For Immediate Release

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National Trust Community Investment Corporation Leads Workshop on Recent Legislative Changes that Facilitate Small Historic Rehabilitation Projects on Main Street

Senator Grassley's Office Represented

Washington, D.C. (March 23, 2009)— On **March 27** in **Cedar Rapids, Iowa** the **National Trust Community Investment Corporation (NTCIC)**, **Plante Moran and Community Housing Initiatives**, will lead a panel presentation on how new federal legislation greatly improves the feasibility of small-scale historic rehabilitation projects.

The free and open-to-the-public workshop is sponsored by The National Trust for Historic Preservation, NTCIC, the Iowa Historic Preservation Alliance, and Cedar Rapids Historic Preservation Commission.

The new law removes barriers to the property owner utilizing the historic tax credit personally, and also makes it easier for the owner to exchange the federal tax credits for cash from local investors. This has the effect of reducing the cost and complexity of small-scale commercial rehabilitation projects and has the potential to greatly increase the number of older and historic commercial buildings rehabilitated into new uses.

Prior to the new law, developers and property owners had difficulty attracting financing for their small deals. Banks and other investors viewed the transaction costs of investing in the project too high relative to the value of historic tax credits, which are a dollar-for-dollar reduction in federal taxes owed.

The Housing and Economic Recovery Act of 2008, signed into law on July 30, 2008 greatly reduces those transaction costs and opens the door to individual investors. It enables local property owners, developers and investors in small-scale deals who qualify as Real Estate Professionals under IRS regulations to use the federal credits generated by the project to reduce their Alternative Minimum Tax. This can result in significant tax savings.

Local developers or property owners who do not qualify as Real Estate Professionals can form a partnership with an investor who does, and grant the investor the right to use the credits in exchange for cash for the rehab project. These investors can be local realtors, property managers, construction contractors, developers or leasing agents with a substantial enough tax liability to be interested in the offset.

The Cedar Rapids workshop will feature remarks by a representative from the office of Senator Charles Grassley, (R-Iowa) and presentations by Tim Frens of Plante Moran, PLLC and John Leith-Tetrault, President of National Trust Community Investment Corporation (NTCIC). NTCIC is the for-profit subsidiary of the National Trust for Historic Preservation and is a national syndicator of federal historic and new markets tax credits. Panelists will fully explain the ramifications of the legislative changes through project case studies and a Q&A with experts from the fields of accounting, tax credits and real estate development.

An update on efforts to raise the annual cap on the Iowa state historic tax credit from \$20 million to \$50 million will also be discussed.

RSVP to taxcreditworkshop@nthp.org. Please include your affiliation with the real estate industry (e.g. building owner, tax attorney, Main Street manager, etc.)

WHO: Accountants; real estate attorneys, Main Street revitalization organizations, commercial property owners, developers, etc.

WHEN: March 27, 2009, 1-4 pm

WHERE: Metro High School, 1212 7th Street SE, Cedar Rapids, Iowa 52401

About the National Trust Community Investment Corporation

NTCIC plays the role of “syndicator” by creating investment funds so that corporations like Bank of America can use the federal and state tax credits generated to offset their federal and state tax liabilities. NTCIC, as the managing member of these investment funds, identifies prospective projects, underwrites the risks, closes the transaction into the investment fund and then monitors the economic performance and tax credit compliance of each property over the life of the investment.

NTCIC also specializes in federal New Markets tax credits, designed to aid development in low-income communities, many of which have historic buildings in need of restoration and redevelopment. The New Markets tax credit is a 39% credit on an equity investment that is claimed over a 7-year compliance period. A fixed dollar amount of New Markets tax credits are allocated annually by the US Treasury. On October 22, 2008, NTCIC was awarded a \$40 million allocation. NTCIC has pioneered the “twinning” of historic tax credits with New Markets tax credits, thereby increasing the overall amount of tax credit equity provided and further reducing the dollar amount of loans needed to carry out rehabilitation projects. “Twinning” credits on the same real estate transaction has the net effect of adding 35% more equity to the transaction, a boost that helps offset the more difficult economics of developing historic properties in disinvested communities. More than 50% of NTCIC projects have received both historic and New Markets tax credits.

About the National Trust for Historic Preservation

The National Trust for Historic Preservation (www.PreservationNation.org) is a non-profit membership organization bringing people together to protect, enhance and enjoy the places that matter to them. By saving the places where great moments from history – and the important moments of everyday life – took place, the National Trust for Historic Preservation helps revitalize neighborhoods and communities, spark economic development and promote environmental sustainability. With headquarters in Washington, DC, nine regional and field offices, 29 historic sites, and partner organizations in all 50 states, the National Trust for Historic Preservation provides leadership, education, advocacy and resources to a national network of people, organizations and local communities committed to saving places, connecting us to our history and collectively shaping the future of America’s stories.

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