



Housing and Revitalization  
Department

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October 29, 2024

RE: Support of HB 5430 to Update the Michigan Historic Preservation Tax Credit

Dear Michigan Legislator:

The City of Detroit Housing and Revitalization Department (HRD) supports the proposed updates to the Michigan State Historic Tax Credits in House Bill 5430, sponsored by State Rep. Joey Andrews. From 1999-2011, owners and developers of historic buildings in Detroit greatly benefited from the state historic preservation tax credit available for rehabilitation work on income-producing and residential properties. It was a highly successful program but was eliminated in 2011 through larger tax credit reform.

Public Act 343 of 2020 reinstated the credit with a \$5M annual cap; however, demand for the credits greatly exceeds this cap. The large commercial program did not open applications this year due to the volume of applications rolled over from 2023. HB 5430 will raise the cap from \$5M to \$100M and increase the credit from 25% to 30% for small income-producing and residential projects. Additionally, it will expand the definition of residential projects to include condos, multi-unit dwelling, and multi-use structures. Finally, the bill will make the tax credit more accessible to more diverse project types, like non-profit, long-term lease, development agreement, or purchase agreement applicants and owner-occupied properties. Changes like these would greatly benefit the project types HRD currently works with to increase housing throughout the city, including large developments and non-profit services.

The City of Detroit is rich in historic building stock eligible for the state historic tax credit. Preservation work provides housing at all income-levels, sustainably using all types of historic buildings. With changes proposed by HB 5430, the state tax credit could also be combined with the federal historic tax credit, helping close funding gaps in low-income and multi-family development projects and increasing interest in rehabilitating Detroit's building stock to meet the housing needs of the city's residents. The need for housing investment in Detroit alone goes well beyond the current \$5M cap that exists for the entire state.

Furthermore, preservation projects help revitalize neighborhoods and keep investment in our communities. By providing tools to increase housing and development in existing neighborhoods, we can enhance authentic,




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walkable places, creating cultural centers for the local community. In all, this additional tax credit tool paired with HUD funding helps bring development to Detroit, aligning with HRD's mission to soundly and transparently invest funds and deliver services to ensure that housing and neighborhoods are high quality, affordable, and accessible to and for all Detroiters.

Sincerely,

DocuSigned by:  
  
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**Julie Schneider**  
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