A Call to Save Historic Properties: Their Economic Impact

To the Editor:

We pass them daily — old schools, factories, warehouses, storefronts, and residential spaces embedded in long-established communities. For some, they evoke nostalgia and pride. Some see them as "abandoned" and "blighted." And then there are those, like me, who see possibilities.

Viewed through the lens of potential, preservation of such valuable communal landmarks can spark economic vibrancy in the grayest of spaces. I need not look further than my own Columbia, South Carolina, to attest. After struggling in the late 20th century in the aftermath of economic globalization and suburbanization, downtown Columbia's Main Street is today a thriving center of residential life and commerce. Our transformation is due in large part to a dozen key rehabilitation projects completed over the last decade in a three-block area of downtown.

Results speak for themselves. Property values in those areas rose 85 percent. Tax revenue increased by $1.5 million. We've seen a 137 percent climb in downtown housing units, a 627 percent increase in business startups, and a doubling of jobs in the Main Street area. And we have been able to do all of this by preserving our beautiful old buildings rather than demolishing and erecting sterile new structures in their places. This is significant because, beyond the renewed property values and added economic dollars and cents, these historic structures add a certain richness that is a key contributor to our community character and vibrant culture — something we would have lost by replacing with new construction.

Our success has been the hard-won result of efforts between city stewards, preservationists, and investors. Most critically, we have received support from federal and state tax incentives, including the vital historic preservation easement program that incentivizes owners to preserve historic properties for generations to come. Downtown Columbia's leverage of this easement program was especially crucial to its rebirth, attracting property owners and investors alike. Columbia isn't alone. My fellow mayors in neighboring Winston-Salem and Asheville, North Carolina, as well as cities throughout the country, have benefited from the use of this catalyst for economic revitalization.

However, for all their merits, the popularity of easements has unfortunately also attracted abuse. In particular, unrealistic appraisals have led to inflated tax deductions, staining the program in the eyes of the IRS. This has led to increased and ineffective IRS scrutiny of the program that is negatively impacting investor interest and has stalled redevelopment efforts.

My colleagues shared their concerns during the recent 87th Annual Meeting of the United States Conference of Mayors, passing a resolution in support of the historic preservation easement. As mayors, we are obligated to ensure economic, cultural, and infrastructure stability for our constituents. And the IRS must recognize that preserving the historic character of our cities while accomplishing economically beneficial transformation is simply not possible without the program.

For the sake of many, we must not condemn what is right for the sake of punishing a few. The IRS should highlight abusive transactions through a consistent appraisal review approach instead of launching an all-out attack on what has proven to be an extraordinarily effective economic and socioeconomic development tool. For years, Congress and the industry have asked for guidance. We must strike a balance. If not, we risk losing more than our history. We risk losing our communities and all the positive improvements that come with historic preservation.

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