



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

RESOLUTION NO. 170178

Introduced February 23, 2017

**Councilmembers Green for Councilmember Parker,
Councilmembers Blackwell, Jones and Gym**

RESOLUTION

Urging Congress to vote in favor of H.R. 922, the *Rehabilitation of Historic Schools Act of 2017*, which amends the Internal Revenue Code of 1986 to allow rehabilitation expenditures for public school buildings to qualify for rehabilitation credit, which would help the School District of Philadelphia with addressing its nearly 12,000 outstanding repairs that total almost \$5 billion.

WHEREAS, According to a recent report by Parsons Environment and Infrastructure Group, Inc., because of deferred maintenance, almost three-quarters of City schools are in poor repair, and a third of all schools are in such bad shape that engineers recommend that some of them be replaced or closed in the coming years; and

WHEREAS, The average age of the School District's 308 schools is about 70 years old. The total costs of the almost 12,000 repairs needed at these schools is roughly \$5 billion, with at least \$3 billion needing to be spent in the next 10 years to address urgent problems; and

WHEREAS, This problem is of such a massive scale that an intergovernmental solution is required, with solutions needed at the City, state, and federal level; and

WHEREAS, On February 6, 2017, Congressman Dwight Evans (PA - 2nd District) introduced H.R. 922, otherwise known as the *Rehabilitation of Historic Schools Act of 2017*, which amends the Internal Revenue Code to allow rehabilitation expenditures for a qualified public educational facility (defined as a school facility which is part of a public elementary or secondary school and is owned by a private, for-profit corporation pursuant to a public-private agreement) to qualify for the rehabilitation tax credit; and

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RESOLUTION NO. 170178 continued

WHEREAS, Existing bipartisan legislation gives federal rehabilitation tax credits to private investors that are equal to upwards of 20 percent of the modernizing costs for aged structures deemed "historic" under federal law; and

WHEREAS, Currently, the historic tax credit program requires reuse of a building in a way that is different from its original function. This restriction is what currently hinders local governments from partnering with private developers to rehabilitate schools. Former Virginia Sen. George Allen said this restriction effectively raised local school modernization costs in Virginia by one-third or more; and

WHEREAS, Roughly 75 percent of Philadelphia schools might qualify as "historic". Nationwide, two in five K-12 buildings are in the same category. Potential savings for Philadelphia and other localities will depend on the final legislation and its interconnection to applicable state law; and

WHEREAS, This legislation is a win-win because it immediately creates jobs by putting people to work building modern, safe schools, and every local dollar saved on construction could be put into the classroom without raising local taxes or borrowing to give children an opportunity for a world-class education that will prepare them for the jobs of the 21st century; and

WHEREAS, Similar legislation has already been successful at the state level in Virginia where tax-credit-eligible modernization allowed for the renovation of Maggie L. Walker High School in Richmond, Virginia, built during the Depression. The renovation transformed the school into a regional magnet school and enjoyed bipartisan regional support; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it urges Congress to vote in favor of H.R. 922, the *Rehabilitation of Historic Schools Act of 2017*, which amends the Internal Revenue Code of 1986 to allow rehabilitation expenditures for public school buildings to qualify for rehabilitation credit, which would help the School District of Philadelphia with addressing its nearly 12,000 outstanding repairs that total almost \$5 billion.