The Federal Historic Tax Credit

- The Historic Tax Credit (HTC) encourages private investment in the rehabilitation of historic buildings. The credit attracts private capital—$131.8 billion since inception—to revitalize often abandoned and underperforming properties that have a financing gap between what banks will lend and the total development cost of the transaction.

- The credit in turn generates new economic activity by leveraging private dollars to preserve historic buildings and create jobs; through 2016, the rehabilitation of more than 42,000 historic buildings has created more than 2.4 million jobs.

- The HTC program also is an important tool for revitalizing older, economically-depressed communities. In Fiscal Year 2016, 1,039 completed historic rehabilitation projects were certified by the National Park Service, representing $5.85 billion in estimated rehabilitation costs that qualify for a 20% Federal tax credit. Many of these projects involved buildings that were abandoned or underutilized, and in need of substantial rehabilitation in order for them to contribute to a community’s economy. Based on project data provided by the National Park Service, PolicyMap has determined that over 55% of the certified rehabilitation projects in FY 2016 were located in low and moderate income census tracks.

- Historic rehabilitation greatly outperforms new construction in job creation. Rehabilitation project costs are on average 60 percent labor and 40 percent materials compared to new construction, which is about 40 percent labor and 60 percent materials.

- In addition to revitalizing communities and spurring economic growth, the HTC returns more to the Treasury than it costs. In fact, Treasury receives $1.25 in tax revenue for every dollar invested. According to a study commissioned by the National Park Service, since inception, $25.2 billion in federal tax credits have generated more than $29.8 billion in federal tax revenue from historic rehabilitation projects.

- The HTC was initially enacted in 1978 and made permanent in the tax code in 1986.

- Thirty-five states across the country, including Louisiana, Wisconsin, Texas, Ohio, Missouri, North Carolina, and Virginia, recognize the economic development potential of historic rehabilitation and have enacted individual state Historic Tax Credit programs that work in tandem with the federal program.

- Tax reform legislation preserved the 20 percent Historic Tax Credit, but changed it so that it is spread over five years at 4 percent per year. The tax credit applies only to certified historic structures. A certified historic building is one that is listed individually on the National Register of Historic Places, or contributes to the character of a National Register-listed Historic District. The tax credit is available for any income producing property, including residential rental projects.