THE FEDERAL HISTORIC TAX CREDIT

THE FEDERAL HISTORIC TAX CREDIT (HTC) IS A 20% CREDIT APPLIED TO QUALIFIED REHABILITATION COSTS FOR CERTIFIED HISTORIC STRUCTURES, DISTRIBUTED OVER 5 YEARS (4% PER YEAR). IT REPRESENTS THE LARGEST FEDERAL INVESTMENT IN HISTORIC PRESERVATION.

RETURN ON INVESTMENT

- The HTC encourages private investment in historic buildings. The credit attracts private capital—approximately $181 billion since inception—to revitalize often vacant and underutilized properties that have a financing gap between what banks will lend and what the project will cost.
- The credit generates new economic activity. According to the National Park Service (NPS) HTC Impact Report (2020), since its inception, the rehabilitation of over 46,000 historic buildings has created nearly 3 million jobs and has produced over 178,300 low- and moderate-income affordable housing units.
- The 2020 study concluded that the HTC returns more to the Treasury than it costs. The HTC has generated $39.4 billion in federal tax revenue from the $34.3 billion in federal tax credits.
- According to the NPS HTC Annual Report in 2020, 75% of HTC projects were in economically distressed areas.
- Thirty-nine states recognize the economic development potential of historic rehabilitation and have enacted individual state HTC programs that work in tandem with the federal program.
- The credit is used in both larger urban areas and smaller towns. In 2020, 40% of projects were in communities with populations under 100,000.
- According to the NPS HTC Annual Report in 2020, approximately 46% of projects are under $1 million in rehabilitation development costs (less than $200,000 in credits).

CO-SPONSORS NEEDED

COSPONSOR THE HISTORIC TAX CREDIT GROWTH AND OPPORTUNITY ACT (H.R. 2294/S. 2266)

Bipartisan efforts are underway to make important changes to the HTC to encourage more building reuse and more redevelopment in small, midsize, and rural communities. These efforts would also make the credit easier to use and increase the number eligible properties:

Temporary Enhancements to the HTC – House Version Only

- NPS data shows that usage of the HTC is down nearly 20% since 2019. Temporarily increases the HTC from 20% to 30% to address challenges associated with a weakened HTC, combined with the devastating logistical and financial impacts of the pandemic.

Permanent Enhancements to the HTC

- Makes it easier to complete small rehabilitation projects by increasing the credit to 30% for projects with less than $2.5 million in qualified rehabilitation expenses;
- Makes more buildings eligible for HTCs by lowering the substantial rehabilitation threshold;
- Increases the value of HTCs by eliminating the requirement that the value of the HTC must be deducted from a building's basis (property's value for tax purposes); and
- Makes the HTC easier to use by non-profit organizations for projects like community health centers, local art centers, and affordable housing, by eliminating IRS restrictions that make it difficult to partner with developers.

VIEW REHABILITATION TAX CREDIT PROJECTS BY STATE