

# HISTORIC TAX CREDITS

## RETURN ON INVESTMENT

### The Historic Tax Credit encourages economic development and community revitalization

The HTC encourages private investment in historic buildings. The credit attracts private capital—approximately \$199 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.

According to the National Park Service HTC Annual Report (2021), since its inception, the rehabilitation of over 47,000 historic buildings has created nearly 3 million jobs and has produced over 185,000 low- and moderate-income affordable housing units.

The NPS 2020 study concluded that the HTC returns more to the Treasury than it costs. The HTC has generated \$42.9 billion in federal tax revenue from the \$32.6 billion in federal tax credits.

According to the HTC FY2020 Annual Report (NPS), 78% of HTC projects were in economically distressed areas.

However, over the last 10 years, HTCs have lost about 25% of their value.

**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.**

### SUPPORT THE THE HISTORIC TAX CREDIT GROWTH & OPPORTUNITY ACT

Due to unfavorable IRS guidance and Congress spreading the credit over 5 years, combined with inflation and raising of interest rates, these projects have become increasingly more challenging. Improving the HTC is needed now more than ever.

Efforts to improve the Historic Tax Credit will encourage more building reuse and more redevelopment in small, midsize, and rural communities. It would also make the credit easier to use and increase the number of eligible properties.

HTC-GO would make 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 and make more buildings eligible for HTCs by lowering the substantial rehabilitation threshold.

Further, it would increase 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). Makes the HTC easier to use by non-profit organizations for projects like community health centers, and affordable housing, by eliminating IRS restrictions that make it difficult to partner with developers.



**DID YOU KNOW: 37 STATES RECOGNIZE THE ECONOMIC DEVELOPMENT POTENTIAL OF HISTORIC REHABILITATION AND HAVE ENACTED INDIVIDUAL STATE HTC PROGRAMS THAT WORK IN TANDEM WITH THE FEDERAL PROGRAM.**



HTC