

Historic Tax Credits



The federal Historic Tax Credit (HTC) has served as a cornerstone for community revitalization efforts throughout the nation for more than forty years. It creates public private partnerships between historic property owners, the National Park Service (NPS), and a network of state historic preservation offices that support constituents in identifying eligible historic properties and guide them toward successful rehabilitation outcomes.

The HTC is the most significant financial investment the federal government makes toward the rehabilitation and reuse of our nation's historic buildings. To date, the credit has preserved more than 50,000 properties in every state leveraging more than \$235 billion in private investment. The federal HTC is a model credit that has led 39 states to create similar tax incentive programs.

However, **challenges** negatively affect the programs success:

- The HTC looks largely as it did in 1986, and is cumbersome for property owners to pair with other incentives like the Low-Income Housing Tax Credit.
- Investors claiming the HTC over 5 years (vs. 1), adverse impacts of IRS guidance on HTC deal structures, and the high cost of materials and labor, have led to a decrease in value.
- HTCs have lost 25% of their investment value over the last 10 years, resulting in a decrease in project applications received by NPS each year.



MAIN STREET (CAPE GIRARDEAU, MO)

THE HISTORIC TAX CREDIT ENCOURAGES ECONOMIC DEVELOPMENT AND COMMUNITY REVITALIZATION

REQUEST TO CONGRESS

Support provisions in the emerging tax bill to make the federal Historic Tax Credit more valuable and easier to use by:

- Returning the HTC to a one-year credit
- Eliminating the basis adjustment
- Expanding eligibility for the credit
- Enhancing the credit for smaller projects

Highlights of the Historic Tax Credit

- The HTC provides essential gap financing for buildings in urban, suburban and rural areas and is a true catalyst to revitalize vibrant, people-centric communities. Development tool for rehabilitating historic buildings, promoting small business opportunities, housing creation, and well-paying construction jobs. The credit is claimed against income taxes & equals 20% of qualified rehabilitation expenditures for certified historic properties. The credit leverages tax credit equity to pay development costs.
- Roughly half of all HTC projects certified each year have development costs of less than \$1 million, ensuring private investment small towns and rural communities.
- Proposed changes to the HTC will help revitalize cities and smaller main street communities, avoid wasteful demolition, and greatly assist in the preservation of historically significant buildings that tell the unique stories of our past for future generations.