



National Trust for
Historic Preservation®
Save the past. Enrich the future.



S. 2266-Historic Tax Credit Growth and Opportunity Act of 2021 (HTC-GO) **Senate Legislation**

HTC-GO, introduced by Sens. Cardin (D-MD), Cassidy (R-LA), Cantwell (D-WA) and Collins (R-ME), would make important changes to the Historic Tax Credit to encourage more building reuse and redevelopment in small, midsize, and rural communities. The legislation would not only make the credit easier to use and more historic properties eligible, it would also bring more value to the Historic Tax Credits. This bill combines the best ideas for improving and enhancing the federal Historic Tax Credit, including:

- Making it easier to do small deals (defined as qualified rehabilitation expenses of \$2.5 million) by increasing the credit to 30% for these projects. The House bill (H.R. 2825) also allows the credits of these projects to be transferred through a certificate
- Making more buildings eligible by lowering the substantial rehabilitation test;
- Increasing the value of HTCs by eliminating the requirement of reducing the amount of the HTC from a building's basis (property's value for tax purposes)
- Making projects by non-profits like community health centers, local art centers, affordable housing and community services easier to accomplish

Federal Historic Tax Credit Background

The Federal Historic Tax Credit (HTC) is a 20% credit applied to qualified rehabilitation expenses for certified historic structures distributed over 5 years (4% per year). It represents, by far, the largest federal investment in historic preservation.

- The HTC **encourages private investment** in historic buildings. The credit attracts private capital—approximately \$173 billion since inception—to revitalize often vacant and underutilized properties that have a financing gap between what banks will lend and what rehabilitation will cost.
- The credit generates new economic activity. According to the National Park Service HTC Impact Report (2019), since its inception, the rehabilitation of over 45,000 historic buildings has **created nearly 3 million jobs** and has **produced over 172,000 low- and moderate-income affordable housing units**.
- The NPS 2019 study concluded that the HTC **returns more to the Treasury than it costs**. The HTC has generated \$38.1 billion in federal tax revenue from the \$32.9 billion in federal tax credits.
- From 2013 to 2017, **40% of all HTC projects were in predominantly minority census tracts***
- According to the HTC FY2019 Annual Report (NPS), **74% 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 2019, 34% of projects were in communities with populations under 100,000.
- According to the NPS HTC Annual Report in 2019, approximately 50% of projects are under \$1 million in rehabilitation development costs (less than \$200,000 in credits).

*Data retrieved from PolicyMap in January 2019 and April 2020