

Issue Brief

AIA Issue Position and Analysis

AIA POSITION

The American Institute of Architects believes that preservation of historic resources and their environments deserves high priority from policymakers. The Historic Tax Credit has a proven track record in helping revitalize communities across the nation.

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Promote the Preservation of Historic Buildings and Spaces Support the Federal Historic Tax Credit.

The federal Historic Tax Credit (HTC) was created in 1981 as an incentive to catalyze economic development through the restoration and reuse of America's historic buildings. Since its inception, the HTC has been a widely used redevelopment tool, helping revitalize cities, towns and rural communities all across the country. The HTC has a proven track record for stimulating economic growth through private investment that creates good paying, local jobs.

As Congress considers proposals to reform the tax code, it could look to weaken or even eliminate the credit. Doing so would endanger the economic feasibility of nearly all historic rehabilitation projects. Without the credits, the numbers simply do not work. Historic rehabilitation has a financing gap because rehabilitation is more expensive than new construction. Also, 84 percent of all transactions are located in low-income census tracts. Without the credits, these properties often sit idle often for decades, exerting a blighting influence on the surrounding neighborhood.

BACKGROUND

The Historic Tax Credit (HTC) has rehabilitated more than 40,000 buildings, created over 2.3 million jobs and leveraged \$117 billion in private investment nationwide. On average, the credit leverages over \$5 dollars of private investment for every \$1 dollar in federal funding, creating highly effective public-private partnerships. The cumulative \$23.1 billion cost of this program has been more than offset by the \$28.1 billion in federal tax receipts generated solely by these rehabilitation projects.

The HTC is comprised of two distinct and separate tax credits used to rehabilitate all types of income producing historic buildings:

The 20 percent 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 20 percent credit is available for any income producing commercial property.

The 10 percent credit is for the rehabilitation of older, non-residential buildings built before 1936 but not certified historic. The pre-1936 building must meet certain wall and structure retention requirements.

