

Issue brief

The problem

Across project size in every U.S. region, historic resources in the built environment are becoming more difficult to rehabilitate. Due to devastating logistical impacts of the coronavirus pandemic coupled with the worst inflation in nearly four decades, green renovation and reuse design solutions leveraged by the Historic Tax Credit (HTC) have been stifled greatly according to NPS data. The HTC must be modernized to meet current demand.

The ask

Cosponsor the Historic Tax Credit Growth and Opportunity Act of 2021 (H.R. 2294/S. 2266).

For more information

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Historic Tax Credit Growth and Opportunity Act of 2021

BACKGROUND

The American Institute of Architects (AIA) has worked to identify, understand, and preserve architectural heritage for over a century. Formed with unanimous consent at AIA's 24th Annual Convention in 1890, the Historic Resources Committee has evolved over time without wavering in our commitment to preservation. AIA believes that historic preservation serves two critical purposes: the protection of cultural heritage in the historic built environment and the decarbonization of the building sector, leading to greater adaptive capacity and community resilience.

ANALYSIS

The greenest building is one that is already built. As such, architects recognize that retrofitting historic buildings is an effective means of sustainably unlocking an existing building's full potential, while also dramatically reducing the embodied carbon footprint of construction.¹ The historic tax credit (HTC)² is the federal government's largest investment in historic preservation. To remain a vital tool for inclusive community development, the HTC needs to be modernized to address gaps between bank financing and rehabilitation costs, and to better serve smaller communities.

The bipartisan Historic Tax Credit Growth and Opportunity Act will improve and enhance the HTC in ways that encourage increased building reuse in small, midsize, and rural communities. The bill increases the HTC from 20% to 30% for projects with less than \$2.5M in qualified rehabilitation expenses, reducing the burdensome rehabilitation threshold, eliminating IRS restrictions that hinder nonprofit community-oriented projects and removing the building basis HTC deduction requirement. Taken together, these necessary reforms will restore and expand the strength of this federal incentive.

Modernizing the HTC will not only anchor communities' sense of place, but also the reinvigorate local economic development. According to the National Park Service HTC Impact Report (2021), since its inception, the rehabilitation of 47,000+ historic buildings has created nearly 3 million jobs and has produced 185,000+ low and moderate-income affordable housing units. AIA urges Congress to pass the bipartisan Historic Tax Credit Growth and Opportunity Act before the end of 2022.

¹ [Renovating Buildings to Protect the Climate and Rejuvenate Communities - Blueprint For Better](#)

² A 20% credit applied to qualified rehabilitation expenses for certified historic structures distributed over 5 years (4% per year).