Federal Historic Tax Credit Fact Sheet

The Historic Tax Credit (HTC) was initially enacted in 1978 and made permanent in the tax code in 1986. The HTC is administered by the National Park Service (NPS) and the Internal Revenue Service (IRS) in conjunction with the State Historic Preservation Offices. Since tax reform in 2017, a 20% credit applies to qualified rehabilitation costs for certified historic structures, which is distributed over 5 years (4% per year).

- The Historic Tax Credit (HTC) **encourages private investment** in the rehabilitation of 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 the total development cost of the transaction. The HTC is the largest federal investment in historic preservation, and it is market driven, as the federal incentive is not paid until the work is done.

- According to the NPS HTC Economic Impact Report (2019), the credit generates new economic activity by leveraging private dollars to preserve historic buildings. Since its inception, the rehabilitation of over 45,000 historic buildings has **created more than 2.8 million jobs** and has produced over 172,000 Low- and Moderate-income affordable housing units.

- The same study concluded that in addition to revitalizing communities and spurring economic growth, 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 awarded to historic rehabilitation projects.

- 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-seven 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).

- In looking at FY 2017 and FY 2018 HTC projects (most recent data available) over 77% of projects are located in New Market Tax Credit eligible census tracts. *

- Over 60% of HTC projects (FY2017-2018) are located in census tracts below 80% annual median income (AMI) and over 70% are in census tracts of greater than 20% poverty. *

*Data retrieved from PolicyMap in January 2019 and April 2020