The HTC is used by developers to fill the financing gap between what a project costs and what banks are willing to lend. It helps provide a return on investment for historic rehabilitation that can compete with new construction.

Despite investor uncertainty about the outcomes for tax reform, the 2016 data show a significant increase in HTC-assisted rehabilitation and corresponding benefits to the economy. The chart below compares FY15 and FY16, indicating a 20 percent increase in approved transactions, a nearly one-third increase in rehabilitation expenditures and an increase of over 25 percent in the number of jobs generated.

It is important to note that these findings are understated because the model measures economic impacts generated through construction completion only. They do not measure jobs, taxes generated and GDP resulting from property operations. Nor do they measure the value to local economies of additional rehabilitation that typically occurs nearby after the initial building is placed back into commerce.
Historic Tax Credit Economic Outcomes for 2015 and 2016

The Rutgers data also include the cumulative benefits to national and state economies over the history of HTC which dates from 1978. The Reagan Administration and Congress made the HTC a feature of the Economic Recovery Act of 1981, and agreed to make it a permanent part of the tax code in 1986.

Of special note is the $29.8 billion in federal tax revenue generated compared to the $25.2 million in credits allocated over this period, a return of $1.18 for every $1.00 in tax expenditures. This incentive has helped rehabilitate and repurpose 42,293 buildings generating over $131 billion in total economic activity resulting in more than 2.4 million jobs including 109,000 in 2016 alone.

About the Historic Tax Credit Coalition (HTCC): The HTCC is a diverse group of historic tax credit industry stakeholders that recognize the importance of the federal Historic Tax Credit and work with Congress and the Executive Branch to improve and expand the use of this important economic development tool.

FOR MORE INFORMATION CONTACT
JOHN LEITH-TETRAULT, CHAIRMAN - HISTORIC TAX CREDIT COALITION
JLEITH@NTCIC.COM