Historic Tax Credits

About the Programs

The Federal Historic Rehabilitation Tax Credit (HTC) and state historic tax credits offer significant financial incentives specifically intended to stimulate the revitalization and reuse of historic buildings. They help historic property owners and developers to maximize return on investment (ROI) by offsetting a portion of their structures' rehabilitation costs.

Benefits

HTC offers a 20% tax credit for the rehabilitation of historic buildings. Under this program, 20% of the total qualified rehabilitation expenditures (QREs) are returned to the owner in the form of a dollar-for-dollar credit on federal income taxes. Historic tax credits can be monetized and used as project equity through an investment structure that allocates the credits to an investment partner in return for an equity contribution.

More than 37 states have established state historic tax credits to provide additional financial incentives for the rehabilitation of historic properties. If a project qualifies, both the state and federal credits can be paired together for an even greater benefit, in some cases, like Texas, up to 45% of project cost. When possible, applicants are encouraged to maximize their financial incentives by applying to both programs simultaneously. Additionally, historic tax credits can also be paired with other federal tax credit programs such as the Low-Income Housing Tax Credit (LIHTC) or the New Markets Tax Credit Program (NMTC).

Eligibility

- Generally, the building must be at least 50 years old.
- The building must be an income-producing property, such as an office, rental apartment, hotel, retail, or industrial. Owner-occupied residences do not qualify.
- The building must be listed on the National Register of Historic Places (either individually or in a district), or be in a federally certified local district, to claim the federal credit. Any building that is a minimum of 50 years old and retains some of its original integrity may qualify for designation. State credit eligibility is typically also a minimum of 50 years old, but some states do not require listing on the Register.
- The combined hard and soft costs, QREs or eligible costs on which the 20% credit is based, must exceed the developer's adjusted basis in the building.
- All rehabilitation work must be reviewed and certified by the National Park Service (NPS) for the federal credit and the State Historic Preservation Office (SHPO) for the state programs.

How Ryan Can Help

Ryan's historic tax credit consultants work with you to navigate complex tax application processes, devising creative solutions that balance your project objectives alongside regulatory requirements and historic preservation principles. Our expert team has successfully navigated more than 1,000 state and federal historic tax credit applications, earning the respect of our clients, SHPOs, and NPS along the way. We understand the standards for rehabilitating historic buildings and the importance of historic tax credits to the economic feasibility of our clients' real estate development objectives.

Contact one of our Historic Tax Credits professionals at htc@ryan.com

Award-Winning Tax Services

For additional information

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