



# Issue Brief

The American Institute of Architects • Government Advocacy • Current Issue Position and Analysis

## Historic Preservation Tax Credits Key Points:

- ☞ *Maryland's tax credit program has helped revitalize many downtrodden, historic buildings throughout the state. An analysis showed that the tax credit returns \$3.31 for every \$1.00 within five years of project completion.*
- ☞ *Rhode Island's tax credit program created 3,000 jobs and was the lynchpin in downtown redevelopment of Providence.*
- ☞ *Massachusetts' Historic Tax Credit Program has been incredibly successful and needs to be expanded.*
  - ☞ *In 2004, a total of 27 projects applied for \$68.3 million in tax credits, however the state program has a cap of \$15 million.*
  - ☞ *Total costs for these projects would have exceeded \$422 million.*
  - ☞ *6,134 jobs would have been created and more than \$29.7 million in state/local taxes collected.*
  - ☞ *An additional 1,298 units of housing would have been built, with 41 percent affordable housing.*

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## Historic Preservation Tax Credits

### AIA Position

The American Institute of Architects supports historic preservation tax credits. The AIA believes that these tax credits provide a powerful economic incentive to preserve and redevelop the inventory of historic architecture throughout the country.

### Action Sought

The AIA urges state legislators to support historic preservation tax credits. These programs have a proven track record of success. Historic preservation tax credits reinvigorate blighted areas, create jobs, increase state tax rolls, provide affordable housing, and preserve our nation's architectural treasures.

### Explanation and Justification

State legislatures want to preserve the architectural history that makes their state great. Historic preservation tax credits are the vehicle to achieve this goal. Tax credits couple economic development incentives with historic preservation. These credits are a win-win proposition for elected officials, because they introduce market based mechanisms for redevelopment, while at the same time preserving historic treasures in the state.

Historic preservation also increases the affordable housing stock. Nonprofit development groups must offset debt service in order to financially undertake projects. By subsidizing these groups, through a historic preservation tax credit, more of them are able to develop affordable housing. This helps to alleviate two recurrent problems in states throughout the country: job creation and affordable housing.

Historic preservation tax credits are a long-term investment in the state. They pay for themselves over time through increased tax collection, and the multiplier effects on society are amazing. The long-term effects can include increased business investment in redeveloped areas, decreased crime, and a better quality of life for affected citizens. Historic preservation tax credit programs also need to provide a level of support reflective of the demand based on local circumstances; however, a tax credit offsetting 20-30% of the cost has been the norm.

*What America Thinks:* A recent nationwide poll of voters (1,000 sample, margin of error +/- 3.1%) conducted December 16-22, 2004, by two respected national pollsters—The Tarrance Group, a Republican firm, and Lake Snell and Perry, a Democratic firm—indicated that historic preservation is a salient issue among the national electorate.

Based on a 0–10 scale of issue importance, loss of historic buildings and neighborhoods is a “hot button” issue with 21 percent of voters (those rating it a “10” on the 0–10 scale). Overall, 55 percent rated the issue at least a 7 on the scale of importance.

On another question in the poll related to this issue, two-thirds of the voters surveyed (67 percent) said they agreed with the statement, “Historic buildings should be preserved even if it means giving their owners additional tax breaks.”

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