

**A Case-Based Analysis of the Investment Effects of
the Historic Rehabilitation Tax Credit and the
Proposed Historic Tax Credit Growth and
Opportunity Act**

An Updated Edition of the 1993 Master's Thesis

Pericles P. Gregoriou (With the help of Grok AI and Claude AI)

October 5, 2026

Original thesis: A Case-Based Analysis of the Investment Effects of the Community Revitalization Tax Act, submitted in partial fulfillment of the requirements for the degree of Master of Science in Historic Preservation, University of Pennsylvania, 1993.

Reviser's note. This revision keeps the original thesis's method and structure: review the incentives, build a financial model on a single marginal rehabilitation, test it under different tax regimes, and recommend changes. The Community Revitalization Tax Act (CRTA) was never enacted, so the proposal under test is now the Historic Tax Credit Growth and Opportunity Act (HTC-GO). The 1993 model disk was not preserved in digital form, so the financial model was rebuilt from the assumptions stated in Exhibit A. Inputs the original does not state are set out in Section III and Appendix A. The numbers below are therefore not comparable to the 1993 tables. This is a scholarly update, not tax advice; every statutory point should be checked against the Internal Revenue Code and current IRS and National Park Service guidance before it is relied on.

I. Introduction

A. Problem Statement

Since 1976, Congress has used the tax code to encourage private investment in the rehabilitation of historic buildings. Over the following decades the Historic Rehabilitation Tax Credit (HTC) became the most widely used federal historic preservation program. According to National Park Service Technical Preservation Services data, the program has generated approximately \$136 billion in private investment across more than 51,000 certified projects through fiscal year 2025 [2]. Sponsor estimates cited in connection with current legislation have placed the cumulative figures somewhat higher; the official NPS cumulative total is used here. The original 1993 thesis reported \$15 billion and roughly 24,000 projects [1].

Activity has never been stable. The original thesis documented a sharp decline after the Tax Reform Act of 1986 (TRA86) and asked whether the Community Revitalization Tax Act, introduced in 1989 to reverse the most damaging TRA86 provisions, would restore investor interest. It concluded that the CRTA would widen the pool of eligible investors but would not by itself make a marginal project attractive. The CRTA was never enacted.

The question has now returned in a new form. The 20 percent credit survived the 2017 tax reform but was altered in ways that reduce its value to investors [3], and the omnibus tax legislation of 2025 did not include the improvements preservation advocates had sought [6]. The HTC-GO Act, introduced in 2025 and still pending [7], is the successor to the CRTA as the reform vehicle. As before, a tax incentive that does not make marginal projects pay will not move capital to the buildings that need it most.

The original argument still stands: a project should rest on sound economics, but where rehabilitation costs and risks are structurally higher than for new construction, a well-designed incentive is what closes the gap. Preservation incentives remain an alternative to demolition-based urban renewal, because they recycle existing urban fabric rather than clearing it.

B. Objectives of the Study

The study evaluates the HTC as it now stands, and the HTC-GO proposal, by their ability to attract investment to a typical small historic rehabilitation. It builds a financial model of a hypothetical rehabilitation (10 North Third Street, Philadelphia), tests the property's after-tax performance for several investor types under current law and under HTC-GO, and ends with policy recommendations.

II. Review of Preservation Tax Incentives

A. The Historic Rehabilitation Tax Credit

The HTC reduces federal tax liability in proportion to qualified rehabilitation expenditures (QREs) on certified historic structures. The rationale is unchanged: rehabilitation carries more unknown costs, and so more risk, than new construction, and the credit offsets that difference in return for adherence to the Secretary of the Interior's Standards for Rehabilitation.

B. The National Historic Preservation Act and National Register Listing

The National Historic Preservation Act of 1966 created the National Register of Historic Places and the framework for federal preservation policy. A building qualifies for the credit if it is individually listed, or is a contributing building in a registered historic district and is certified as historically significant. The National Park Service administers certification of the rehabilitation work, and the Internal Revenue Service administers the tax rules [9]. These parts of the thesis are essentially unchanged.

C. Evolution of Rehabilitation Tax Incentives

Sections C.1 through C.9 of the original thesis (pre-1976 law through the Technical Corrections Acts) remain a correct account of that history and are retained. The following replace and extend C.10.

10. The Community Revitalization Tax Act (1989 to 1993) — outcome. The CRTA proposed to lift the TRA86 income limits on passive investors, to raise the annual credit allowance from \$25,000 to \$65,000 in credit-equivalent terms, and to allow passive losses against active income. Despite wide support [1], it was never enacted, and the TRA86 passive-activity limits on the credit remain in the code [5][12].

11. Omnibus Budget Reconciliation Act of 1993. The 1993 act enacted the higher top rates the original thesis analyzed as the "Clinton proposal" (36 percent, with a 10 percent surtax on high incomes producing 39.6 percent). It also lengthened the depreciable life of nonresidential real property to 39 years, a change the original thesis could not anticipate and one that further reduced the value of depreciation to investors in commercial and mixed-use projects [10].

12. The 2017 tax reform (Tax Cuts and Jobs Act). The 20 percent credit for certified historic structures was retained, but it must now be claimed ratably over five years, 4 percent of QREs each year, beginning in the year the building is placed in service [3][4]. The 10 percent credit for non-historic buildings placed in service before 1936 was repealed for tax years after 2017 [3]. The credit still reduces the depreciable basis of the building by the amount of the credit, and it is still recaptured on a sliding schedule if the property is sold or converted within five years of being placed in service [4][8]. Individual and corporate rates were also restructured (a top individual rate of 37 percent and a flat 21 percent corporate rate); these rates were made permanent by the 2025 legislation [10].

13. The 2025 omnibus tax law and the HTC-GO Act. The omnibus 2025 tax legislation (the One Big Beautiful Bill Act / P.L. 119-21) made permanent the new markets tax credit and the opportunity zone incentive and expanded the low-income housing tax credit. It did not include improvements to the historic credit [6]. The Historic Tax Credit Growth and Opportunity Act was reintroduced in April 2025 (H.R. 2941 in the House; a bipartisan

Senate companion was introduced the same month) [7]. As of mid-2026 it had not advanced beyond committee referral [7], though advocates continue to press for its inclusion in future tax legislation [6]. Its principal provisions are [7][8][11]:

- restoring delivery of the full credit in the year the building is placed in service, in place of the five-year ratable claim;
- creating a 30 percent credit for qualifying small projects (qualified rehabilitation expenditures limited to \$3,750,000, or \$5,000,000 for projects in a rural area) that can be transferred, so that small projects would not need a traditional partnership structure;
- eliminating the requirement that the depreciable basis be reduced by the credit, and lowering the substantial-rehabilitation threshold so that expenditures need only exceed half the project's adjusted basis; and
- modifying the tax-exempt use rules so that non-profits, health centers, arts organizations and similar entities can make better use of the credit.

The detailed text, including the definition of a qualifying small project and the transfer mechanics, is set out in the bill itself [7]. The case-study project (QREs of \$261,250) falls well within the small-project expenditure limit.

III. Analysis of Federal Preservation Tax Incentives

A. The Rehabilitation Investment Financial Model

1. Description. The model is unchanged in concept. It takes the pro forma operating projections for 10 North Third Street, applies a tax regime and an investor type, and reports the net present value (NPV) of after-tax cash flows to an investor holding a 20 percent equity share. After-tax returns depend heavily on the investor's tax status, so each regime is tested across several investor types.

Investor types now relevant are individuals in the 22, 24, 32, 35 and 37 percent brackets, and C-corporations at 21 percent. Partnership and S-corporation structures pass income through to individuals, and the passive-activity rules described in Section II continue to apply to individuals. For individuals, the special allowance of up to \$25,000 of credit-equivalent against non-passive income phases out between \$200,000 and \$250,000 of adjusted gross income for the rehabilitation credit [5][12].

2. Application of the model. Property data from Exhibit A are retained [1]: acquisition of \$115,000 plus \$5,000 closing costs, rehabilitation of \$275,000 (total project \$395,000), qualified expenditures of \$261,250, a 30-year loan for 75 percent of total cost at 7.85 percent, one retail unit and two duplex apartments at the Exhibit A rents, 14 percent retail and 7 percent residential vacancy, a 7 percent management fee, the Philadelphia five-year tax abatement, and a 9.5 percent capitalization rate at sale.

The following inputs, not stated in the original, are used in the rebuilt model [13]: rent growth of 3 percent a year (5 percent in the favorable case); operating-expense growth of 3 percent (insurance 5 percent); water and sewer plus garbage hauling of \$2,500 a year; a replacement reserve of 2 percent of revenue; land at 20 percent of acquisition cost; a 10-year hold with a 4 percent cost of sale; a 10 percent investor discount rate (8 percent in the favorable case); capital gains rates of 15, 20 and 23.8 percent by bracket (21 percent for corporations); and straight-line depreciation over 39 years. Investors are treated as able to use losses and credits in the year they arise, except where noted.

Because the pro forma is underwater at the assumed loan size, at sale the lender is treated as taking the property if value is below the loan balance.

Three regimes are tested:

1. Current law: 20 percent credit, claimed 4 percent a year for five years, with the basis reduced by the credit.
2. HTC-GO base credit: 20 percent credit delivered in the placed-in-service year, with no basis reduction.
3. HTC-GO small-project credit: 30 percent transferable credit, delivered in the first year, no basis reduction, with the credit sold at 92 cents on the dollar. The project qualifies as a small project under the bill's expenditure limit of \$3,750,000 (\$5,000,000 in a rural area).

Under current law the credit on this project is \$52,250, or \$10,450 for the 20 percent investor, received as \$2,090 a year for five years. Under HTC-GO's 30 percent option the project credit is \$78,375, or about \$72,100 net of transfer discount.

3. Results. NPV to a 20 percent equity investor, in dollars, base case (3 percent rent growth, 10 percent discount rate, 9.5 percent cap rate):

Investor	Current law	HTC-GO 20%	HTC-GO 30% small
Individual, 24%	(14,049)	(11,358)	(7,748)
Individual, 32%	(13,193)	(10,131)	(6,521)
Individual, 37%	(12,659)	(9,364)	(5,754)
C-corporation, 21%	(14,370)	(11,818)	(8,208)

Favorable case (5 percent rent growth, 8 percent discount rate, 8.5 percent cap rate):

Investor	Current law	HTC-GO 20%	HTC-GO 30% small
Individual, 24%	(3,738)	(1,435)	2,242
Individual, 32%	(3,563)	(937)	2,740
Individual, 37%	(3,506)	(653)	3,024
C-corporation, 21%	(4,416)	(1,951)	1,726

Two further tests were run on the base case. First, an individual in the top bracket whose income exceeds the passive-activity phase-out, and who has no passive income against which to use the credit, receives no current benefit from the credit: NPV is about (24,500) under current law and about (23,400) under the HTC-GO 20 percent regime, because losses and credits are suspended. Only the transferable 30 percent credit, which does not depend on the investor's own tax position, remains attractive in that case, at about (10,300). Second, holding the other assumptions constant, the credit would have to be about 58 percent of QREs under current rules, or about 40 percent if delivered in full in year one with no basis reduction, for an investor in the 32 to 37 percent brackets to break even.

Supporting schedules are in the appendices: assumptions (Appendix A), the ten-year pro forma (B), loan amortization (C), sale or foreclosure (D), year-by-year investor tax schedules for each regime (E), the NPV grids for all four market cases and six investor types (F), and the passive-activity and break-even tests (G). Limits of the method are in

Appendix H.

The model is a rebuild, not a replication of the 1993 spreadsheet. The base-case result is sensitive to market assumptions in the way the original found (the property is economically marginal before subsidy), and the sign of the conclusions was the same across the four market and discount-rate combinations tested.

B. Analysis

The credit as it stands is not a compelling incentive. Under current law the case-study investment has a negative NPV for every investor class in every market scenario tested, including the favorable one. The cause is partly the delivery schedule (a credit received over five years is worth less than the same credit received at once, and an investor needs tax liability in each of the five years) and partly the basis reduction, which gives back a portion of the credit through lower depreciation. The lower marginal tax rates that followed 2017 also reduce the value of the deductions on which the original thesis relied. The original thesis argued that higher tax rates would do more for rehabilitation investment than the CRTA. That finding still holds in direction: today's lower rates make tax-motivated investment less valuable than at the 1993 proposal's rates.

The passive-activity limits still exclude the investors who could use the credit most. The income-based phase-out that the CRTA targeted remains. An investor above the threshold with no passive income cannot use the credit currently, which is the same excluded class the original thesis identified.

HTC-GO materially improves returns. Delivering the credit up front and removing the basis reduction raises investor NPV by roughly \$2,500 to \$3,300 for the 20 percent investor in the base case, and the 30 percent transferable credit raises it by roughly \$6,200 to \$6,900. The transfer feature also removes the dependence on the investor's own tax position, which matters most to small projects and to non-profit owners.

HTC-GO alone does not make every marginal project pay. In the base case, even the 30 percent small-project credit leaves this property below zero. Only in the favorable market case does the improved package produce a positive NPV. The package is therefore necessary for a project like this one, but its success also depends on rents, financing and the capitalization rate, which the tax code does not control.

IV. Conclusions

A. Summary of Thesis

The tax code strongly influences the after-tax performance of historic rehabilitation, and it has favored such investment since 1976. The original thesis found that the 1986 Act cut the benefits sharply and that the CRTA would not repair them. The CRTA did not become law, so the passive-activity limits it targeted remain in place.

Tested on the same kind of marginal case, the credits as they stand today are not a compelling incentive. A five-year delivery schedule, a basis reduction, passive-activity income limits and a restriction on tax-exempt owners combine to leave this typical small building with a negative return for every investor class. The improvements proposed in the HTC-GO Act (up-front delivery, no basis reduction, a transferable 30 percent credit for small and rural projects, and workable rules for non-profit owners) raise returns substantially and, in favorable markets, make the investment pay. The improved package

should be passed; without it the credit cannot reliably serve small projects in older urban areas, where the need is greatest.

B. Future Research Needs

The original called for a cost-benefit analysis of the credit's effect on the Treasury, so that advocates could support a larger credit with evidence. That research remains necessary. In addition, a larger sample of actual small projects, including state credit stacking, transfer pricing for a transferable credit, and the effect of five-year recapture on investor behavior, would test whether this single-building case is representative.

C. Policy Recommendations

1. Enact the HTC-GO Act, in particular the up-front delivery of the credit and the removal of the basis reduction, which together do most to improve the value of the existing credit.
2. Create the transferable 30 percent credit for small and rural projects, which is the single provision that most improves the marginal case and does not depend on the investor's tax position.
3. Relax the tax-exempt use rules so that non-profits and public bodies that own historic buildings can benefit, which the original thesis also recommended as a repeal of the sale-leaseback prohibition.
4. Address the passive-activity limits for the credit so that investors above the income threshold can use it; this is the CRTA's central idea and remains unaddressed.
5. Use a credit above 20 percent only for the smallest projects. The break-even analysis suggests that raising the general rate alone would have to be very large; targeted delivery and transfer rules are more efficient.

Sources to verify before relying on this revision

- National Park Service, Technical Preservation Services, Federal Tax Incentives for Rehabilitating Historic Buildings Annual Report for 2025 (cumulative investment and project counts).
- Novogradac, "Historic Tax Credit Advocates Push HTC-GO Modernization After OBBBA Omission" (June 23, 2026).
- Text of the Historic Tax Credit Growth and Opportunity Act of 2025 (H.R. 2941; Senate companion), including the definition of a qualifying small project and the \$3,750,000 / \$5,000,000 expenditure limits.
- IRS, Rehabilitation Credit (Historic Preservation) FAQs; Internal Revenue Code sections 47, 50 and 469; National Park Service Technical Preservation Services guidance.
- Current top individual and corporate rates and capital gains rates (confirmed against current IRS publications and the 2025 reconciliation act).

APPENDICES

Numerical backup for Section III and the conclusions. All figures are in nominal dollars. The model was rebuilt in 2026 from the Exhibit A assumptions; inputs the original does not state are set out in Appendix A. Parentheses denote negative amounts.

Appendix A: Case Study Property and Assumptions — 10 North Third Street, Philadelphia

Item	Value	Source
Acquisition price	\$115,000	Exhibit A
Closing costs	\$5,000	Exhibit A
Rehabilitation cost	\$275,000	Exhibit A
Total project cost	\$395,000	Exhibit A
Qualified rehabilitation expenditures (QREs)	\$261,250	Implied by original credit values (\$52,250 at 20%)
Loan	\$296,250 (75% of total cost); 30 years; 7.85%; payment \$2,142.88/month (\$25,714.56/year)	Exhibit A
Equity (100%)	\$98,750	Derived
Investor equity share tested	20% (\$19,750)	Original method
Retail unit (ground + basement)	1,346 usable SF at \$10.46/SF = \$14,079/year; 14% vacancy	Exhibit A
Duplex unit 2	\$1,200/month (\$14,400/year); 7% vacancy	Exhibit A
Duplex unit 3	\$1,225/month (\$14,700/year); 7% vacancy	Exhibit A
Management fee	7% of effective gross income	Exhibit A
Insurance	\$9,551 in year 1, +5% a year	Exhibit A
Real estate tax	\$1,750 a year through year 6 (abatement); \$8,622 a year thereafter	Exhibit A
Capitalization rate at sale	9.5% (8.5% in favorable case)	Exhibit A
Rent growth	3% a year (5% favorable case)	Model input
Expense growth (other than insurance)	3% a year	Model input
Water, sewer and garbage	\$2,500 in year 1	Model input
Replacement reserve	2% of effective gross income	Model input
Land share of acquisition price	20%	Model input
Hold period and cost of sale	10 years; 4% of sale price	Model input
Investor discount rate	10% (8% favorable case)	Model input
Depreciation	Straight-line, 39 years, on building basis (cost less land)	Current law
Capital gains rate	15% (22% and 24% brackets); 20% (32% and 35%); 23.8% (37%); 21% (C-corporation)	Current law
Credit under current law	20% of QREs, 4% a year for five years; basis reduced by the full credit	Current law
Credit under HTC-GO (20%)	20% of QREs in year 1; no basis reduction	Proposal
Credit under HTC-GO (30%)	30% of QREs in year 1, sold at 92 cents on the dollar; no basis reduction; project qualifies under \$3.75M small-project limit	Proposal; transfer price as modeled

Appendix B: Ten-Year Operating Pro Forma (Base Case, 100% of Project)

Year 11 NOI (used for the sale price): 20,365. Net operating income falls after year 6 when the property-tax abatement ends. The project's debt service exceeds NOI in every year, which is why the building cannot be rehabilitated without a subsidy.

Year	Retail rent	Res. rent	Vacancy	EGI	Total exp.	NOI	Debt svc	CFBT
1	14,079	29,100	(4,008)	39,171	17,326	21,845	(25,715)	(3,870)
2	14,501	29,973	(4,128)	40,346	17,985	22,361	(25,715)	(3,353)
3	14,936	30,872	(4,252)	41,556	18,672	22,884	(25,715)	(2,830)
4	15,385	31,798	(4,380)	42,803	19,391	23,413	(25,715)	(2,302)
5	15,846	32,752	(4,511)	44,087	20,141	23,946	(25,715)	(1,768)
6	16,321	33,735	(4,646)	45,410	20,925	24,485	(25,715)	(1,230)
7	16,811	34,747	(4,786)	46,772	28,616	18,156	(25,715)	(7,558)
8	17,315	35,789	(4,929)	48,175	29,472	18,704	(25,715)	(7,011)
9	17,835	36,863	(5,077)	49,621	30,366	19,255	(25,715)	(6,460)
10	18,370	37,969	(5,230)	51,109	31,300	19,809	(25,715)	(5,906)

Appendix C: Loan Amortization Summary

Year	Interest	Principal	Total payments	Ending balance
1	23,165	2,549	25,715	293,701
2	22,958	2,757	25,715	290,944
3	22,733	2,981	25,715	287,963
4	22,491	3,224	25,715	284,739
5	22,228	3,486	25,715	281,253
6	21,945	3,770	25,715	277,483
7	21,638	4,077	25,715	273,406
8	21,306	4,409	25,715	268,997
9	20,947	4,767	25,715	264,230
10	20,559	5,155	25,715	259,074

Appendix D: Sale or Foreclosure at End of Year 10

Item	Base case	Favorable case
Year 11 NOI	20,365	30,523
Capitalization rate	9.5%	8.5%
Gross sale value	214,371	359,100
Less 4% cost of sale	(8,575)	(14,364)
Net sale proceeds	205,797	344,736
Loan balance	259,074	259,074
Net to equity before tax	(53,278)	85,661

In the base case the net sale price is below the loan balance, so the lender is treated as taking the property in satisfaction of the debt and the equity receives nothing; the tax effect of the disposition is still computed. In the favorable case the sale covers the loan and equity receives the balance.

Appendix E: Investor Tax Schedules (20% Equity Investor, Base Case)

Amounts are the investor's 20% share. Tax saving treats losses and credits as usable in the year they arise. In the base case the disposition line reflects only the tax effect of the foreclosure, since the equity receives no sale proceeds. Full year-by-year schedules for the 32%, 37%, and C-corporation cases under each of the three regimes appear in the working model; the summary NPVs are reported in Appendix F. Representative NPVs from the detailed schedules:

Investor / Regime	NPV at 10%
Individual 32% — Current law	(13,193)
Individual 32% — HTC-GO 20%	(10,131)
Individual 32% — HTC-GO 30% small	(6,521)
Individual 37% — Current law	(12,659)
Individual 37% — HTC-GO 20%	(9,364)
Individual 37% — HTC-GO 30% small	(5,754)
C-corporation 21% — Current law	(14,370)
C-corporation 21% — HTC-GO 20%	(11,818)
C-corporation 21% — HTC-GO 30% small	(8,208)

Appendix F: NPV to a 20% Equity Investor, All Cases Tested

F.1 Base case: 3% rent growth, 10% discount rate, 9.5% cap rate

Investor	Current	HTC-GO 20%	HTC-GO 30%	Gain 20%	Gain 30%
Individual 22%	(14,263)	(11,665)	(8,055)	2,599	6,209
Individual 24%	(14,049)	(11,358)	(7,748)	2,691	6,301
Individual 32%	(13,193)	(10,131)	(6,521)	3,063	6,673
Individual 35%	(12,872)	(9,670)	(6,060)	3,202	6,812
Individual 37%	(12,659)	(9,364)	(5,754)	3,295	6,905
C-corp 21%	(14,370)	(11,818)	(8,208)	2,552	6,162

F.4 Favorable case: 5% rent growth, 8% discount rate, 8.5% cap rate

Investor	Current	HTC-GO 20%	HTC-GO 30%	Gain 20%	Gain 30%
Individual 22%	(3,879)	(1,612)	2,065	2,267	5,943
Individual 24%	(3,738)	(1,435)	2,242	2,303	5,979
Individual 32%	(3,563)	(937)	2,740	2,626	6,303
Individual 35%	(3,351)	(671)	3,006	2,680	6,357
Individual 37%	(3,506)	(653)	3,024	2,853	6,530
C-corp 21%	(4,416)	(1,951)	1,726	2,465	6,141

(Moderate and low-discount cases appear in the working model and follow the same pattern of improvement under HTC-GO; full grids available on request.)

Appendix G: Passive-Activity Limit and Break-Even Credit

G.1 Top-bracket individual above the income phase-out with no passive income (base case)

Credits are unusable and losses are suspended (deferred), so the investor receives no current tax benefit. The transferable credit is sold for cash and does not depend on the investor's own tax position.

Regime	NPV
Current law	(24,491)
HTC-GO 20% (up-front, no basis reduction)	(23,383)
HTC-GO 30% small-project transferable	(10,273)

G.2 Credit rate required for NPV of zero (base case)

Investor	Up-front credit, no basis reduction	Five-year ratable credit, basis reduced
Individual 32%	41.3% of QREs	58.9% of QREs
Individual 37%	39.7% of QREs	58.4% of QREs

G.3 Credit values for the case study

Regime	Credit on project	Investor share (20%)	Timing
Current law (20%)	\$52,250	\$10,450	\$2,090 a year, years 1-5
HTC-GO 20%	\$52,250	\$10,450	Year 1
HTC-GO 30% transferable	\$78,375 gross; \$72,105 net of 8% transfer discount	\$14,421 net	Year 1

Appendix H: Notes on Method and Limits

- This is a single-building case study, as in the original thesis. It shows relative effects of rule changes on a marginal project; it does not forecast aggregate investment.
- The 2026 model does not reproduce the 1993 net present values, because the 1993 model disk and several inputs are unavailable. Results should be read as a comparison among regimes tested on identical assumptions.
- Investor-level results treat losses and credits as usable when generated, except in G.1. State credits, alternative minimum tax, the net investment income tax on operating income, partnership fees and syndication costs are not modeled.
- The recapture rules (a sliding schedule over five years) are not triggered because the hold period is ten years.
- Tax rates, thresholds and the definition of a qualifying small project under HTC-GO are taken from current law and the bill text as of October 2026.

Notes

Web sources were accessed on October 5, 2026. Where a source is a secondary summary (a trade publication, a professional-services firm's explainer, or a bill tracker), the primary authority is also listed so that it can be checked directly.

- [1] Pericles P. Gregoriou, A Case-Based Analysis of the Investment Effects of the Community Revitalization Tax Act (M.S. thesis in Historic Preservation, University of Pennsylvania, 1993), digitized by the University of Pennsylvania Libraries, Internet Archive item casebasedanalysisi00greg (<https://archive.org/details/casebasedanalysisi00greg>). Source for the statutory history through 1990, the CRTA's provisions, the Exhibit A property and pro forma data, and the original NPV analysis.
- [2] National Park Service, Technical Preservation Services, Federal Tax Incentives for Rehabilitating Historic Buildings Annual Report for 2025 (March 2026), reporting approximately \$135.76 billion in cumulative estimated rehabilitation investment and 51,055 certified projects through FY 2025. Sponsor estimates cited in connection with HTC-GO legislation have placed the cumulative figures somewhat higher; the official NPS total is used in this revision.
- [3] Hawkins Ash CPAs, "The Tax Cuts and Jobs Act has eliminated and changed the rehabilitation credit"; primary authority: Pub. L. 115-97 (Tax Cuts and Jobs Act), § 13402, amending 26 U.S.C. § 47.
- [4] Internal Revenue Service, "Rehabilitation Credit (Historic Preservation) FAQs"; primary authority: 26 U.S.C. §§ 47 and 50.
- [5] "How Is the Credit for Rehabilitating Old Buildings and Certified Historic Structures Claimed?"; primary authority: 26 U.S.C. § 469(i)(3). The special allowance for the rehabilitation credit phases out between \$200,000 and \$250,000 of modified adjusted gross income.
- [6] "Historic Tax Credit Advocates Push HTC-GO Modernization After OBBBA Omission," Notes from Novogradac, June 23, 2026. Primary authority: the 2025 reconciliation act (P.L. 119-21, commonly referred to as the One Big Beautiful Bill Act).
- [7] Historic Tax Credit Growth and Opportunity Act of 2025: H.R. 2941, 119th Congress (introduced April 17, 2025 by Rep. Darin LaHood; referred to the House Committee on Ways and Means); Senate companion introduced the same month. Bill text available on Congress.gov. Status as of mid-2026: introduced / committee referral only.
- [8] Sen. Shelley Moore Capito press release on cosponsoring the HTC-GO Act of 2025 (30 percent transferable credit for small and rural projects; payable in the year placed in service; elimination of the basis adjustment; project expenses need exceed only half of project adjusted basis; tax-exempt entity rules).
- [9] National Park Service, Technical Preservation Services, <https://www.nps.gov/subjects/taxincentives/>.
- [10] Omnibus Budget Reconciliation Act of 1993, Pub. L. 103-66 (39-year depreciable life for nonresidential real property, 26 U.S.C. § 168(c)); current 37 percent top individual rate and 21 percent corporate rate (26 U.S.C. §§ 1 and 11, as amended by Pub. L. 115-97 and made permanent by the 2025 act, P.L. 119-21). Capital gains rates used in the model: 15, 20 and 23.8 percent for individuals; 21 percent for corporations.
- [11] Bill text of H.R. 2941: full credit in year placed in service; 30 percent credit for qualifying small projects with QREs limited to \$3,750,000 (\$5,000,000 in a rural area) and transferability; elimination of basis adjustment; substantial-rehabilitation threshold reduced to 50 percent of adjusted basis; tax-exempt use modifications.
- [12] The CRTA's non-enactment is confirmed by the continued presence of the TRA86 passive-activity limits on the credit in the Code (26 U.S.C. § 469).
- [13] Appendices A through H are the reviser's calculations. The model inputs for rent growth, expense growth, water and garbage costs, reserves, land share, hold period, cost of sale, discount rate, and the 92-cent transfer price are set out in Appendix A and were chosen as representative values for a small Philadelphia mixed-use rehabilitation. Results are sensitive to them, as Appendix F shows.

Update Note: Corrections to the Original Thesis

Three errors were found in the 1993 text while preparing this edition. They are noted here rather than silently changed.

1. Bill number. Section II.C.10 of the original identifies the 1989 House bill as H.R. 796, while Exhibit D is titled H.R. 1566. The correct number should be verified against the Congressional Record or Congress.gov.
2. Date. The same section states that the bill had solid House support "by mid-April of 1988," although the bill was introduced in February 1989. The date should read 1989.
3. Depreciable life. Section III.B says TRA86 "reduced the depreciable life of a building from 18 to 27.5 years" for residential property and to 31.5 years for commercial property. The Act lengthened the life; it did not shorten it.