

# THE IMPACT OF HISTORIC TAX CREDIT INVESTMENT IN ILLINOIS

A Study of the Economic Impacts of the  
Illinois Historic Preservation Tax Credit and  
River Edge Historic Tax Credit Programs



Illinois  
Department of  
**Natural  
Resources**

Prepared for Illinois State Historic  
Preservation Office

Illinois Department of Natural Resources

By PlaceEconomics April 2023



# REPORT JUSTIFICATION

Authorized by the National Historic Preservation Act of 1966, State Historic Preservation Offices are charged with administering federal and state preservation programs, including nominating properties to the National Register of Historic Places; surveying historic and archaeological resources; reviewing federal and state projects for impacts to cultural resources; working with local governments to develop historic-preservation programs; administering rehabilitation-based tax incentives for historic buildings; and providing education, training, and technical assistance on historic preservation to the public.

The Illinois State Historic Preservation Office (SHPO) is housed within the Illinois Department of Natural Resources (IDNR). On February 7, 2023, Governor JB Pritzker appointed IDNR Director, Natalie Phelps Finnie as Illinois' State Historic Preservation Officer. IDNR's mission is to "manage, conserve and protect Illinois' natural, recreational, and cultural resources; further the public's understanding and appreciation of those resources; and promote the education, science, and public safety of Illinois' natural resources for present and future generations." The SHPO's Tax Incentives & Architecture Section administers the Illinois Historic Tax Credit program (IL-HTC) and the River Edge Historic Tax Credit Program (RE-HTC).

The enabling legislation for both the IL-HTC and the RE-HTC establishes the collection of fees from projects that receive state tax credits and mandates that a portion of these fees be used to fund biennial economic-impact reports.

35 ILCS 31/10(c) establishes that issuance fees from IL-HTC projects are deposited into the Historic Property Administrative Fund (HPAF). 35 ILCS 31/20(c) requires that moneys in the HPAF be used to fund IL-HTC economic impact reports and suggests their contents.

35 ILCS 5/221(b-1) establishes that issuance fees from RE-HTC projects are deposited into the HPAF. 35 ILCS 5/221(c-1) requires that moneys in the HPAF be used to fund RE-HTC economic impact reports and suggests their contents.

The commissioning of this report adhered to current State of Illinois' procurement policies. On April 20, 2022, IDNR issued a Request for Quote under Bid Solicitation number 22-422DNR-DIREC-B-28925 for the analysis of the impacts of the RE-HTC and IL-HTC programs in from 2000 through 2022. PlaceEconomics, a private-sector firm with over thirty years' experience in analyzing the economic impacts of historic preservation, was awarded the contract on June 23, 2022. From October 3 through October 7, 2022, SHPO staff and three PlaceEconomics staff visited several completed and ongoing IL and RE-HTC projects and interviewed a variety of stakeholders, from mayors to residents, developers to small-business owners.

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# KEY FINDINGS

**The Federal Historic Tax Credit, the River Edge Historic Tax Credit, and the Illinois Historic Preservation Tax Credit have attracted private investment that has created ripple effects through the economy.**

**58% OF ILLINOISANS LIVE WITHIN 5 MILES OF A HISTORIC TAX CREDIT PROJECT.**

- The River Edge Historic Tax Credit (RE-HTC) has been very effective in encouraging commercial investment in those cities that qualify.
- The Illinois Historic Preservation Tax Credit Program (IL-HTC) has certainly helped the projects that have received state-credit allocations, but due to its annual program-wide cap of \$15 million, it has had only a minimal impact in increasing the overall amount of commercial reinvestment activity in the State.
- Twenty percent of Illinoisans live within 1 mile of a building that has received the Federal Historic Preservation Tax Credit (F-HTC), IL-HTC or RE-HTC. Fifty-eight percent of Illinoisans live within 5 miles of a historic tax-credit project.
- Almost half of the State's counties (49 of 102) are home to a historic tax-credit project.
- Historic tax credits generate advanced revenues for state and local governments. For every \$100 of state tax credits issued, the Illinois Treasury will have already received \$26.30, and local governments will have already received \$27.59 in tax revenues before a developer or property owner has even used the credits. Thus, \$53.89 of state and local tax revenues have been received before \$100 of state tax credits are even issued.
- Every \$100 that the State of Illinois provides in historic tax credits spurs an additional \$478.29 in direct private investment and an additional \$507.27 in indirect and induced economic activity.
- After the tax-credit project is officially completed, the State of Illinois receives an annual rate of return of 4.0% of its tax-credit investment, and local governments annually receive 4.6% of the net tax-credit amount in tax revenue. This does not include tax revenues from the activities within the rehabilitated historic building (i.e., sales taxes, corporate income taxes, individual income taxes). Nor does the local share reflect the increase in property taxes generated by the capital improvements.
- Based on the four River Edge cities examined, every one-time investment of \$250,000 in state tax credit by the State of Illinois results in an additional annual revenue of \$29,000 in property taxes to local governments.



Historic tax credits are important tools for housing production and preservation. The Granite City YMCA Building was developed as the Edison Art Lofts using the IL-HTC and Federal HTC. The project brought 37 new, low-income housing units to Granite City.

## IL-HTC Key Findings

**99% OF HOUSING UNITS CREATED THROUGH THE IL-HTC HAVE BEEN AFFORDABLE.**

- Since it began in 2019, nine rehabilitation projects have been completed using the IL-HTC program, and 17 projects have been assigned a tax-credit allocation and are underway.
- Over \$244 million private dollars have been invested in Illinois' historic buildings through the IL-HTC program.
- An additional \$433 million of private investment is being made in projects that have received a tax-credit allocation but are not yet completed.
- Projects utilizing the IL-HTC have generated an average of 130.0 direct jobs and an additional 146.6 indirect and induced jobs each year.
- The IL-HTC has a relatively low annual cap of \$15 million, which, along with other factors, restricts its ability to generate additional private-sector investment. The current annual cap limits the investment that the program can generate to an estimated \$12.2 million. If the annual program cap were raised to \$75 million, the program would generate an additional \$122 million of private investment each year.

## RE-HTC Key Findings

**THE RE-HTC IS A MAJOR ATTRACTOR OF PRIVATE INVESTMENT.**

- Since its enactment in 2012, 30 rehabilitation projects have been completed, and 30 projects are underway using the RE-HTC.
- Certified RE-HTC projects represent a private investment of nearly \$325 million dollars in the four River Edge communities that have certified RE-HTC projects.<sup>1</sup>
- Projects utilizing the RE-HTC have generated an average of 175.3 direct jobs and an additional 195.4 indirect and induced jobs each year.
- These jobs have generated \$11,704,668 in direct labor income and \$11,928,697 in indirect and induced labor income each year.

<sup>1</sup> As of 12/31/2022, East St. Louis has not had a completed and certified RE-HTC project.



Prairie Street Brewing Company (Peacock Brewery), Rockford  
RE-HTC Project

# INTRODUCTION

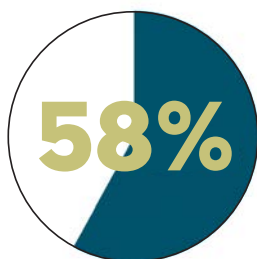
**Nationwide, historic tax credits are the country's most effective tool to promote private investment in historic buildings.**

**A TAX CREDIT IS A DOLLAR-FOR-DOLLAR OFFSET OF INCOME TAXES THAT WOULD OTHERWISE HAVE TO BE PAID, MAKING IT A POWERFUL INCENTIVE FOR HISTORIC REHABILITATION.**

Illinois is a state that understands the economic potential of historic buildings. This understanding is reflected not only by the high rate of participation in the Federal Historic Preservation Tax Credit program (F-HTC), but in the enactment of two state historic tax credit programs: the River Edge Historic Tax Credit (RE-HTC) and the Illinois Historic Preservation Tax Credit (IL-HTC). Some 35 other states also have historic tax credits, but the vast majority of them are simply a state version of the federal historic tax credit. The Illinois Legislature created two programs to reflect Illinois' specific needs and challenges by focusing on former industrial hubs, low-income communities, and buildings that were formerly government-owned (such as schools, hospitals, and post offices).

These two state-level historic, tax-credit programs have had positive economic, cultural, and environmental impacts in Illinois. Across the state, historic tax-credit projects have created jobs and stimulated local economies. Private investment in historic buildings through historic tax credits is bringing vacant and underutilized buildings back online, increasing local property-tax revenues, and helping revitalize cities and towns of all sizes. These projects created and sustain important sources of income for Illinoisans through construction jobs; because historic-rehabilitation projects are more labor intensive than new-construction projects,

a larger share of the project's costs go directly to labor income rather than to materials. Not only have these projects revived local landmarks that contribute to community pride and social cohesion, but they have also kept tons of construction and demolition debris out of landfills.



**58% of Illinoisans live within 5 miles of an HTC project.**



St. Charles Senior Living (St. Charles Hospital), Aurora  
RE-HTC Project

Enacted in 2011, the **River Edge Historic Tax Credit (RE-HTC)** is a by-right 25% state income tax-credit on Qualified Rehabilitation Expenditures (QREs) for projects located in River Edge Redevelopment Zones in five cities across the state. Additionally, qualifying buildings must be designated historic, either individually or as part of a National Register or certified local historic district. If a building owner invests \$100,000 in the appropriate rehabilitation of their historic building and uses the RE-HTC, they will receive a \$25,000 credit against their state income-tax liability.

The **Illinois Historic Preservation Tax Credit (IL-HTC)** was enacted in 2018 and provides a state income-tax credit equal to 25% of a project's QREs, up to \$3 million of credit, to owners of certified historic structures who undertake certified rehabilitations. The IL-HTC program caps the total credit allocation at \$15 million in the first year and at \$75 million over five years. Two allocation rounds are held each year of the 5-year program, and allocations are assigned by ranking projects according to a list of statutory priorities.

In order for a project to qualify for either of the state historic tax credits, it must also obtain F-HTC certification. Therefore, for the remainder of this report, in order to eliminate the possibility of duplicating data across programs, projects were separated into 3 categories: projects that took only the F-HTC, projects that piggybacked the F-HTC with the IL-HTC, and projects that piggybacked the F-HTC with the RE-HTC. The following section and table pertain to projects that took only the F-HTC.



The two state-level, historic tax-credit programs offered in Illinois have been designed to dovetail with the F-HTC, with many of the requirements being the same. The table below outlines how the F-HTC, the IL-HTC, and the RE-HTC work:

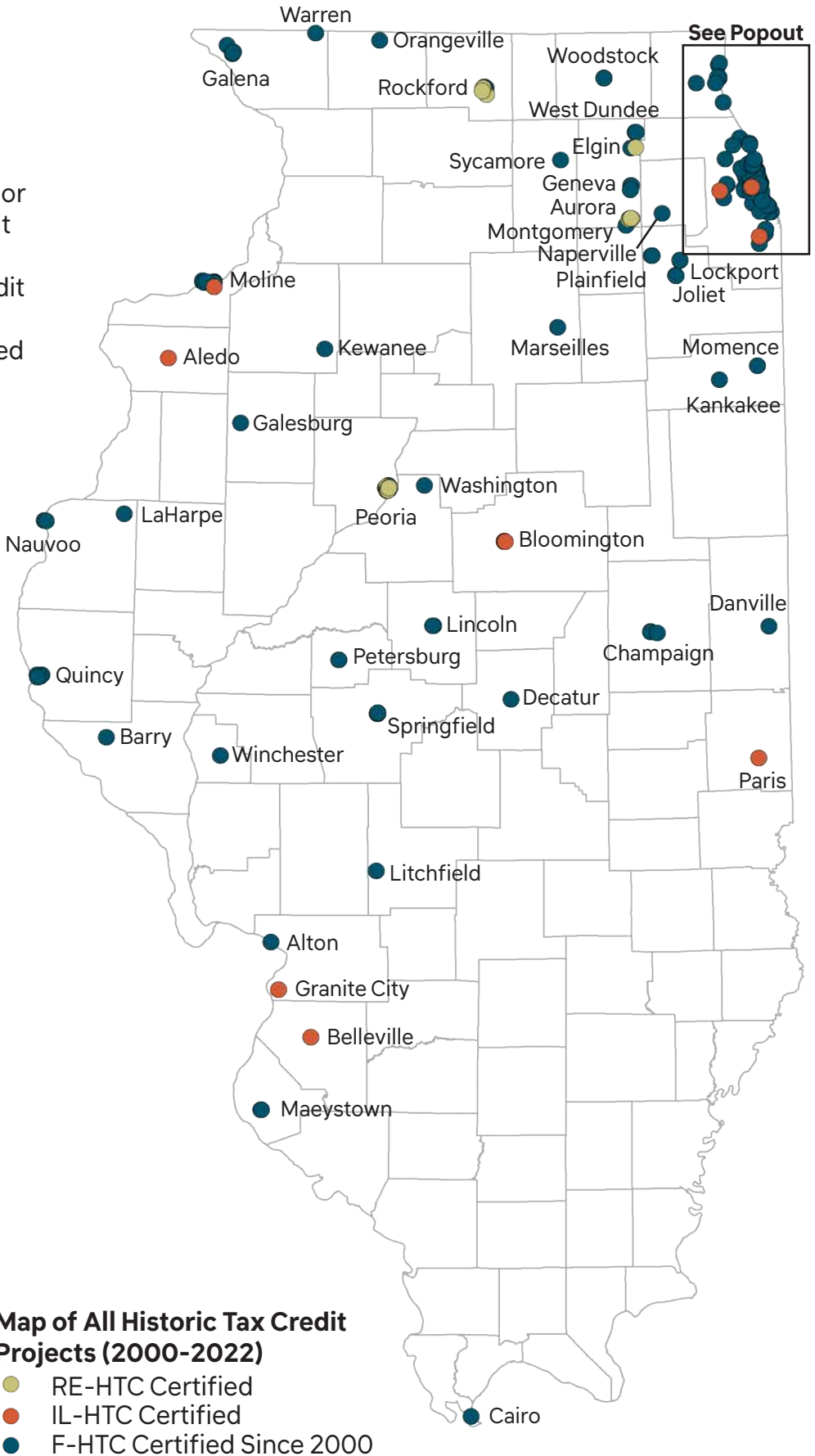
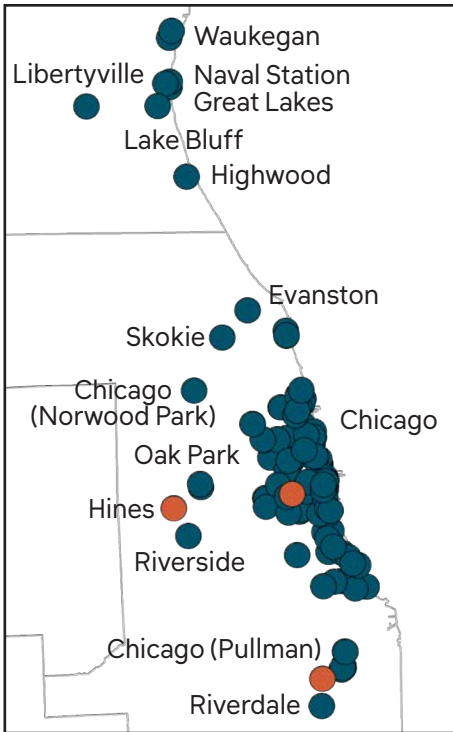
	<b>Federal Historic Tax Credit (F-HTC)</b>	<b>River Edge Historic Tax Credit (RE-HTC)</b>	<b>Illinois Historic Preservation Tax Credit (IL-HTC)</b>
Enacted	1976	2012	2018
Building Eligibility	Listed individually on the NRHP or within NRHD or certified local historic district <sup>2</sup>	Same as Federal AND located within a River Edge Redevelopment Zone in Aurora, East St. Louis, Elgin, Peoria, Rockford	Same as Federal;
Post-Rehab Use	Income-producing	Same as Federal	Same as Federal
Amount of Credit	20% of Qualified Rehabilitation Expenditures (QREs)	25% of Qualified Rehabilitation Expenditures (QREs)	25% of Qualified Rehabilitation Expenditures (QREs)
Per Project Cap	None	None	\$3 million
Yearly Program Cap	None	None	\$15 million
Earn Credit Upon Certification of Completed Phases	Yes	Yes	No
Transferability of credit	Cannot be bought and sold but can be syndicated	Same as Federal	Same as Federal
Recapture	Yes (5 years)	None	Same as Federal
Rehabilitation Standards	Must meet Secretary of the Interior's Standards for Rehabilitation	Same as Federal	Same as Federal
Review of Work	National Park Service and State Historic Preservation Office	Same as Federal	Same as Federal
Minimum Investment	\$5,000 or the building's adjusted basis, whichever is greater.	Same as Federal	Same as Federal
Qualified Rehabilitation Expenditures (QREs)	Rehabilitation but not acquisition, site improvements, or additions	Same as Federal	Same as Federal
Carried Back/ Forward	Carry back 1 year; carry forward up to 20 years	Carry back 3 years, forward up to 5 years	Carry back 3 years, forward up to 10 years
Legislation Reauthorization	None	Every 5 years	Every 5 years

<sup>2</sup> NRHP refers to the National Register of Historic Places, and NRHD refers to a National Register Historic District.

# GEOGRAPHIC SPREAD OF PROJECTS

Overall, 49 out of Illinois' 102 counties and 62 of its cities have benefited from a F-HTC, RE-HTC, or IL-HTC project. Fifty-eight percent of Illinois' residents live within a 5-mile radius of a historic tax-credit project. This study examined the impact of projects that have utilized the IL-HTC, the RE-HTC, and the F-HTC since 2000.

## Chicago Area



**Map of All Historic Tax Credit Projects (2000-2022)**

- RE-HTC Certified
- IL-HTC Certified
- F-HTC Certified Since 2000

## SURVEY OF HISTORIC TAX CREDIT USERS

As part of this analysis, an online survey was conducted among people who have used one of the historic tax credits, are interested in the credits, or have assisted others in the use of the credits. The most significant findings are these:

- The availability of historic tax credits is critical for most of the projects being undertaken, including a sizable share of projects that simply would not have happened without the credits.
- The F-HTC was seen as most effective, closely followed by the RE-HTC. The IL-HTC was seen as slightly less effective.
- For those projects that applied for but did not receive an IL-HTC, nearly 40% will either not move forward at all or move forward only if there is a subsequent state credit allocation.
- Developers' uncertainty is a challenge, particularly for the IL-HTC. The primary causes of that uncertainty are:
  - The competitive application process for the allocation of the credits
  - The annual cap on the total amount of the IL-HTC available
  - The "first come, first served" online submission process
  - Concern about whether the Illinois Legislature will reauthorize the program
- At the top of the list of respondents' suggestions for improving the IL-HTC were: increasing the current annual cap of \$15 million and making the credit permanent rather than requiring reauthorization every five years.
- The RE-HTC program is seen as more effective than the statewide credit, but could also be improved by becoming a permanent program and by increasing the number of River Edge communities.
- Making the credits easily transferable was seen as either valuable or very valuable by nearly 90% of the respondents.
- As to the administration of the tax credits, there were generally high approval rates for the helpfulness, knowledge, responsiveness, and availability of the staff at the State Historic Preservation Office. This contrasts with the general dissatisfaction with the application process for the credits.

# FEDERAL HISTORIC PRESERVATION TAX CREDIT (F-HTC)

**The Federal Historic Tax Credit represents the largest federal investment in historic preservation.**

**SINCE 2000, OVER 300 F-HTC PROJECTS HAVE BEEN CERTIFIED, REPRESENTING OVER \$6 BILLION IN TOTAL PRIVATE INVESTMENT IN ILLINOIS.**

Enacted in 1976, the Federal Historic Preservation Tax Credit (F-HTC) is administered by the National Park Service (NPS) in partnership with State Historic Preservation Offices (SHPOs). The F-HTC, which provides a 20% federal income tax credit on Qualified Rehabilitation Expenditures (QREs), is the nation's most effective program for encouraging investment in historic buildings and promoting community revitalization. Since 1976, over 48,000 buildings across the country have been rehabilitated using this credit.

In a three-part application process, the NPS certifies that a building is historic and that its rehabilitation meets the Secretary of the Interior's Standards for Rehabilitation (Standards). Part 1 confirms the historic status of the building. Part 2 describes its condition and the planned work, which is evaluated based upon the Standards. Submitted after

the project is complete, Part 3 documents that the work was completed as approved. Once Part 3 is approved by the NPS, the project is considered a "certified rehabilitation." While NPS grants final certification and approval, SHPOs provide guidance to applicants throughout the process and often serve as the boots-on-the-ground administrators of the program.



## FROM THE SURVEY:

**83%**

of Illinois respondents

said that the F-HTC was crucial in making the project viable or that they would not have done the project without the F-HTC.

Since 2000, the NPS has certified 1,058 Part 1s, 433 Part 2s, and 309 Part 3s in Illinois.<sup>3</sup> Review of these applications requires significant SHPO and NPS Staff resources and time. The totals in the table below do not include projects that simply inquired about a potential tax credits, nor amendments to application components, meaning the number of actual reviews conducted by NPS and SHPO staff is much greater.

Prior to 2011, Illinois had no state-level historic tax credit to complement the F-HTC.<sup>4</sup> While the RE-HTC was authorized in 2011, the first project to utilize the RE-HTC was not certified until 2015. Therefore, the years prior to 2015 represent F-HTC activity without the influence of a complimentary RE-HTC or IL-HTC. From 2015 through 2022, the F-HTC program certified 120 Illinois projects representing a total private investment of over \$3.5 billion.

Year	Number of Part 3 Certs	Qualified Rehabilitation Expenditures	Other Expenditures	Total Investment	F-HTC Credit Achieved
2000	9	\$38,443,381	\$4,734,612	\$ 43,177,993	\$ 7,688,676
2001	16	\$53,221,435	\$3,771,829	\$ 56,993,264	\$10,644,287
2002	15	\$38,965,055	\$209,301	\$ 39,174,356	\$7,793,011
2003	14	\$44,502,112	\$740,500	\$ 45,242,612	\$8,900,422
2004	9	\$156,754,492	\$4,212,535	\$160,967,027	\$31,350,898
2005	17	\$152,988,903	\$811,493	\$153,800,396	\$30,597,781
2006	9	\$57,549,011	\$18,004,915	\$75,553,926	\$11,509,802
2007	15	\$145,185,053	\$8,387,269	\$153,572,323	\$29,037,011
2008	8	\$155,144,571	\$2,484,142	\$157,628,713	\$31,028,914
2009	15	\$135,450,728	\$6,438,971	\$141,889,699	\$27,090,146
2010	8	\$97,573,390	\$36,495,746	\$134,069,136	\$19,514,678
2011	9	\$321,598,356	\$7,985,340	\$329,583,696	\$64,319,671
2012	8	\$33,493,896	\$2,876,553	\$36,370,449	\$6,698,779
2013	13	\$446,871,349	\$93,762,693	\$540,634,042	\$89,374,270
2014	21	\$539,082,022	\$124,001,703	\$663,083,725	\$107,816,404
2015	12	\$184,727,395	\$102,848,252	\$287,575,646	\$36,945,479
2016	16	\$267,300,689	\$203,406,966	\$470,707,655	\$53,460,138
2017	19	\$404,078,029	\$208,891,680	\$612,969,709	\$80,815,606
2018	15	\$193,759,500	\$47,928,162	\$241,687,662	\$38,751,900
2019	20	\$188,717,005	\$116,201,245	\$304,918,250	\$37,743,401
2020	16	\$1,119,821,912	\$398,561,699	\$1,518,383,611	\$223,964,382
2021	18	\$286,541,096	\$107,750,229	\$394,291,325	\$57,308,219
2022	7	\$135,331,124	\$ 42,673,589	\$178,004,713	\$27,066,225
<b>Grand Total</b>	<b>309</b>	<b>\$5,197,100,503</b>	<b>\$1,543,179,425</b>	<b>\$6,740,279,928</b>	<b>\$1,039,420,101</b>

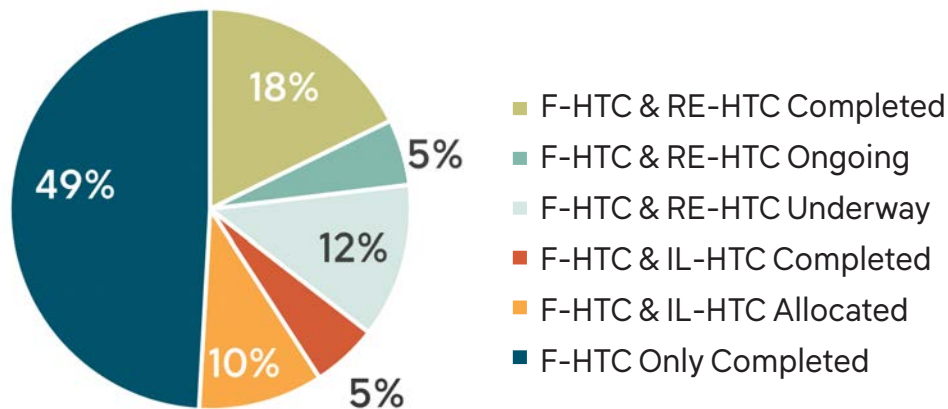
<sup>3</sup> Data provided by the IL SHPO. The table represents overall F-HTC activity and is, therefore, not limited to projects that received the F-HTC alone.

<sup>4</sup> The Historic Preservation Tax Credit Pilot Program (35 ILCS 30/1) was Illinois' first state historic tax credit program, enacted on June 21, 2010. It was statutorily limited to a single building, the Hotel Pere Marquette in Peoria. This Report does not include the Pere Marquette rehabilitation in its analyses.

## PAIRING STATE AND FEDERAL HISTORIC TAX CREDITS

The F-HTC can be easily paired with either of Illinois' two state-level, historic tax credits, as each relies on the 3-part certification process of the F-HTC. Of the 169 projects that sought or received F-HTC certification between 2015 and 2022, 51% have paired the F-HTC with either the IL-HTC or the RE-HTC. Over time, the percentage of projects pairing state and federal historic tax credits has grown.

**SHARE OF F-HTC PROJECTS PURSUING  
IL-HTC OR RE-HTC (2015-2022)<sup>5</sup>**



It's important to note that in cities with River Edge Redevelopment Zones, the availability of the RE-HTC credit has made the use of the F-HTC more common. For instance, in Peoria, only five F-HTC projects occurred citywide between 2000 and 2015. After the establishment of the RE-HTC, Peoria has had twelve certified RE-HTC projects, with another six underway.

<sup>5</sup> In this instance, "pursued" means projects that were either certified, or received an IL-HTC allocation, or the date of last federal action of a RE-HTC project that are currently underway/ongoing.

Before the authorization of the RE-HTC, Rockford saw, on average, one federal historic tax-credit project every other year. Since 2015, Rockford has seen an average of four projects each year pairing the F-HTC and RE-HTC.



# ILLINOIS HISTORIC PRESERVATION TAX CREDIT (IL-HTC)

**For those projects that receive an allocation, the project benefits significantly, and the IL-HTC is a critical component of the financial feasibility of the transaction.**

**OVER \$244 MILLION OF PRIVATE CAPITAL HAS BEEN INVESTED IN ILLINOIS THROUGH THE IL-HTC SINCE 2019.**

The Illinois Historic Preservation Tax Credit Program (IL-HTC) provides a state income-tax credit equal to 25% of a project's Qualified Rehabilitation Expenditures (QREs), up to a credit of \$3 million to owners of certified historic structures who undertake certified rehabilitations. To achieve a state income-tax credit under the program, a project must 1) rehabilitate a certified historic structure, 2) result in an income-producing use, 3) have the NPS certify the rehabilitation, 4) have post-1/1/2019 QREs<sup>6</sup> that exceed the greater of \$5,000 or the adjusted basis of the property, and 5) have received a state tax-credit allocation awarded by competitive application. The IL-HTC program caps the total credit allocation at \$15 million in the first year and at \$75 million over five years. Program legislation requires an allocation system to distribute the limited tax credits among eligible applicants. To apply for the IL-HTC allocation, a building must have its Part 2 certified by the National Park Service (NPS) by the date of the Part

S-1 workshop. Two allocation rounds are held each year of the 5-year program,<sup>7</sup> and the IL-HTC allocations are awarded through a system that sorts projects based on five priorities. The priorities are outlined on the next page.



## FROM THE SURVEY:

**85%**

of Illinois respondents

said that the IL-HTC was crucial in making the project viable or that they would not have done the project without the IL-HTC.

<sup>6</sup> As originally passed, the IL-HTC statute states that only QREs incurred on or after 1/1/2019 and before 12/31/2023 are eligible for the state tax credit.

<sup>7</sup> The IL-HTC program currently must be reauthorized every 5 years.



## THE FIVE IL-HTC PRIORITIES ARE:

1. The structure must be located in a county that borders a state with a historic-rehabilitation credit for income-producing properties.
2. The structure must have been previously owned by a federal, state, or local-governmental entity for no less than six months.
3. The structure must be located in a census tract with a median family income at or below the Illinois median family income, based on the most recent 5-year estimate from the American Community Survey published by the U.S. Census Bureau.
4. The qualified rehabilitation plan must include in the development partnership a Community Development Entity, a low-profit organization, or a 501(c)(3) nonprofit organization.
5. The structure must be located in an area declared under the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act as an Emergency Declaration (pursuant to Title V of the Act) or Major Disaster Declaration (pursuant to Title IV of the Act). The declaration must be no older than 3 years at the time of application.

The allocation application has three mandatory parts: S-1, S-2, and S-3. Part S-1 is attendance at a workshop, during which SHPO staff explain the program and its allocation process and program updates.<sup>8</sup> Attendance at the workshop also satisfies the statutory requirement of project readiness.

Part S-2 is an electronic submittal that establishes the statutorily required order in which the sorted Part S-3s will receive allocations. Part S-3 is an electronic submittal that asserts the programmatic priorities that the project meets and reports the project's estimated Qualified Rehabilitation Expenditures, which, in turn, determines the project's potential allocation amount.

The SHPO sorts complete IL-HTC applications and assigns allocations beginning with the project that meets the most priorities and whose Part S-2 was digitally received first. It proceeds in descending order until the available allocation amount has been assigned. If the allocation amount remaining is less than that which the next eligible project is requesting, the SHPO allocates the remaining amount to that project. The project may competitively re-apply for the balance of the allocation in a subsequent IL-HTC round. Since the creation of the IL-HTC, 9 projects have been certified and another 17 have been allocated. Overall, 6 counties have had a completed IL-HTC project, and 5 more have projects that are underway.

When the NPS certifies a project's F-HTC Part 3, the applicant submits the IL-HTC Certification of QREs, which verifies project costs and establishes the final amount of eligible credit and pays the statutorily established issuance fee. Upon accepting the Certification of QREs, the SHPO issues the state tax-credit certificate to the applicant.

Throughout this report, IL-HTC projects are listed as either "Allocated" or "Certified." **"Allocated"** refers to projects that have been assigned a credit allocation but have not yet completed the rehabilitation and/or received a state tax-credit certificate. **"Certified"** projects have completed their rehabilitation, received a Part-3 certification from the NPS, and have been issued a state tax-credit certificate by the SHPO.

<sup>8</sup> Since 2020, S-1 workshops have been held virtually.

## NUMBER OF IL-HTC PROJECTS

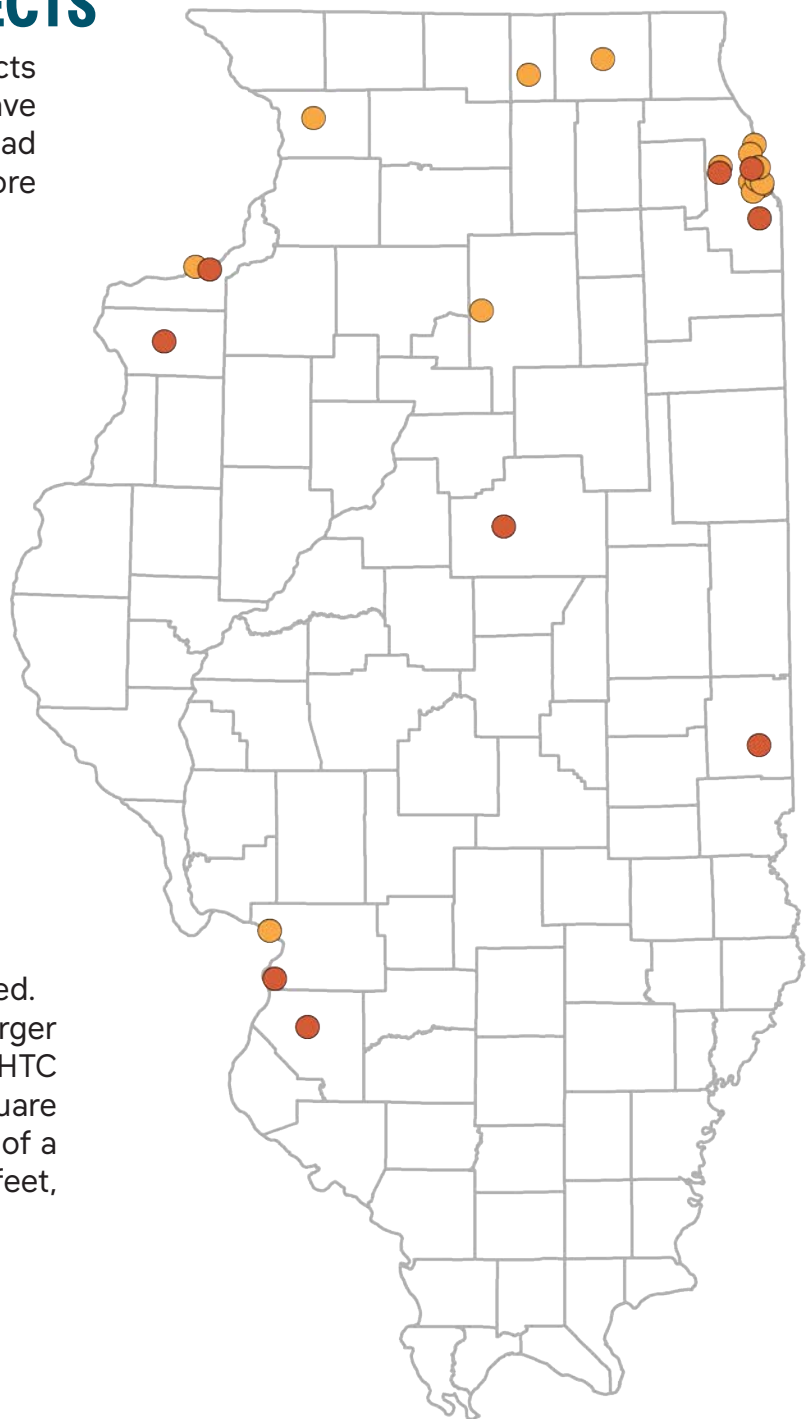
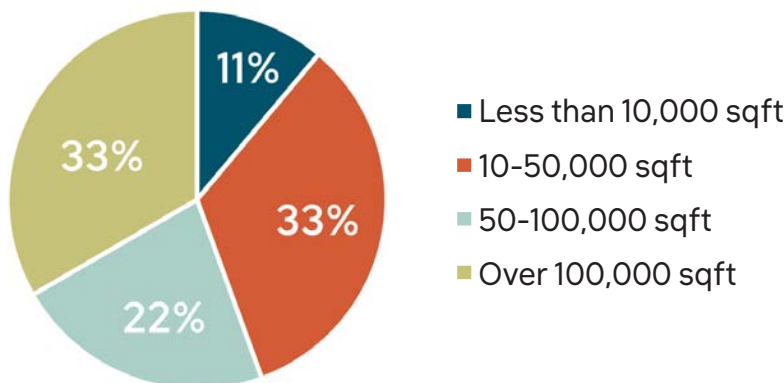
Since the creation of the IL-HTC, 9 projects have been certified and another 17 have been allocated. Overall, 6 counties have had a completed IL-HTC project, and 5 more counties have projects that are underway.

IL-HTC Certification Year	Count
2020	2
2021	4
2022	3
Allocated	17
TOTAL	26

## SIZE OF IL-HTC PROJECTS

The IL-HTC has helped rehabilitate over 800,000 square feet of existing space. An additional 1.9 million square feet is currently being rehabilitated in IL-HTC projects that have received an allocation but that have not yet been certified. Overall, the IL-HTC tends to support larger projects with 56%, or 5 of the 9 certified IL-HTC projects, rehabbing more than 50,000 square feet of space. The average square footage of a certified IL-HTC project is 90,506 square feet, at an average QRE per square foot of \$262.

### SHARE OF PROJECTS BY SQUARE FOOTAGE (CERTIFIED IL-HTC)



**Map of IL- HTC Projects (2019-2022)**

- IL-HTC Certified
- IL-HTC Allocated

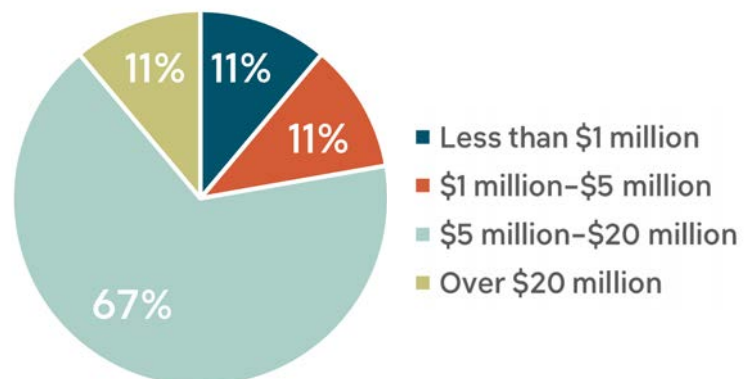


Lofts on the Square (Hotel Belleville), Belleville  
IL-HTC Project

## QUALIFIED REHABILITATION EXPENDITURES

Historic tax credits are not calculated on the entire project cost but on Qualified Rehabilitation Expenditures (QREs). Defined by the Internal Revenue Service, QREs are expenditures that are directly connected with the rehabilitation or restoration of a historic structure certified by the NPS. Examples of expenditures that are not QREs include: acquisition costs, costs associated with constructing an addition to a historic structure, and expenditures on site improvements, such as sidewalks, landscaping, or parking. The 9 projects completed through the end of 2022 that utilized the IL-HTC represent over \$211 million dollars in private investment in rehabilitation expenditures. An additional \$433 million of private rehabilitation investment is underway. The IL-HTC has helped projects of all sizes ranging from less than \$1 million to over \$100 million in QREs. Overall, 22 % of certified IL-HTC projects had QREs that were less than \$5,000,000.

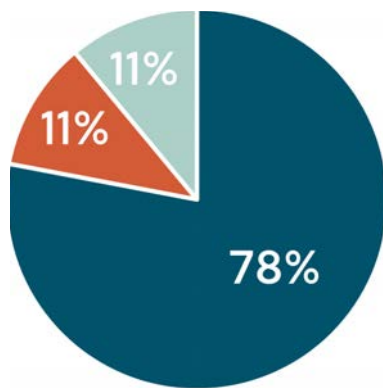
SHARE OF PROJECTS BY QRES  
(CERTIFIED IL-HTC)



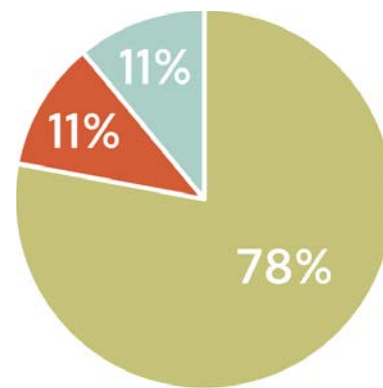
## PRE- VS POST- REHAB TYPOLOGICAL USE

One of the five statutorily required priorities that the Illinois SHPO must use to score applications is that the structure must have been previously owned by a federal, state, or local government entity for no less than six months. This is a priority because these building types can be particularly difficult or costly to rehabilitate—libraries, schools, courthouses, etc. Therefore, it may come as no surprise that 78% of certified IL-HTC projects were former municipal buildings, such as schools and libraries. After rehabilitation, 78% of these formerly municipally owned projects are residential in use, and 11% are mixed use, meaning 89% of these projects have a housing component. This demonstrates that the IL-HTC is an effective tool for housing production.

**CERTIFIED IL-HTC  
PRE-REHAB USE**



**CERTIFIED IL-HTC  
POST-REHAB USE**



■ Institutional ■ Residential ■ Commercial ■ Mixed (Commercial and Residential)

## PRE-REHAB VACANCY

Vacant buildings have a negative economic impact on the surrounding area. Increased rates of vacancies are associated with higher crime rates, declining property values, and risks to community health and welfare. Moreover, vacant buildings represent a huge cost to local governments, in terms of policing, under used or unused connections to existing utilities, the required maintenance of streets, alleys, and sidewalks that front vacant buildings, etc. When a building sits vacant, at least one fewer business is operating than could and there are no paychecks to issue and no sales and property taxes to collect. The IL-HTC is a tool to put buildings back into productive use. Of the nine certified IL-HTC projects, eight were in

buildings that were vacant before the rehab occurred. Buildings that earned an IL-HTC tax credit were vacant for an average of 8 years before their respective rehabs began. Following rehabilitation using the IL-HTC, all 9 of these properties are occupied and contributing to the local economy.



# REVIVING COMMUNITY ASSETS



Developer Scott Henry, principal of Celadon Holdings, was born in Chicago's West Pullman neighborhood. When the school that his mother and grandmother attended closed in 2013, Henry saw an opportunity. "To be able to come back here [to West Pullman] and do something in that building meant a lot to me personally," Henry said. Schools are great candidates for housing conversions, and it helps take a vacant property that was a problem for the community and give it a new use that benefits that very community. With its wide corridors, large windows, classrooms that are well sized for apartments, and character-rich touches like built-in bookcases and chalkboards, West Pullman School was a natural fit for affordable senior housing. Following a \$21.1 million rehabilitation, the building now boasts 60 units.



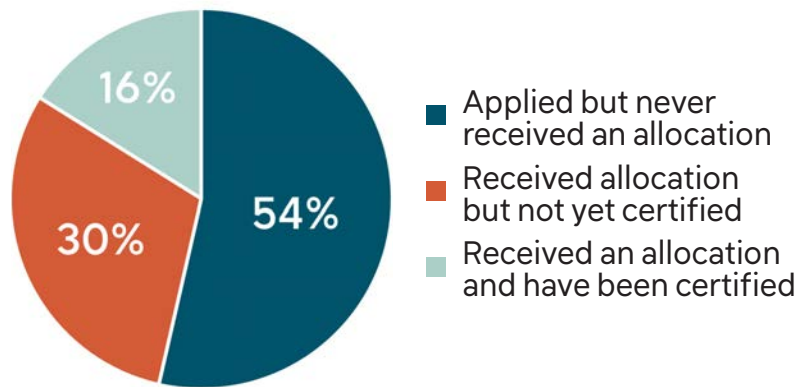
West Pullman Senior Community  
(West Pullman Elementary School),  
Chicago  
*IL-HTC Project*



## IL-HTC APPLICATIONS, ALLOCATIONS, AND CERTIFICATIONS

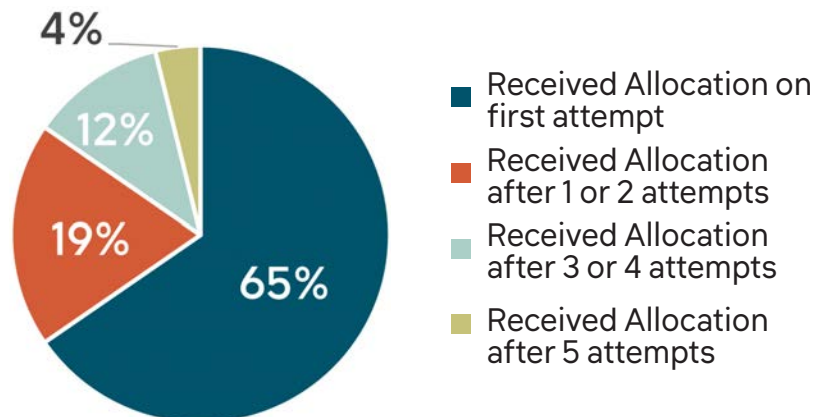
Overall, 68 projects have demonstrated interest in the IL-HTC by attending the S-1 workshop. Of those projects, 18% have attended the S-1 workshop and not gone any further (i.e. never followed through with submitting the rest of the IL-HTC application). Of the 56 projects that have submitted a complete IL-HTC application, 54% have not received an allocation, as of Round 2, 2022. Of the twenty-six applicants that have received an allocation, 35% have since had their projects certified.

**SHARE OF ALL IL-HTC APPLICATIONS THAT HAVE RECEIVED AN ALLOCATION**



Overall, of the 26 projects that have received an IL-HTC allocation, 65% did so on their first application attempt, because those projects tended to have more priorities than other applicants in that round.

**NUMBER OF ROUNDS PROJECT APPLIED BEFORE RECEIVING FIRST ALLOCATION**



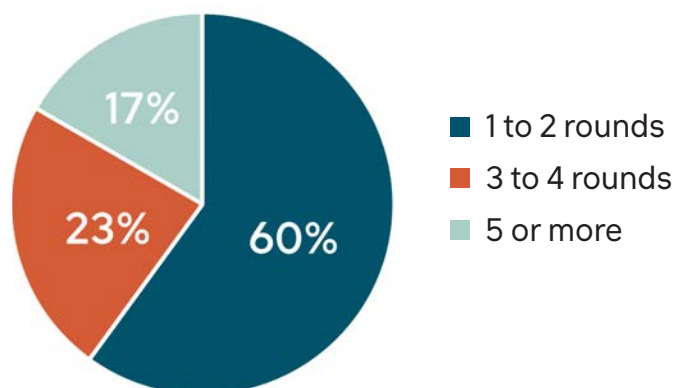


Hotel Kaskaskia, LaSalle  
IL-HTC Project

The developers of the Hotel Kaskaskia applied for the IL-HTC in multiple rounds. The project received an allocation on the third application.

There are projects that have applied for the IL-HTC but never received an allocation. While the majority of projects that fall into this category have only applied once or twice, some have applied multiple times to no avail. These projects did not receive an allocation typically because they had fewer priorities than other applicants in that allocation round. Projects in this category have applied an average of 2.5 times. There is one project in particular that has applied in all eight rounds but has yet to receive an allocation.

#### NUMBER OF ROUNDS PROJECT APPLIED WITHOUT RECEIVING AN ALLOCATION



## CREDIT SOUGHT, ALLOCATED, AND ISSUED RELATIVE TO PROJECTS' TOTAL QRES

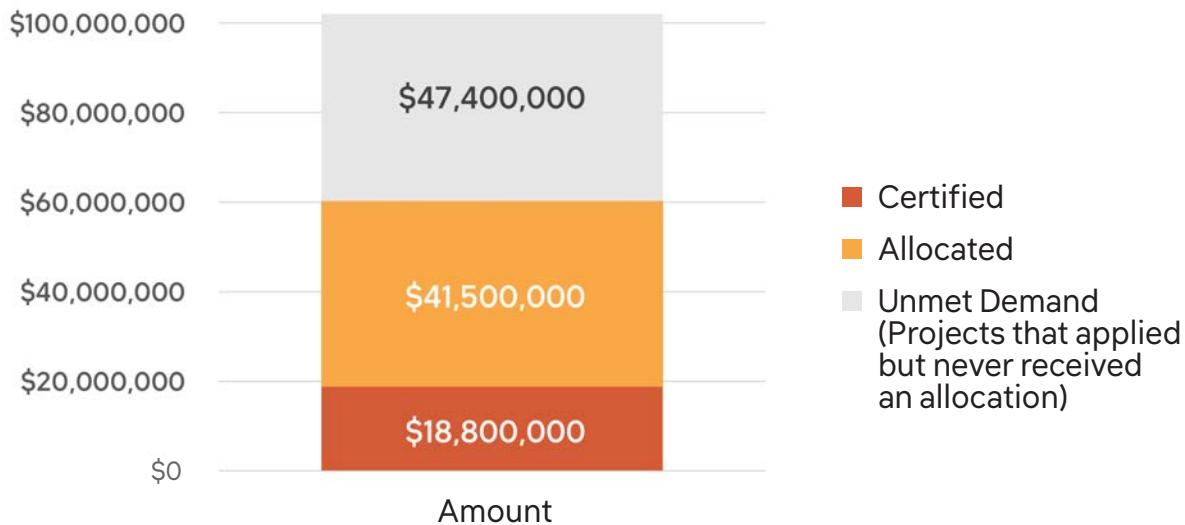
Through the end of 2022, \$18.8 million dollars in state credits (IL-HTC) have been issued to certified projects, and another \$41.5 million in state credits have been allocated for projects underway. There is high demand for these credits, and the State has allocated the full available program cap for each year the program has been in existence.

**IL-HTC AMOUNT ALLOCATED**



In addition to the net \$60 million in credits that the IL SHPO has allocated in the first four years of the IL-HTC program, another \$41 million in credits were sought by projects that applied but either never received an allocation or did not receive the full allocation for which they were eligible. This means that in total, applicants (whether or not they were awarded an allocation) sought \$107 million in state tax credits. This \$47 million in “unmet demand” does not capture the actual demand from eligible projects that chose not to apply because of the competitive nature of the allocation process, among other reasons.

**IL-HTC CERTIFIED, ALLOCATED, AND UNMET DEMAND**







Old Cook County Hospital  
Administration Building, Chicago  
IL-HTC Project



With over \$129 million in QREs, the former Cook County Hospital is one of the few certified projects to hit the \$3 million per project cap.

Unlike the F-HTC and the River Edge Historic Tax Credit which are both by-right credits without a per-project cap, the IL-HTC is a 25% credit up to \$3 million of credit per project. With a \$3 million per-project cap, projects with QREs over \$12 million see the percentage worth of their possible credit decrease as the QREs increase above \$12 million. For example, a project with \$5,000,000 in QREs would receive a \$1.25 million credit (i.e., a full 25% tax credit). However, a project with \$125 million in QREs would receive a maximum of \$3 million credit (i.e., a 2.4% credit).

Data collected from a survey and from one-on-one interviews of IL-HTC users confirm that the per-project cap is not a deterrent for using the program. The table below demonstrates the number of projects that have received the full 25% tax credit versus ones that received less than a 25% credit due to higher QREs. Of the nine IL-HTC projects certified through 2022, only three had post-1/1/19 QREs higher than \$12 million, the QRE total above which the IL-HTC credit is worth less than 25%.

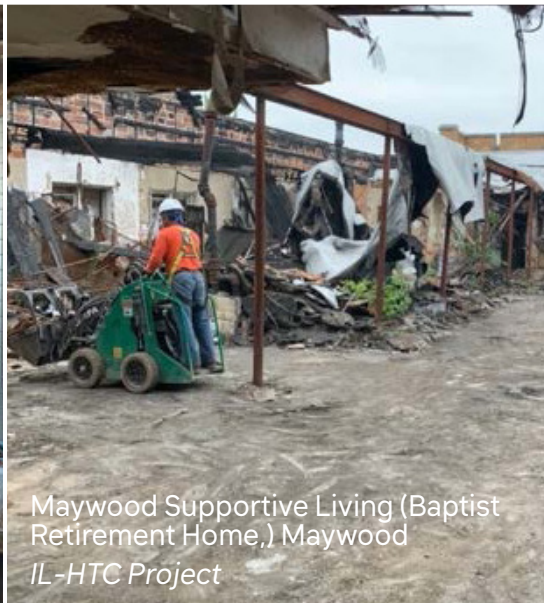
#### Share of IL-HTC Projects that Received 25% of the QREs in Tax Credits

	Received 25% of QRE	Received Less than 25% QREs	Share that Received 25% of QREs
Certified	6	3	67%
Allocated	6	11	35%

Data Source: Illinois Department of Natural Resources



Old McHenry County Courthouse, Woodstock IL-HTC Project



Maywood Supportive Living (Baptist Retirement Home,) Maywood IL-HTC Project



Tiger Senior Apartments, (Paris High School), Paris IL-HTC Project

## JOBS AND LABOR INCOME

Because of its labor intensity, the rehabilitation of historic structures is an effective job-creation tool that has a significant, beneficial impact on local economies. Although there has only been a handful of projects so far completed using the IL-HTC, each year since it became available those projects have generated an average of 130.0 direct jobs and an additional 146.6 indirect and induced jobs. The direct workers on these projects received more than \$9 million in wages, while indirect and induced workers received more than \$10 million in labor income on average each year for the last three years.<sup>9</sup>



On average, certified IL-HTC projects have generated  
**130.0 direct jobs**  
 and an additional  
**146.6 indirect and induced jobs each year.**



The resulting paychecks from those jobs represented, on average,  
**\$9,214,644 in direct labor income**  
 and an additional  
**\$10,153,303 in indirect and induced labor income each year.**

*Source: IMPLAN, Project data from Illinois Department of Natural Resources*

<sup>9</sup> A "direct job" is a job that is created by the project. In the case of historic rehabilitation, that would include a carpenter, plumber, electrician, etc. "Indirect jobs" are not created by the project but are supported by it. In this case, the salesperson at the lumberyard or the truck driver who delivered materials to the job site are good examples of indirect jobs. An "induced" job is a job that is supported by employees' own spending on goods and services with wages earned through direct and indirect jobs.

# THE IL-HTC LEVERAGES MODEST PUBLIC DOLLARS FOR MAJOR PRIVATE INVESTMENT.

**Every \$100 that the State of Illinois provides in historic tax credits spurs \$478.29 in additional direct private expenditures and an additional \$507.27 in indirect and induced economic activity.**



**SINCE 2019, THE IL-HTC HAS AWARDED \$18 MILLION IN TAX CREDITS FOR 9 PROJECTS. THESE 9 PROJECTS LEVERAGED OVER \$244 MILLION IN TOTAL PRIVATE INVESTMENT.**

Historic tax credits are very effective at leveraging private investment because not all of the private investment necessary to complete a typical rehabilitation project is eligible for the tax credit. Qualified Rehabilitation Expenditures (QREs) are eligible for the credit but do not include, for example, newly constructed additions to historic buildings, the building's purchase price, site and landscape improvements, furnishings and equipment, or tenant build out paid for by the tenant. These non-qualifying expenditures increase the leveraging power of the tax credits. For every \$100 in QREs (i.e., expenses eligible for tax credit), certified IL-HTC projects have generated an additional \$64 of investment in non-QRE expenses. These non-QREs receive no credit but still generate new jobs, labor income, and tax revenues for the State and local governments.

Additionally, depending on whether their QREs rise above \$12 million, some IL-HTC projects receive a credit that is less than 25% of their QREs. Along with the relatively low programmatic cap of \$15 million per year, each project is capped at \$3 million in historic tax credits. Therefore, for a lower public investment through historic tax credits, the state sees a higher output of private investment. Every \$100 that the State of Illinois provides in historic tax credits spurs an additional \$478.29 in direct private investment. Beyond the project, local economies see \$507.27 in indirect and induced economic activity for every \$100 in historic tax credits.<sup>10</sup>

<sup>10</sup> These numbers determined using IMPLAN, a regional economic analysis software and data application that is designed to estimate the impact or ripple effect of a given economic activity or the contribution of some existing activity within a specific geographic area. This data represents the impact of ANY investment in historic rehabilitation. Therefore, \$100 dollars invested in historic rehabilitation will produce roughly \$478 in direct private investment, regardless of what historic tax credit program is applied. These numbers would be true in Illinois for the RE-HTC, the IL-HTC, and the F-HTC.



Maywood Supportive Living (Baptist Retirement Home), Maywood  
IL-HTC Project

Scott Henry of Celadon Holdings and Mayor Nathaniel George Booker stand in front of the former Baptist Retirement Home in Maywood. Using state and federal tax credits, the building was rehabilitated into affordable senior housing.

## RETURNS TO ILLINOIS AND ITS COMMUNITIES

**\$53.89 OF TAXES HAVE BEEN PAID BEFORE \$100 OF HISTORIC TAX CREDITS ARE EVEN ISSUED.**

For its owner to be able to access the state tax credit, the project must be completed, the work must be certified by the NPS, and the final expenses must be accepted by the SHPO. However, the project is paying taxes on materials, labor, and construction profits while construction is underway. As a result, for every \$100 of state tax credits issued, the Illinois Treasury will have already received \$26.30 in tax revenue, and local governments will have already received \$27.59 in tax revenues before a developer or property owner can even use the credits. Thus, \$53.89 of taxes have been paid before \$100 of state tax credits are even issued.

After the first year, the State of Illinois receives a 4.0% rate of return on its tax credit investment each year, and local governments receive 4.6% of the net tax credit amount in taxes. This does not include tax revenues (i.e., sales taxes, corporate income taxes, individual income taxes) from the activities within the restored historic building. Nor does the local share reflect the increase in property taxes.

## IL-HTC ENVIRONMENTAL IMPACTS

While the IL-HTC program has had a positive effect on housing production and jobs/labor income, it also has beneficial environmental impacts. In the US, construction & demolition debris accounts for approximately 30% of all solid waste, most of which goes to landfills.<sup>11</sup> Because of this, rehabilitating existing buildings helps keep material in use and out of the landfill. It also lessens the amount of new construction materials that have to be manufactured and shipped, both of which carry a carbon burden.

Here are estimates of how much material has been kept out of landfills from certified IL-HTC projects alone:<sup>12</sup>



**3,909,878**  
bricks



**11,404 tons**  
of concrete/asphalt



**815 tons**  
of drywall



**63,128 tons**  
of construction and  
demolition debris



**1,222 tons**  
of metal



**3,013,865**  
**board feet**  
of lumber

As but one example of the many environmental benefits of retaining and reusing existing buildings, the 9 certified IL-HTC projects contain about 3.0 million board-feet of lumber, which store roughly 4,430 metric tons of carbon. By keeping this lumber in the rehabilitated buildings, the IL-HTC has helped avoid 9,410 metric tons of CO<sub>2</sub> emissions, which is the equivalent of taking 2,642 cars off the road for one year or providing enough energy to operate 1,176 homes for one year.<sup>13</sup>



**9,410 metric tons**  
of GHG avoided



**2,642 cars**  
off the road  
for a year



<sup>11</sup> Construction and Demolition Debris Recycling, Chicago Department of Public Health, [https://www.chicago.gov/city/en/depts/cdph/supp\\_info/healthy-communities/construction\\_anddemolitiondebrisrecycling.html](https://www.chicago.gov/city/en/depts/cdph/supp_info/healthy-communities/construction_anddemolitiondebrisrecycling.html)

<sup>12</sup> A list of all environmental impacts for certified and allocated IL-HTC projects can be found in Appendix 3.

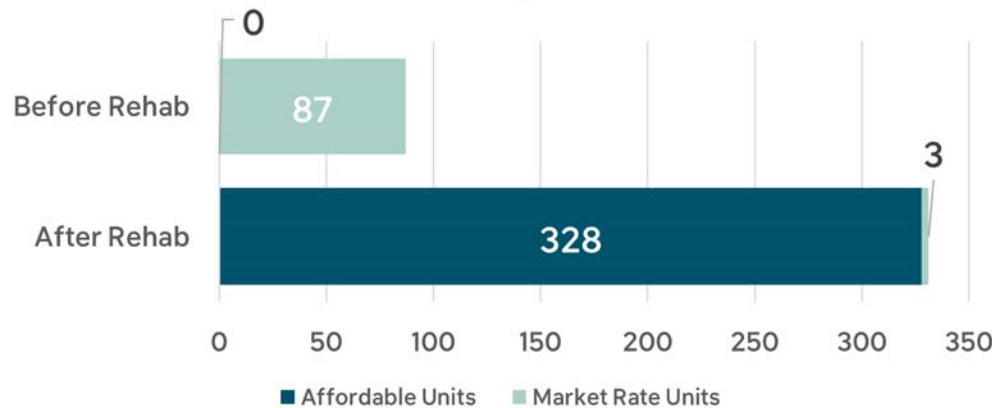
<sup>13</sup> WoodWorks, Carbon Calculator, <https://www.woodworks.org>

## HOUSING AND AFFORDABILITY

**SINCE 2019,  
UNDER THE  
IL-HTC, 244  
NET NEW UNITS  
HAVE BEEN  
CREATED, 99%  
OF WHICH WERE  
AFFORDABLE.**

Of the 26 IL-HTC projects that have been certified or received an allocation, 16 have a housing component. Of those 16 housing-related projects, 15 have an affordable-housing component. Most projects added more living units than were previously onsite, while some reduced the number of units from the pre-rehab total, often because the historic sizes of those units were smaller than today's standards allow. Since 2019, IL-HTC certified projects have created 244 net new housing units, representing a 280% increase in the number of total housing units overall. However, projects that have used the IL-HTC have also created affordable housing where none previously existed. Certified IL-HTC projects created 328 net new affordable-housing units.

### MARKET RATE AND AFFORDABLE HOUSING CREATED BY IL-HTC CERTIFIED PROJECTS (2019-2022)



The Illinois Historic Preservation Tax Credit has supported the rehabilitation of numerous buildings throughout the State. While not its primary intent, the IL-HTC has been used primarily to create affordable housing, with 99% of the new units of housing that have been created qualifying as affordable. Affordable housing developments are often difficult to finance and require a complex layering of funding sources and incentives to make them feasible. The IL-HTC has proven to be an important source of gap funding for these affordable housing developments.

## IL-HTC AFFORDABLE HOUSING PROJECTS

**Maywood Supportive Living** in the former Baptist Retirement Home was built in 1928 and expanded in the 1950s and 60s. It served as a nursing home and hospital, abruptly closing in 2000. After several false starts by other developers, Scott Henry and Aaron Weisner with Celadon Partners successfully redeveloped the property into 100 residential units with plans for a memory unit to be added later. They credit Nathaniel George Booker, Mayor and President of the Village of Maywood, for his support and assistance with permitting and city approvals. With construction having begun in 2021, the \$64 million project had \$33 million in hard costs. Along with private funding, the project earned a \$3 million IL-HTC and was also able to utilize the 4% Low Income Housing Tax Credit (LIHTC). Completed in July of 2022, this project has been a catalyst for redevelopment in the surrounding neighborhoods.



**Lofts on the Square** opened as the Hotel Belleville in 1931. During the Depression, the Chamber of Commerce rallied citizens to raise money to finish the building, contributing to its historical significance in the community. The City purchased the building to demolish it, but preservation advocates successfully rallied for its reuse. SWIDA, a local government agency, in partnership with St. Louis-based Bywater Development Group, redeveloped the long-vacant building on Belleville's central square into 47 efficiency and one-and-two-bedroom units with ground-floor commercial space. After opening in August 2021, it was fully leased within four months and has a 40-person wait list. Lofts on the Square boasts spacious units, a great community meeting space, and easy access to downtown amenities. The project was able to use the 9% LIHTC and \$3 million of IL-HTC. The project received a Landmarks Illinois Driehaus Award for Advocacy in 2022.



**Granite City YMCA** was built in 1924-26 and closed in 2004 when the YMCA moved out. The building remained vacant for 15 years, except for occasional use by the City for SWAT police training. When the development team, led by Rise Community Development, took it over, the interior was in terrible condition. It took three years to finalize the Low-Income Housing Tax Credit (LIHTC) funding while also securing the IL-HTC, Federal Historic Preservation Tax Credit, and additional funds from the Illinois Housing Development Authority and the U.S. Department of Housing and Urban Development. The building now features 37 residential units in a range of affordable prices, an artist-in-residence unit, and an art studio/community space. As one resident noted, "It's great because it is close to amenities like food, the library, parks, and public transit."



# MODELING THE IMPACT OF THE IL-HTC ON USE OF THE F-HTC

An effective state historic tax credit should result in significant additional private-sector investment in rehabilitation over what would otherwise occur. While the Illinois Historic Preservation Tax Credit Program has certainly helped the projects that have received allocations, it has not reached its potential in increasing the overall amount of historic preservation activity in the state.

**THE IL-HTC CREDIT UNDER ITS CURRENT CAP CANNOT REACH ITS POTENTIAL IN STIMULATING ADDITIONAL PRIVATE INVESTMENT.**

## MODEL METHODOLOGY

Fourteen U.S. states and three jurisdictions have never had a state historic tax credit. Large and small, these states are in every region of the country. Their use of the Federal Historic Preservation Tax Credit can, therefore, be expected to reflect the fluctuations of investment in historic buildings based on such external factors as the overall economy, interest rates, relative attractiveness of real estate as an investment, changes to the Federal Historic Preservation Tax Credit program, and the availability of financing.

"Indexing" is a way to understand changes over time and can be used to compare the relative rates of change between two sets of numbers of significantly different sizes. An index begins with a "base year" (or set of years) and assigns that base a fixed number – often 100. The change in subsequent years is then expressed as how it differs from the base number.

The amount of investment using the Federal Historic Tax Credit in those 17 states and jurisdictions that have never had a state historic tax credit was "indexed" with the base year(s) being 1989-1991. This pattern of activity is called the "Baseline."

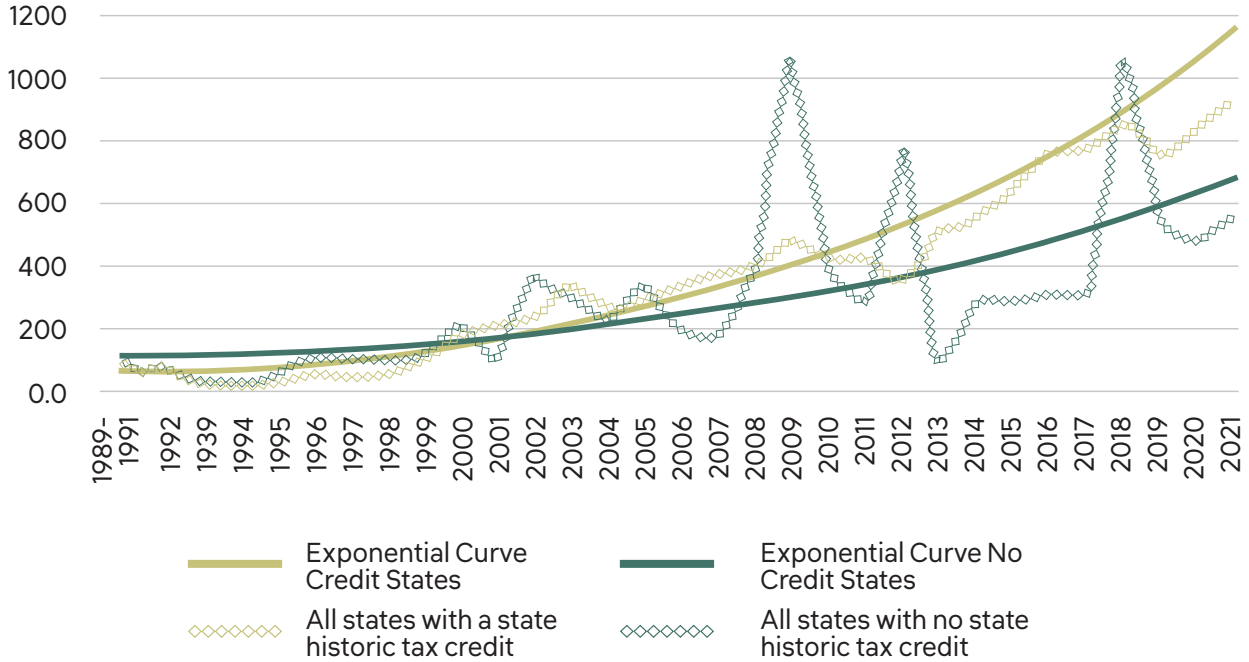
Since the Non-Tax Credit states and jurisdictions reflect changes in activity from factors that would affect all historic property investment, the difference in the rate of change can reasonably be attributed to the existence of state historic tax credits.



The graph below demonstrates the basis of the model over 30 years. The model visualizes the increased investment through the F-HTC in states that have enacted a state level historic tax credit.

**USAGE OF THE FEDERAL HISTORIC TAX CREDIT  
CREDIT STATES VS NON-CREDIT STATES**

(Base = 100 = Average 1989-1991)



Over the last decade (2012-2022), Illinois outperformed the non-credit states but fell behind the other states with historic state tax-credit programs.

**MODEL OF THE IMPACT OF A STATE HISTORIC TAX CREDIT  
ON USAGE OF THE FEDERAL HISTORIC TAX CREDIT**

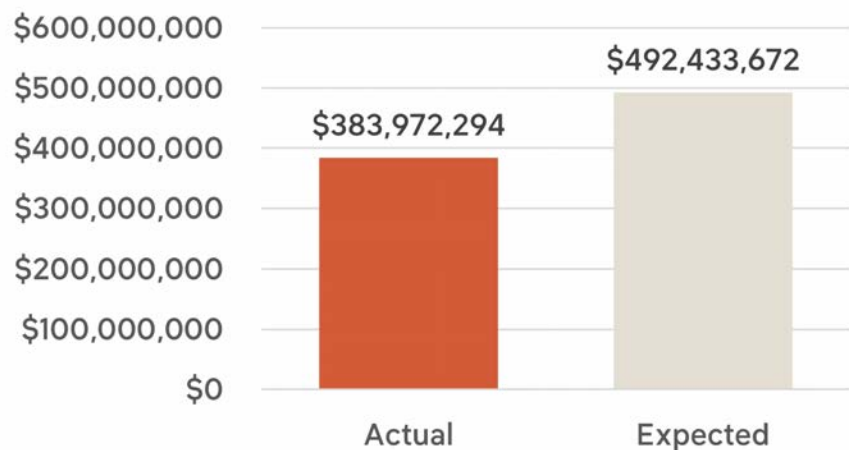
(Base = 100 = Average 2008-2012)



While Illinois has always been a significant user of the federal tax credit, the impact of the IL-HTC in stimulating additional investment has been nominal. Based on the performance of other states with state tax credits over the last three years (2019-2021) relative to non-credit states, Illinois should have seen approximately \$108 million more private investment than actually took place. Essentially, the current IL-HTC program does not measurably affect the decision to make additional private investment. As part of a survey conducted for this report, one respondent explained, "The only reason that the IL statewide credit (IL-HTC) does not end up seeming critical to the viability of certain projects is that developers know that they can't depend on it because it is so competitive, there are so many priorities, and the pot of money is so small, and they simply do not include it in their pro formas. If the credit was more similar to the federal, it would result in more projects moving forward."

**WITH A MORE EFFECTIVE TAX CREDIT, ILLINOIS COULD HAVE SEEN APPROXIMATELY \$108 MILLION MORE PRIVATE INVESTMENT THAN ACTUALLY TOOK PLACE.**

**ILLINOIS TAX CREDIT INVESTMENT  
ACTUAL VS EXPECTED  
(ANNUAL AVERAGE 2019-2022)**



The existence of an effective state-level historic tax credit has been shown to significantly increase the use of the Federal Historic Preservation Tax Credit. Unfortunately, that has not been the case in Illinois. The table above represents the additional economic activity over what would take place if there were no state historic tax credit. The model estimates that under the current program cap, the additional private investment in Illinois over what would otherwise occur is just over \$12 million per year. That is only 3.8% greater than the average private investment over the last decade. If the annual program cap were raised to \$75 million, it is estimated the program would generate \$122 million more in private investment than if there were no state credit. This additional \$122 million in additional annual investment is separate from the \$300 million investment in minimum QREs that would be needed to award \$75 million in state tax credits. Furthermore, it is anticipated an additional 463 direct jobs and \$34 million in direct labor income would be generated under this increased cap each year.

**If the IL-HTC cap were raised to \$75 million, each year Illinois would see...**



- an additional \$122,076,000 in private rehabilitation expenditure
- 1,450 additional jobs
- \$41 million in additional labor income
- an additional \$115,211,271 in economic activity

# REVIVING COMMUNITY ASSETS

The Old McHenry County Courthouse was built in 1857 and expanded in 1887 with the addition of the sheriff's office and jail. Listed on the National Register of Historic Places, it had transitioned from county to private ownership in the 1970s. In 2011, the City of Woodstock bought the building out of foreclosure with no plans other than to save the important structure. Utilizing funds through Tax Increment Financing, the City first shored up the iconic dome then worked to make the building weathertight. A Friends of the Courthouse group was established in 2017 with a focus on creating an appreciation for the building, especially among kids.

In 2018, with guidance from preservation architect Gary Anderson of Studio GWA on ways to possibly utilize historic tax credits, the Woodstock City Council voted to redevelop the building while cleverly utilizing the F-HTC and IL-HTC. They hired Studio GWA to design the rehabilitation. As of this writing, construction is underway to create a multi-use space, offices for the Woodstock Area Chamber of Commerce, restaurants, and an event space. The building is already considered by local community leaders to be a huge tourist draw and key to sustaining local businesses. When returned to service, the historic former courthouse will have a significant economic and social impact on the city.

Mayor Michael Turner noted that "every step of this process has been a testament to [City] staff's persistence, knowledge, and teamwork." The importance of such an iconic structure on Woodstock's historic downtown square cannot be overlooked, but then as City Planner Darrel Moore said, "what is the price of identity?"



Old McHenry  
Courthouse, Woodstock  
IL-HTC Project

# IL-HTC CONCLUSION:

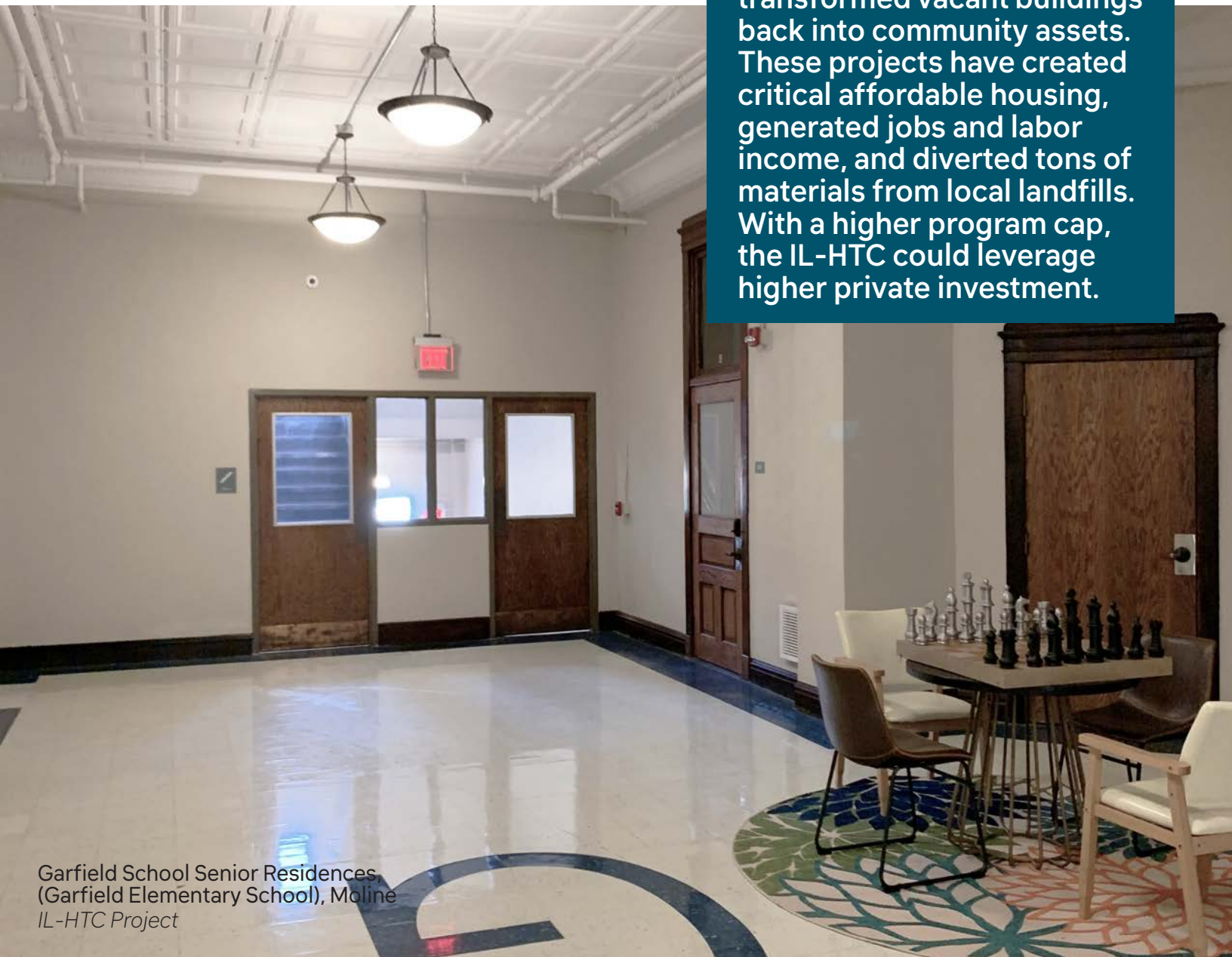
**The Illinois Historic Tax Credit Program has certainly helped the projects that have received allocations, but, due to its programmatic cap of \$15 million per year, it has had only a minimal impact on increasing the overall amount of historic-preservation activity in the state.**

Though the Illinois Historic Preservation Tax Credit was established only in 2018, it has made an impact in a short time. Projects that receive an allocation benefit significantly, with the statewide credit a critical component of the financial feasibility of the transaction. However, under its current cap, the IL-HTC credit cannot reach its potential in stimulating additional private investment. The problem is that the \$15 million in annual credit allocations is significantly less than the demand for those credits. Due to the uncertainty of a project receiving an allocation, developers, building owners, and their investors are unable to structure their projects to rely on the IL-HTC until they have received an allocation. This means, essentially, that millions of dollars of investment in historic buildings is not taking place than otherwise would with a higher program cap. These are projects deemed financially feasible with the state credit and infeasible without it. States that have adopted effective tax-credit programs, either with no cap or with caps more closely aligned with the demand for credit, see significantly higher growth in overall historic-building reinvestment.



Tiger Senior Apartments (Paris High School), Paris  
IL-HTC Project

In conclusion, the IL-HTC has supported projects that transformed vacant buildings back into community assets. These projects have created critical affordable housing, generated jobs and labor income, and diverted tons of materials from local landfills. With a higher program cap, the IL-HTC could leverage higher private investment.



Garfield School Senior Residences,  
(Garfield Elementary School), Moline  
IL-HTC Project

# RIVER EDGE HISTORIC TAX CREDIT (RE-HTC)

The River Edge Historic Tax Credit is one of the most effective programs of its kind in the United States.

OVER \$325 MILLION OF PRIVATE CAPITAL HAS BEEN INVESTED IN RIVER EDGE COMMUNITIES THROUGH THE RE-HTC SINCE 2015.

## HOW THE RE-HTC WORKS

The River Edge Historic Tax Credit (RE-HTC) is one of the most effective programs of its kind in the United States. The RE-HTC provides a state income-tax credit equal to 25% of a certified rehabilitation's Qualified Rehabilitation Expenditures (QREs) to owners of certified historic structures located within River Edge Redevelopment Zones (in Aurora, East St. Louis, Elgin, Peoria, and Rockford). The RE-HTC credit is by-right if a project 1) rehabilitates a certified historic property in a River Edge Redevelopment Zone, 2) results in an income-producing use, 3) is an NPS-certified rehabilitation, and 4) represents an investment that exceeds the greater of \$5,000 or the adjusted basis of the property (or, in the preceding enabling legislation,

50% of the purchase price of the property when it last sold). The RE-HTC statute allows for state tax credits to be issued for completed phases of an overall rehabilitation project, as long as those phases have each been certified by the NPS.<sup>14</sup>



### FROM THE SURVEY:

**83%**

of Illinois respondents

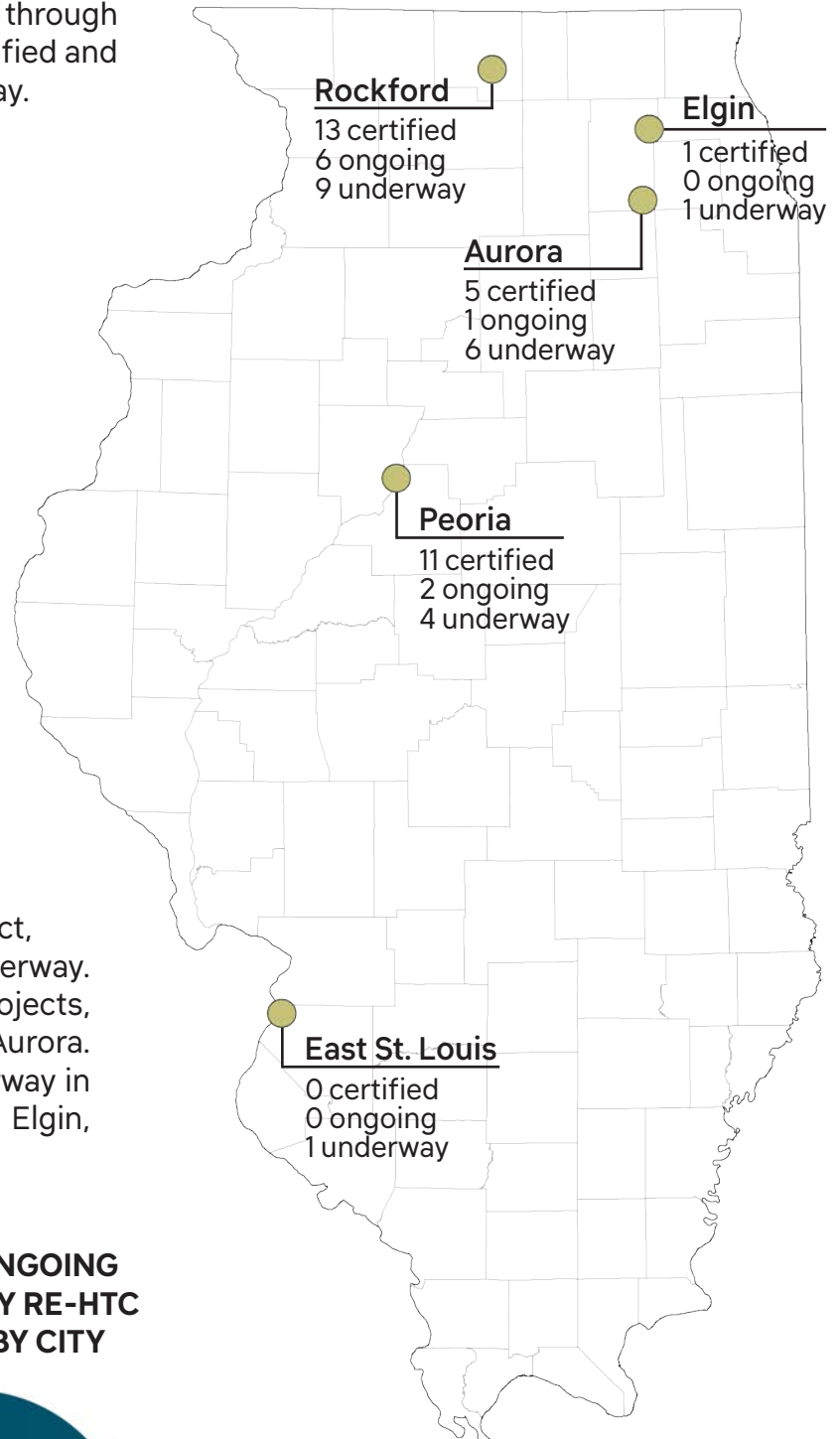
said that the RE-HTC was crucial in making the project viable or that they would not have done the project without the RE-HTC.

<sup>14</sup> According to the IL SHPO, "Underway" means the project has an approved F-HTC Part 2 and is under construction, but no state tax credits have been issued and won't be until the project is completed, the Part 3 is certified by the NPS, and final RE-HTC paperwork is approved. "Ongoing" means that RE-HTC certificates have been issued for completed phases, but additional/final RE-HTC certificates are anticipated to be issued once the project is completed, the Part 3 is certified by the NPS, and final RE-HTC paperwork is approved.

# NUMBER OF RE-HTC PROJECTS

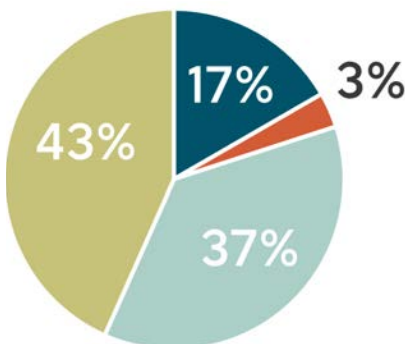
Since the beginning of the RE-HTC in 2012 and through the end of 2022, 30 projects have been certified and another 30 are currently ongoing or underway.

RE-HTC Certification Year	Count
2015	3
2016	3
2017	9
2018	1
2019	6
2020	3
2021	5
Ongoing	9
Underway	21
<b>TOTAL</b>	<b>60</b>

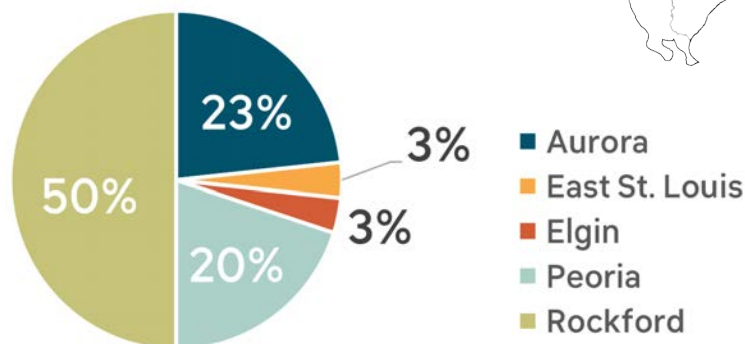


Of the 30 certified RE-HTC projects, 43% have taken place in Rockford and another 37% are in Peoria. There is only one River Edge city (East Saint Louis) that does not have a certified RE-HTC project, though a project in that city is currently underway. Of the 30 ongoing or underway RE-HTC projects, 50% are in Rockford and another 23% are in Aurora. There is at least one project currently underway in the other three River Edge cities of Peoria, Elgin, and East Saint Louis.

**SHARE OF CERTIFIED RE-HTC PROJECTS BY CITY**



**SHARE OF ONGOING OR UNDERWAY RE-HTC PROJECTS BY CITY**

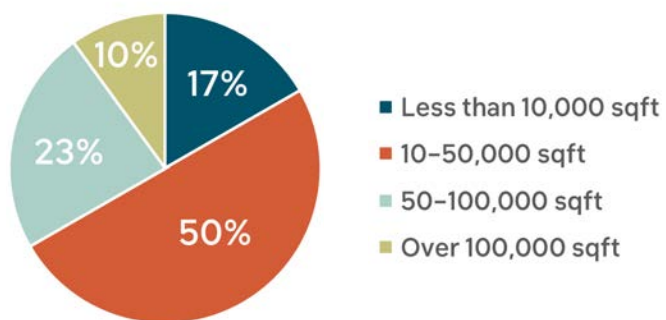


- Aurora
- East St. Louis
- Elgin
- Peoria
- Rockford

## SIZE OF RE-HTC PROJECTS

Overall, the RE-HTC has helped rehabilitate 1,470,000 square feet of space. Additionally, another 2 million square feet are being rehabilitated in projects that are underway. While some might think of tax credits as a tool only for very large projects, the RE-HTC has been used to rehabilitate smaller-scale projects as well. The average size of buildings rehabilitated through the RE-HTC has been 49,000 square feet. Of the 30 RE-HTC projects that have been certified, 67% rehabbed less than 50,000 square feet of space.

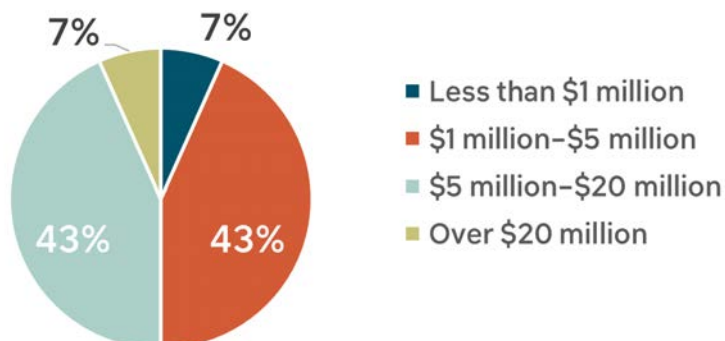
**SHARE OF PROJECTS BY SQUARE FOOTAGE  
(CERTIFIED RE-HTC)**



## QUALIFIED REHABILITATION EXPENDITURES

Historic tax credits are not calculated on the entire project cost, but on Qualified Rehabilitation Expenditures (QREs). Defined by the Internal Revenue Service, QREs are expenditures that are directly connected with the rehabilitation or restoration of a historic structure certified by the NPS. Examples of expenditures that are not QREs include: acquisition costs, costs associated with constructing an addition to a historic structure, and expenditures on site improvements, such as sidewalks, landscaping, or parking. The 30 RE-HTC projects certified through the end of 2022 represent a total QRE investment of over \$266 million, with almost \$407 million in QREs in the pipeline from projects that are ongoing or underway. Overall, 50% of all certified RE-HTC projects had QREs of less than \$5,000,000.

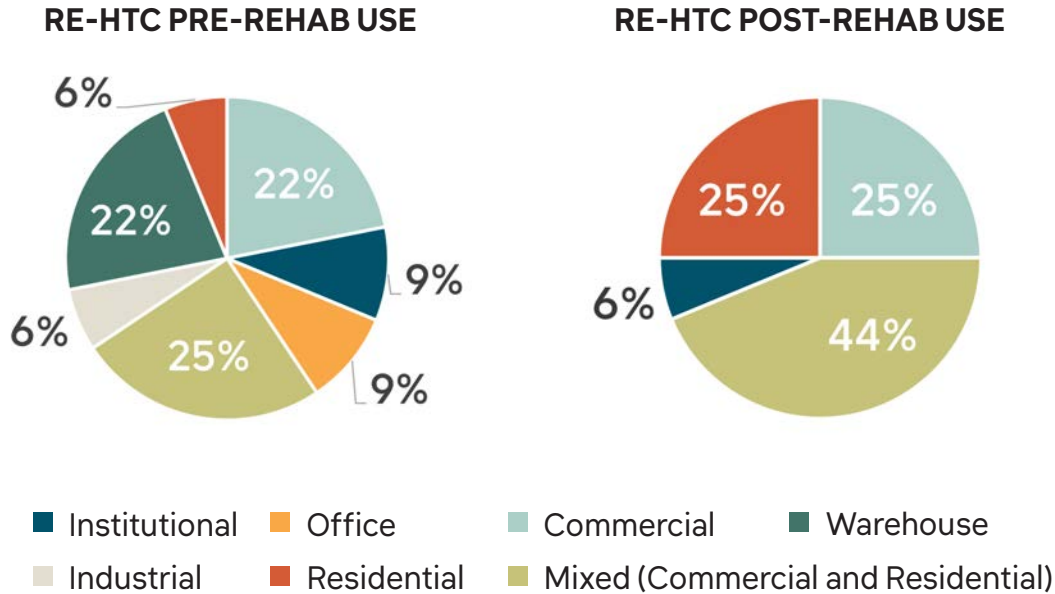
**SHARE OF PROJECTS BY QRES  
(CERTIFIED RE-HTC)**





## PRE- VS POST- REHAB TYPOLOGICAL USE

RE-HTC projects have transformed once-underutilized buildings into commercial space, mixed use facilities, and housing.



## PRE-REHAB VACANCY

Vacant buildings have a negative economic impact on the surrounding area. Increased rates of vacancies are associated with higher crime rates, declining property values, and risks to community health and welfare. Moreover, vacant buildings represent a huge cost to local governments, in terms of policing, under used or unused connections to existing utilities, the required maintenance of streets, alleys, and sidewalks that front vacant buildings, etc. When a building sits vacant, at least one fewer business is operating than could and there are no paychecks to issue and no sales and property taxes to collect. The RE-HTC has been a tool to re-activate vacant buildings in the five River Edge communities. Overall, 47% of certified RE-HTC projects have taken place in formerly vacant buildings, and those vacant buildings had been sitting empty for an average of 9 years. Because the RE-HTC has induced the rehabilitation of larger buildings, this change from vacancy to productive use has even more beneficial impact on the local communities.

**15 of 30**  
buildings were vacant before their RE-HTC rehabilitation



Urban Equity Properties of Rockford are using the RE-HTC to transform a vacant industrial building on Main Street into the Water Power Lofts. The project represents \$19.5 million in investment and, upon completion in 2023, will bring 64 new residential units to downtown.

Water Power Lofts (Rockford Brass Works), Rockford  
Artist's Rendering  
RE-HTC Project



## IMPACTS OF THE RE-HTC

The creation of the RE-HTC has resulted in an explosion of tax-credit activity in the 5 River Edge communities. Before the RE-HTC was created, these communities saw an average of 1 F-HTC project a year. Since 2015, these five communities have seen an average of 8 projects each year that use the F-HTC and RE-HTC. In the 11 years since the RE-HTC has been available, more tax-credit projects have been completed in these five communities than have occurred in the previous 31 years combined.

## RE-HTC JOBS AND LABOR INCOME

The rehabilitation of historic structures is an effective job-creation tool. The RE-HTC projects that have been completed between 2015 and 2022 have generated an average of 175.3 direct jobs and an additional 195.4 indirect and induced jobs. Those jobs represent labor income of more than \$11.7 million and indirect/induced labor income just short of \$12 million.<sup>15</sup>



On average, certified IL-HTC projects have generated  
**175.3 direct jobs**  
 and an additional  
**195.4 indirect and induced jobs each year.**



The resulting paychecks from those jobs represented, on average,  
**\$11,704,668 in direct labor**  
 and an additional  
**\$11,928,697 in indirect and induced labor income each year.**

<sup>15</sup> A "direct job" is a job that is created by the project. In the case of historic rehabilitation that would include a carpenter, plumber, electrician, etc. "Indirect jobs" are not created by the project, but are supported by it. In this case, the sales person at the lumberyard or the truck driver who delivered materials to the job site are good examples of indirect jobs. An "induced" job is a job that is supported by employees' own spending on goods and services with wages earned through direct and indirect jobs.

# THE RE-HTC LEVERAGES MAJOR PRIVATE INVESTMENT IN RIVER EDGE COMMUNITIES.

**Every \$100 that the State of Illinois provides in historic tax credits spurs \$478.29 in additional direct private expenditures and an additional \$507.27 in indirect and induced economic activity.**



**SINCE 2012, THE RE-HTC HAS AWARDED \$79 MILLION IN TAX CREDITS FOR 34 PROJECTS. THESE PROJECTS LEVERAGED OVER \$325 MILLION IN TOTAL PRIVATE INVESTMENT.**

The RE-HTC has been a crucial tool for leveraging private investment in River Edge communities. In a survey of RE-HTC users, 83% of respondents affirmed that the RE-HTC was either critical or that their projects would not have been completed without it. Historic tax credits are very effective at leveraging private investment because not all of the private investment necessary to complete a typical rehabilitation project is eligible for the tax credit. Qualified Rehabilitation Expenditures (QREs) are eligible for the credit but do not include, for example, newly constructed additions to historic buildings, the building's purchase price, site and landscape improvements, furnishings and equipment, or tenant build out paid for by the tenant. For every \$100 in QREs (i.e., expenses eligible for tax credit), certified RE-HTC projects have generated an additional \$22 of investment in non-QRE expenses. These non-QREs receive no credit but still generate new jobs, labor income, and tax revenues for the State and local governments. These non-qualifying expenditures increase the leveraging power of the tax credits. Ultimately, every \$100 that is provided in commercial historic tax credits results in an additional \$478.29 in direct private investment and \$507.27 in indirect and induced economic activity<sup>16</sup>

For its owner to be able to access the state tax credit, the project must be completed, the work must be certified by the NPS, and the final expenses must be accepted by the SHPO. However, the project is paying taxes on materials, labor, and construction profits while construction is underway. As a result, for every \$100 in state tax credit awarded, the State of Illinois receives \$22.50 before the credit is used. In addition, local governments receive \$23.70 in tax revenues before the credit can be used. This means that government treasuries are paid \$46.20 in taxes before the owner or developer can use the \$100 tax credit.

<sup>16</sup> These numbers determined using IMPLAN, a regional economic analysis software and data application that is designed to estimate the impact or ripple effect of a given economic activity or the contribution of some existing activity within a specific geographic area. This data represents the impact of ANY investment in historic rehabilitation. Therefore, \$100 dollars invested in historic rehabilitation will produce roughly \$478 in direct private investment, regardless of what historic tax credit program is applied. These numbers would be true in Illinois for the RE-HTC, the IL-HTC, and the F-HTC.

Cooperage 214  
(214 Pecan Street), Peoria  
*RE-HTC Project*

Originally a barrel-making facility for the whiskey industry, Cooperage 214 at 214 Pecan Street in Peoria is a three-story, mixed-use building, with a real-estate office and 18 upper-floor, luxury apartments. It was the first rehab at the west end of Peoria's historic warehouse district and triggered many subsequent investments. To help tell the story of the area's heritage, owner/developer WD Community Investment kept most of the industrial fixtures and finishes. Complementing the historic aspects, they were able to include a 21st century modernization, partnering with the City on an innovative infrastructure project that shared the cost of the installation of permeable pavers in the parking area.

## RETURNS TO ILLINOIS AND ITS COMMUNITIES

**EVERY \$250,000  
IN STATE TAX  
CREDITS RESULTS  
IN AN ADDITIONAL  
\$29,884 IN  
PROPERTY TAXES  
EVERY YEAR.**

After the first year, the State of Illinois receives 4.0% rate of return on its tax credit investment each year, and local governments receive 4.6% of the net tax credit amount in taxes. This does not include tax revenues (i.e., sales taxes, corporate income taxes, individual income taxes) from the activities within the restored historic building. Nor does the local share reflect the increase in property taxes. Based on the four cities examined, every \$250,000 in state tax credits results in an additional \$29,884 in property tax revenues every year. This is a one time investment made by the State through tax credits, but municipalities will receive the benefit of increased tax revenues for years to come.



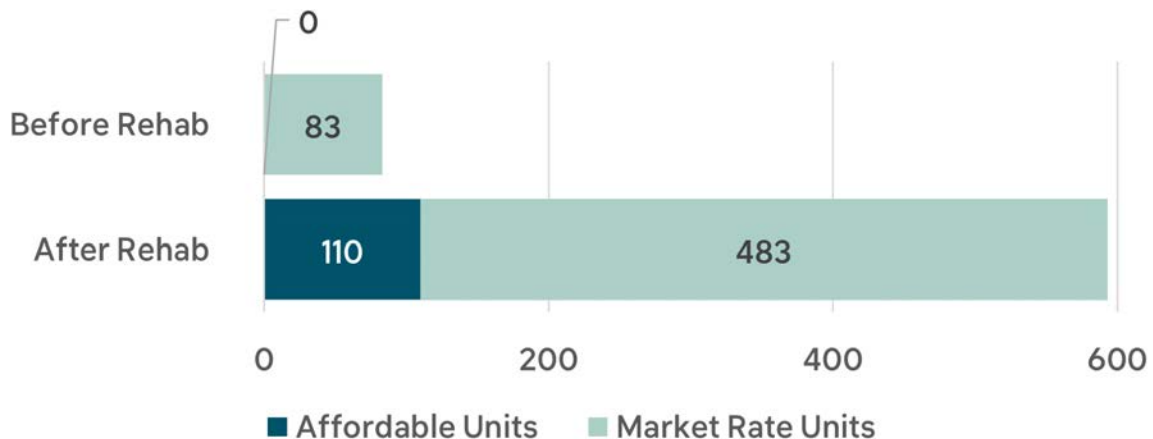
Arella Swan, Rose Mabwa, Shelby Anderson, and Jessie Schnell stand in the Artesan Gallery on the ground-floor of the Artesan Lofts in Aurora, a project featuring 36 affordable artists lofts. Mabwa and Schnell represent Community Builders, the project's developers. They expressed pride in the community that is forming among the artist residents and the impact their creativity is having in downtown Aurora. Swan and Anderson are creative residents of the Artesan Lofts, where Anderson curates the ground floor art gallery. Swan and Anderson spoke on how the community is positively influencing their personal work. "We really love it here," they said.

## HOUSING PRODUCTION

The RE-HTC is a housing-production tool. Of the 61 RE-HTC projects that have been certified or are currently ongoing or underway, 33 have a housing component. Of those 33 projects, 3 are creating affordable-housing units.

Since 2013, certified RE-HTC projects have created 510 net new housing units, representing a 614% increase in the number of housing units overall. Certified RE-HTC projects have created 110 net new affordable housing in buildings that previously had none.

**MARKET RATE AND AFFORDABLE HOUSING CREATED BY RE-HTC CERTIFIED PROJECTS (2012-2022)**



## RE-HTC AFFORDABLE HOUSING PROJECTS

The River Edge Historic Tax Credit has supported the renovation and rehabilitation of dozens of buildings throughout the state, including projects that create affordable housing. Three certified RE-HTC projects contain affordable housing, all of which are located in the River Edge city of Aurora:

**St. Charles Hospital Senior Housing** in Aurora's 60,000 square-foot, former St. Charles Hospital now contains sixty affordable-housing units. David Block with Evergreen Real Estate Group was the developer and Rick Guzman, Executive Director of The Neighbor Project, helped guide the effort. The project used the RE-HTC, 9% LIHTC, HOME HUD funds, as well as CDBG funds, due to its location in a designated Neighborhood Revitalization Area. Prominently located on a major gateway into Aurora, St. Charles Senior Living was an important project that the community really appreciated for rehabilitating an empty, historic, Art Deco building and for returning affordable senior housing to the area.



**The John C. Dunham Aurora Arts Center** complex is comprised of the Paramount School of the Arts and the Artesan Lofts in two buildings originally constructed as a furniture store and department store. The deal structured by developer Will Woodley of Community Builders packaged 17 different funding streams, including New Market Tax Credits and the RE-HTC. Seven years after completion, Paramount will take ownership of their portion, while Community Builders will retain ownership of Artesan Lofts.



The school portion of the project includes a non-profit arts school with studios, classrooms, black-box theater, rehearsal spaces, recording studio, and other elements that support arts production. Classes are offered daily, and local school teachers are welcome to use the facility to expand art offerings.

The residential section contains two floors of artists' lofts (36 in total), gallery, restaurant, fitness and movement studios, flex space for tenants, and multiple communal spaces for informal gathering and collaboration. The gallery, with new shows installed every two weeks, takes no commission on the sale of work of artists who live in the building and only a 5% commission for outside artists. The tenants, all of whom meet LIHTC requirements, represent a mix of visual artists, content creators, musicians, performing artists, and others.

# THE FIRST DOMINO IN EAST ST. LOUIS

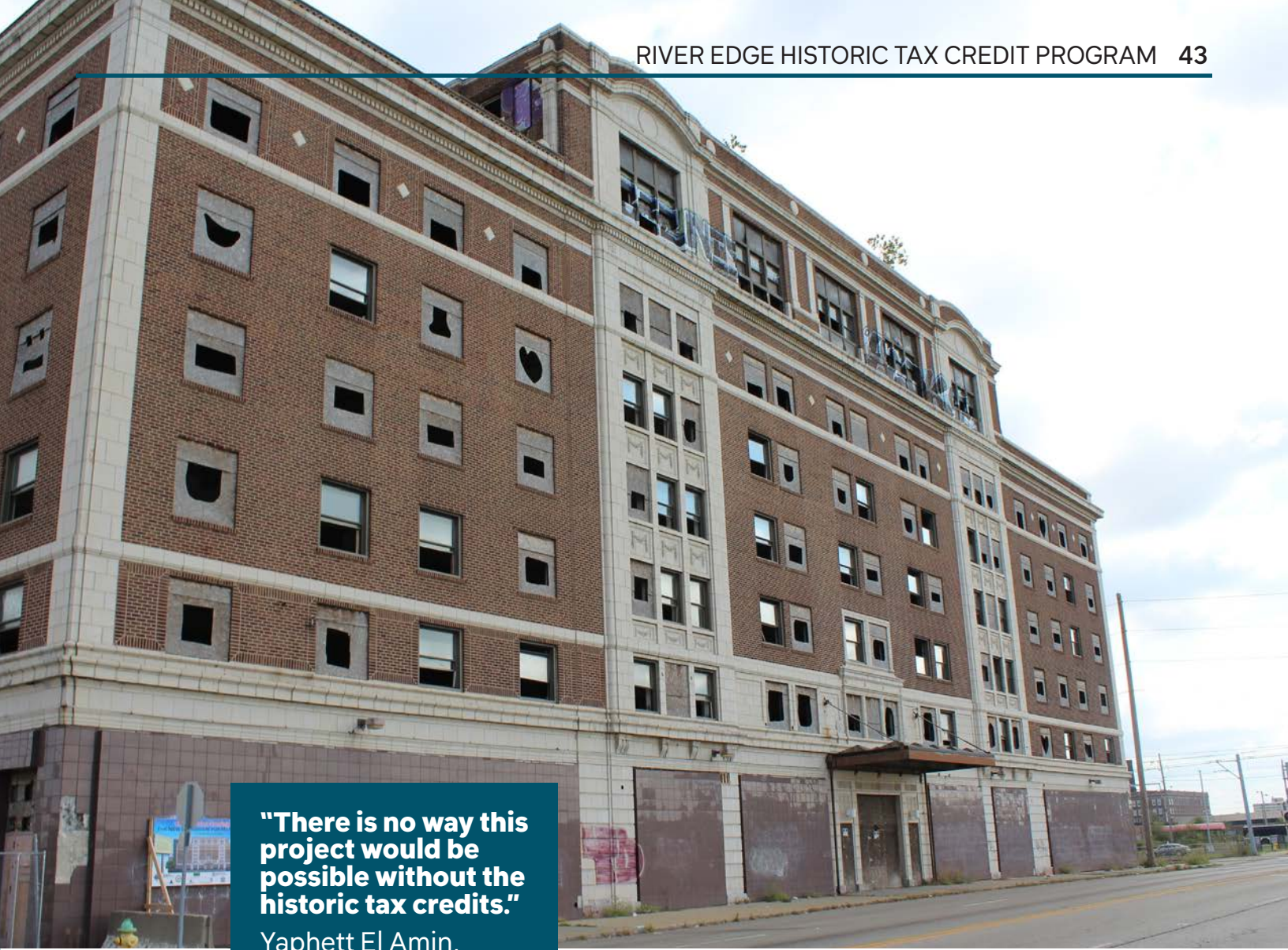
The Broadview Hotel will be East St. Louis' first historic tax-credit project. Once the largest and finest hotel in the city, the building opened in 1927. In the 1940s and 1950s, it was used for apartments. By 1978, Southern Illinois University owned and occupied the entire building and moved out in 2004. In 2006, the building was ceded to the City of East St. Louis and has remained vacant for nearly 20 years. Its current state of disrepair would be daunting for any investor. East St. Louis, a historically African American community, has endured severe disinvestment in recent decades that has resulted in a median household income of \$26,000. Not many developers have taken the risk to redevelop the many large but deteriorating historic structures in downtown East St. Louis.

However, developer Yaphett El-Amin, President of Efficacy Consulting and Development, sees promise. The Broadview's redevelopment proposal leverages both affordable and historic tax credits to create 110 senior-housing units and over 20,000 feet of community commercial space, including 10 minority-business incubators, 10 table spaces for new businesses, a beauty salon, and a sandwich and coffee shop. While the \$44 million project will bring significant job creation and economic activity to the downtown, the development team sees the project as just the first step toward a larger downtown revitalization. "This will be the first domino," El-Amin said. There are 20 other structures near the Broadview that are listed on the National Register of Historic Places. El-Amin hopes that the Broadview's massive rehabilitation will inspire others to invest in East St. Louis.

El-Amin believes that projects utilizing the historic tax credit are transformative and bring needed affordable housing and support services to their communities. According to El-Amin, "There is a misconception about the value that affordable housing brings--critics don't believe that affordable housing has a significant economic impact."

The story of the Broadview Hotel's rehabilitation is intrinsically tied to the story of the RE-HTC. In 2021, the building was on Landmark Illinois's list of most endangered places, in part because the RE-HTC was set to expire on December 31, 2021. "There is no way this project would be possible without the historic tax credits," El-Amin affirmed. Thankfully, due to advocacy from El-Amin and other partners, in 2021, the RE-HTC was reauthorized for another 5 years, and the transformative development at the Broadview broke ground on March 28, 2023.





**"There is no way this project would be possible without the historic tax credits."**

Yaphett El Amin,  
Efficacy Consulting  
and Development



## RE-HTC ENVIRONMENTAL IMPACTS

While the RE-HTC program has had a positive effect on housing production and jobs/labor income, it also has had beneficial environmental impacts. In the US, construction & demolition debris accounts for approximately 30% of all solid waste, most of which goes to landfills.<sup>17</sup> Because of this, rehabilitating existing buildings helps keep material in use and out of landfills. It also lessens the amount of new construction materials that have to be manufactured and shipped, both of which carry a carbon burden. Here are estimates of how much material RE-HTC projects have kept out of the landfill:



**8,438,554**  
bricks



**24,612 tons**  
of concrete/  
asphalt



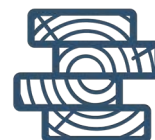
**1,758 tons**  
of drywall



**136,247 tons**  
of construction and  
demolition debris



**2,637 tons**  
of metal



**6,504,718**  
board feet  
of lumber

As but one example of the many environmental benefits of retaining and reusing existing buildings, the 30 certified RE-HTC projects contain an estimated 6.5 million board-feet of lumber, which store roughly 9,550 metric tons of carbon. By keeping this lumber in the rehabilitated buildings, the RE-HTC has helped avoid 20,300 metric tons of CO<sub>2</sub> emissions, which is the equivalent of taking 5,702 cars off the road for one year, or providing enough energy to operate 2,538 homes for one year.<sup>18</sup>



**20,300 metric tons**  
of GHG avoided



**5,702 cars**  
off the road  
for a year



<sup>17</sup> Construction and Demolition Debris Recycling, Chicago Department of Public Health, [https://www.chicago.gov/city/en/depts/cdph/supp\\_info/healthy-communities/construction\\_anddemolitiondebrisrecycling.html](https://www.chicago.gov/city/en/depts/cdph/supp_info/healthy-communities/construction_anddemolitiondebrisrecycling.html)  
<sup>18</sup> WoodWorks, Carbon Calculator, <https://www.woodworks.org>

## RE-HTC PROPERTY VALUE ANALYSIS

**EVERY TIME  
\$250,000 IN  
TAX CREDITS  
ARE AWARDED,  
\$29,884 IN  
ADDITIONAL  
PROPERTY TAXES  
ARE GENERATED  
EVERY YEAR.**

On the following pages, the changes in assessed values and property taxes are analyzed for three cities that have used the River Edge Historic Tax Credit – Peoria, Rockford, and Aurora.<sup>19</sup> Based on an analysis of the data from these cities, every time \$250,000 in tax credits are awarded, \$29,884 in additional property taxes are generated every year.

But sometimes tax receipts are just numbers. Here is what the increased property taxes these four cities are collectively receiving from completed River Edge projects could do each year:



Hire  
**ten new  
teachers,**  
PLUS...



Hire  
**eight new  
police officers,**  
PLUS...



Hire an additional  
**five city  
maintenance  
workers,**  
PLUS...



Still have enough  
money to provide  
**\$250 per month  
rental subsidies for  
163 families.**



The equation is simple—the RE-HTC encourages private investment; that investment significantly increases property values; rising property values means increased property-tax revenues; which means cities can provide more or better public services.

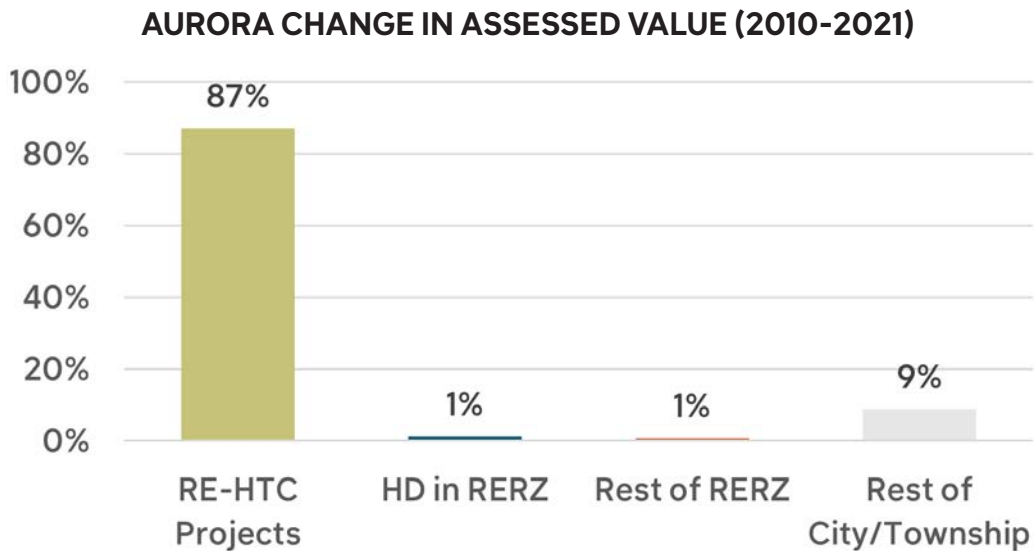
**If properties that were rehabilitated using the RE-HTC in Aurora had experienced property value change like the rest of the historic district within the RERZ zone, the local government would have seen \$50,000 less in property tax revenue in 2021.**

St. Charles Senior Living (St. Charles Hospital), Aurora  
*RE-HTC Project*

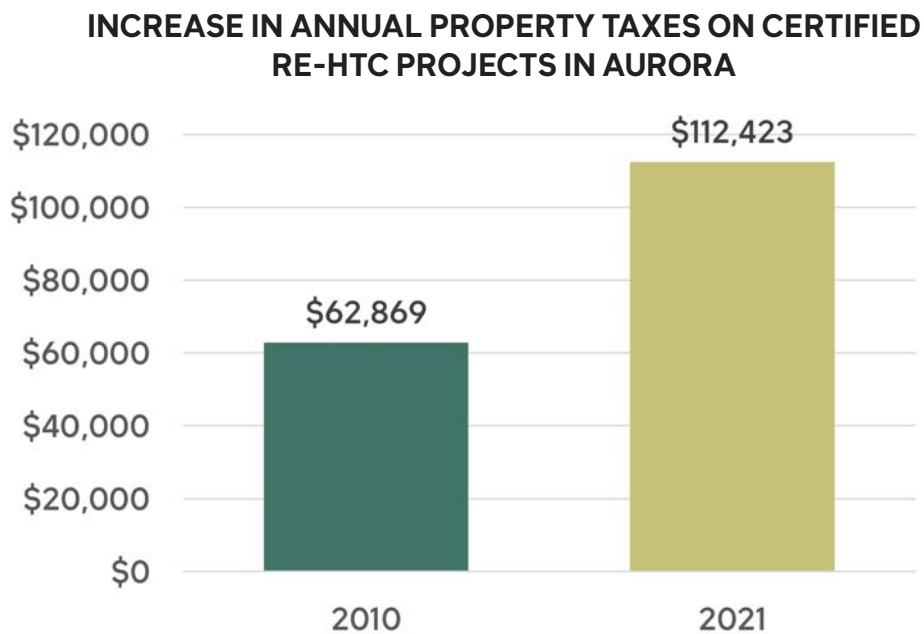
<sup>19</sup> Elgin was excluded this from analysis because only one project has been completed. At the time of analysis, assessment data was only available up to 2021.

## AURORA

Between 2010 and 2021, the assessments of Aurora’s 5 certified RE-HTC increased by 87%. Properties in the River Edge Redevelopment Zones Properties (RERZ) in Aurora’s RERZ, both inside and outside of National Register Historic Districts (HD), saw a modest assessed-value increase of 1%. Properties in the rest of the City in the Township saw a 9% increase in their assessed values.



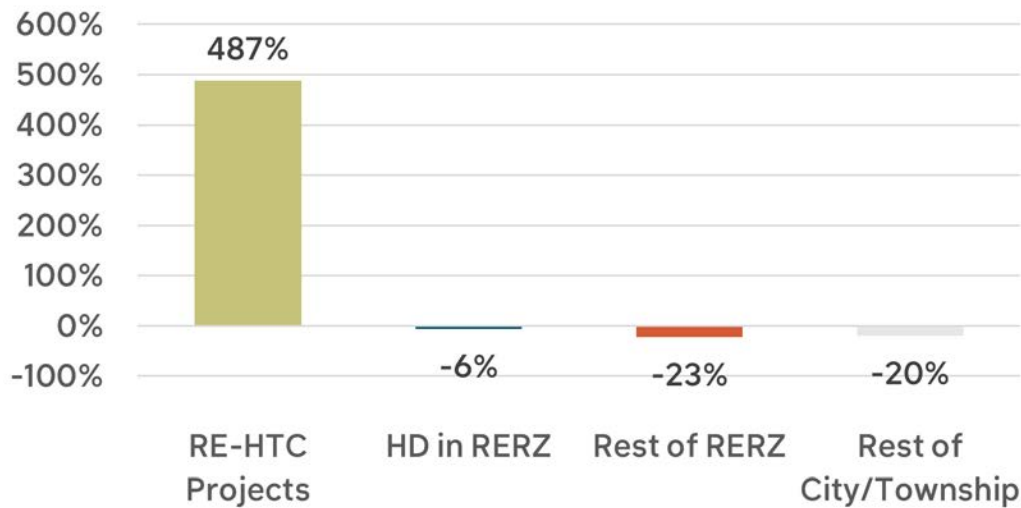
In 2021, Aurora received \$49,554 more in property tax revenue from properties that received the RE-HTC than it did in 2010.



## ROCKFORD

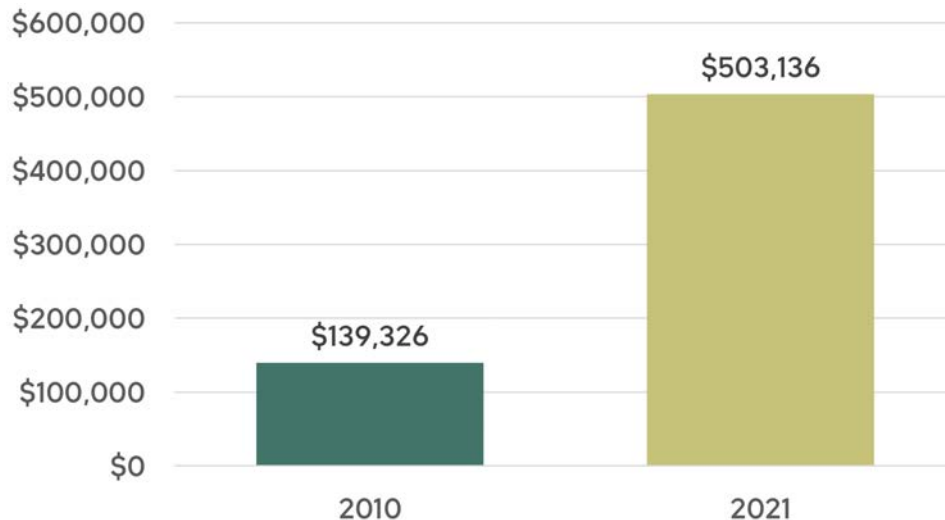
As of the end of 2021, Rockford has 16 certified RE-HTC projects, and between 2010 and 2021 their total assessed value has increased by 487%. While the assessments of properties in National Register Historic Districts (HD) in Rockford's River Edge Redevelopment Zone that did not use the credit decreased by 6%, properties located farther from the RE-HTC projects fared worse. Assessments of properties in the RERZ zone but outside of HDs and those of properties in the City in the Township decreased by 23% and 20% respectively.

### ROCKFORD CHANGE IN ASSESSED VALUE (2010-2021)



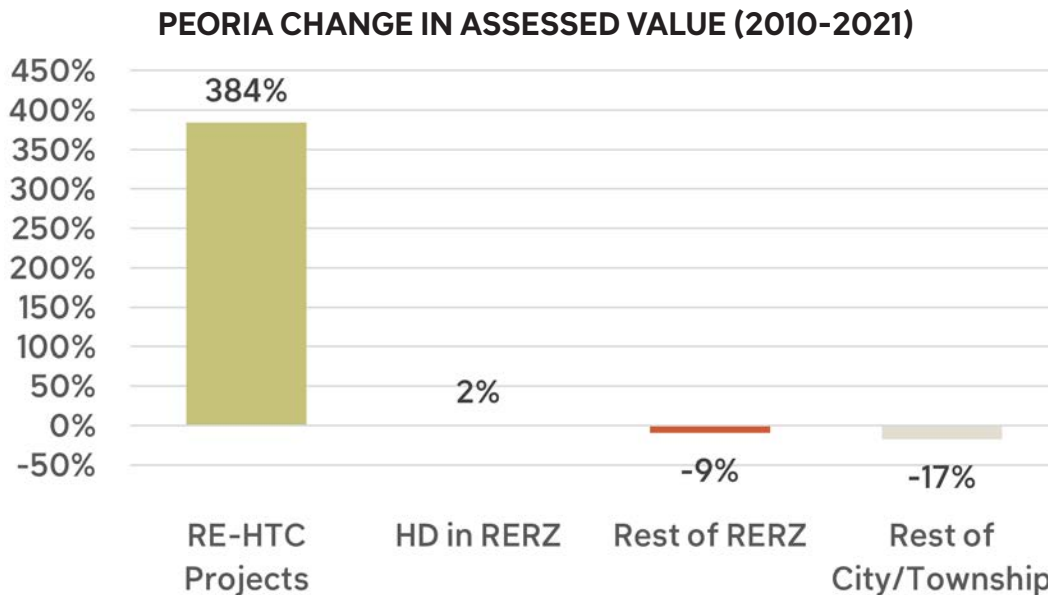
In 2021, Rockford received \$363,810 more in property tax revenue from properties that received the RE-HTC than it did in 2010.

### INCREASE IN ANNUAL PROPERTY TAXES ON CERTIFIED RE-HTC PROJECTS IN ROCKFORD



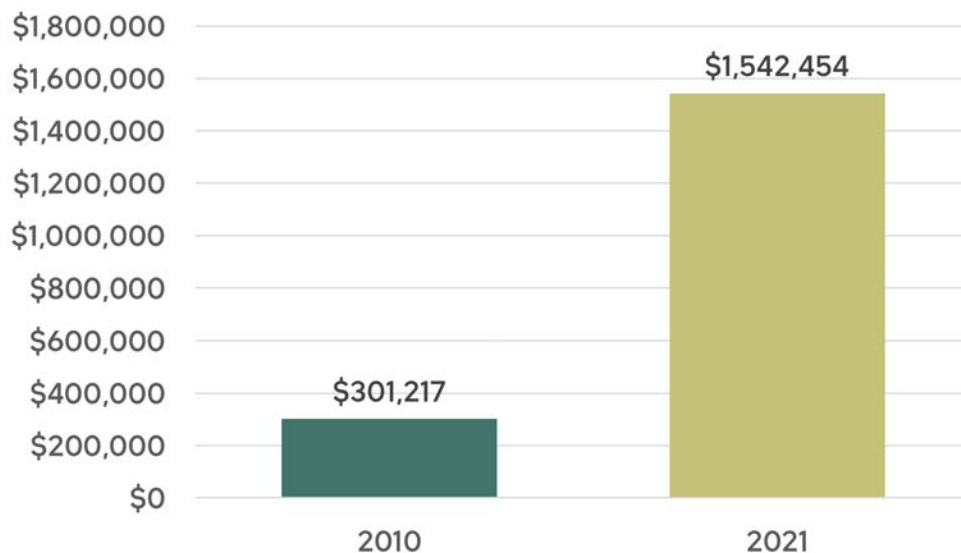
## PEORIA

As of the end of 2021, there have been 12 certified RE-HTC projects in Peoria, and between 2010 and 2021 their total assessed value has increased by 384%. Properties in National Register Historic Districts (HD) in the River Edge Redevelopment Zones that did not use historic tax credits have seen a modest assessment increase of 2%, while properties progressively farther from RE-HTC projects (i.e. properties in the rest of RERZ outside of HDs and in the rest of the City in the Township) saw an overall decrease in total assessed value.



In 2021 alone, Peoria’s certified RE-HTC projects generated \$1,241,237 more in property taxes than those same properties generated in 2010.

**INCREASE IN ANNUAL PROPERTY TAXES ON CERTIFIED RE-HTC PROJECTS IN PEORIA**



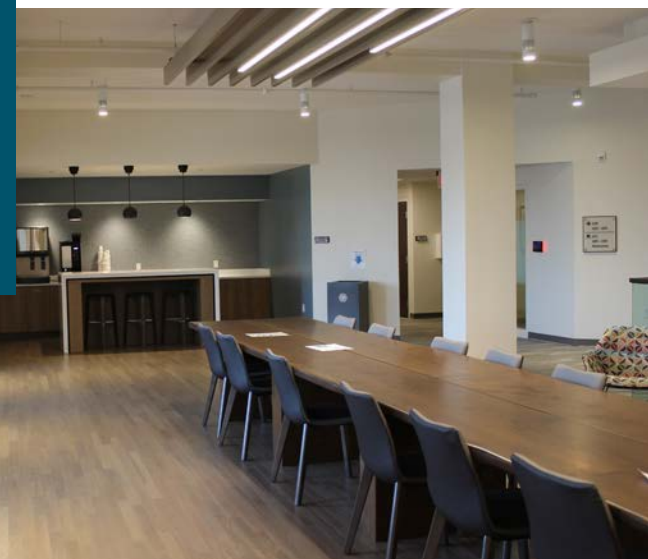
# REVIVING DOWNTOWN PEORIA



The building that now houses the OSF Health Headquarters was built in 1904 as the Shipper and Block Department Store, Peoria's first steel-framed skyscraper. In the four years the building sat vacant, several proposals were advanced, including demolition. Wanting to relocate downtown to be close to their original location, the Sisters of the Third Order of Saint Francis purchased the building along with three others to rehabilitate into their new headquarters.

To place their buildings on the National Register so that historic tax credits would be available, the Order funded a historic survey to establish a downtown National Register historic district. Rehabilitating the 275,000 square foot structure took four years and employed 800 tradespeople from 58 different trade companies.

The building was ceremonially opened in December of 2021, and a phased move-in began in February of 2022. Designed for 700 to 800 employees, the building currently accommodates 300 to 400 employees daily, as the OSF moves towards post-COVID office work. With a goal to be part of the downtown community, if not its heartbeat, OSF leadership consciously avoided including an in-house cafeteria so that their employees would patronize local businesses. With the new occupancy noticeably increasing downtown's foot-traffic, OSF's goal is being realized.



OSF Healthcare Headquarters  
(Schipper & Block Dept. Store), Peoria  
*RE-HTC Project*



# TRANSFORMING ROCKFORD

It took civic, political, and development leadership for Rockford's downtown to transform from what it was in the 1990s to what it has become today. There were isolated Federal Historic Tax Credit projects in the downtown in the 1980s through the 2000s, but it was the enactment of the River Edge Historic Tax Credit (RE-HTC) that provided the tipping point for a series of historic-building rehabilitations that has led to downtown Rockford's revival.

Rockford's first certified RE-HTC project, the Prairie Street Brevhouse at 200 East Prairie transformed the east side of downtown, with events that have attracted thousands of people. Block 3 Lofts at 330 East State by Urban Equity Properties was a high-profile residential project that leveraged the success of the Brevhouse and helped make east downtown feel safer and bringing confidence to the commercial markets. Another Urban Equity Properties project, Burnham Lofts at 202 West State, leased quickly, mainly by hospital and professional workers. The projects' success reinforced downtown's livability in the minds of skeptics. Because of the success of these and other historic rehabs, banks became more willing to lend to small businesses, which aided revitalization efforts in downtown Rockford.

One of the most recent pieces of Rockford's redevelopment puzzle is the Embassy Suites by Hilton Rockford Riverfront & Rockford Conference Center in what was formerly known as the Ziock Building. When completed in 1913, the building was the Rockford's tallest, and housed several manufacturing companies over the years until the last one moved out in 2010. Developer Gary Gorman's persistence and tenacity were vital to the success of this project. Building on the success of the Prairie Street Brevhouse, Gorman tapped into a renewed confidence by the City that prompted the pursuit of this important historic redevelopment. Embassy Suites project has been an economic, social and environmental success whose value extends citywide. Downtown's transformation is not complete, but it is vigorous and on-going, and the River Edge Historic Tax Credit continues to be a critical component.



Embassy Suites (Ziock Building)



Prairie Street Brewing Company (Peacock Brewery)



Burnham Lofts (Rockford Trust Building)



# RE-HTC CONCLUSION:

**The River Edge Historic Tax Credit is well designed and functioning as it was intended. River Edge communities are seeing increased private investment through historic tax credits, creating jobs and revenue for local municipalities and the State.**

The River Edge Historic Tax Credit is one of the most effective state historic tax-credit programs in the country. The design of this program allows for developers and property owners to structure their projects with the confidence that they will receive the state credit if they meet the program's straightforward requirements. Respondents to a survey of historic tax-credit users ranked the RE-HTC as more effective than even the Federal Historic Tax Credit. Because the River Edge Historic Tax credit is uncapped and by-right, River Edge communities have enjoyed a magnified impact measurable in job creation, labor income, property-tax returns, and community revitalization.

# FINAL CONCLUSION

**The use of historic tax credits in Illinois has proven to be an effective tool to spur private investment in historic buildings.**

**LOCAL  
GOVERNMENTS  
RECEIVE NEARLY  
\$30,000  
EVERY YEAR IN  
PROPERTY TAX  
COLLECTIONS  
FOR EVERY  
\$250,000  
CERTIFIED IN  
STATE TAX  
CREDITS.**

This investment has had a ripple effect on both the state and local economies, generating jobs, labor income, and tax revenues. Historic tax credit projects are creating hundreds of jobs and millions in labor income for Illinois. These rehabilitation projects are labor intensive, so a larger share of the project costs go directly to labor income than in new construction projects, meaning that local economies benefit from a greater share of the project expenditures when those workers spend their paychecks. Local governments are major also beneficiaries of this investment, ultimately receiving nearly \$30,000 every year in property tax collections for every \$250,000 awarded in state tax credits. The investment made by the State in each historic tax credit project is a one-time investment, however municipalities will see the benefits of increased tax revenues for years to come.

Illinois has always been a major user of the Federal Historic Tax Credit, averaging around 7% of the total, national tax-credit investment over the last three decades. But the Illinois Legislature recognized that there were still thousands of historic Illinois buildings in need of investment, for which the Federal credit alone was insufficient. This recognition led to the enactment of the River Edge Historic Tax Credit and then the Illinois Historic Preservation Tax Credit.

Combined with the Federal credit, the River Edge Historic Tax Credit has been remarkably successful in attracting private investment into historic structures and, in the process, transforming not just buildings but entire commercial neighborhoods. This is an investment incentive that clearly works as intended, with state and local governments, historic buildings, and Illinois citizens as the beneficiaries.

## THE IL-HTC CREDIT UNDER ITS CURRENT CAP CANNOT REACH ITS POTENTIAL IN STIMULATING ADDITIONAL PRIVATE INVESTMENT.

The Illinois Historic Preservation Tax Credit is a slightly different story. On the positive side, this report has demonstrated that the IL-HTC has been particularly effective at transforming vacant, “white elephant” buildings into housing. The priorities that the SHPO is required to use to determine IL-HTC allocations mean that large, formerly municipally owned buildings like schools, libraries, and courthouses are being re-activated for community use. Overwhelmingly, that post-rehab use has been affordable housing, which is critically needed. For those projects that receive an allocation, the project benefits significantly, as the IL-HTC credit is a critical component of the project’s financial feasibility.

The problem is that the \$15 million of annual credits available for IL-HTC allocation is significantly less than the demand for those credits. Not all applicants can receive an allocation. Due to the uncertainty of a project receiving an allocation, developers, building owners, and their investors are unable to structure their projects to rely on the IL-HTC until they have received an allocation. This means, essentially, that millions of dollars of investment in historic buildings is not taking place than otherwise would with a higher program cap. These are projects deemed financially feasible with the state credit and not feasible without it. Illinois’ uncapped River Edge Historic Tax Credit as well as HTCs, either with no cap or with caps more closely aligned with demand, in other states see significantly higher growth in overall historic-building reinvestment.

Based on a 35-year model of national tax-credit activity, it is estimated that there is just over \$12 million more investment and about 100 more direct, indirect, and induced jobs in Illinois per year as a result of the IL-HTC than if there were no IL-HTC. If, however, the annual cap were \$75 million, rather than the current \$15 million, it is anticipated that the IL-HTC program would generate \$122 million in additional annual investment, and create 1,000 direct, indirect, and induced jobs over current amounts.

### THE BOTTOM LINE:

**Tax credits encourage private investment in historic buildings. Both the Federal Historic Tax Credit and the River Edge Historic Tax Credit have demonstrated that. The Illinois Historic Preservation Tax Credit is falling substantially short of its potential not because it is poorly conceived or administered, but because the annual available credit is too small, its allocation too uncertain, and the application process too competitive to affect investment decisions on a much larger scale. The rehabilitation of Illinois’ historic buildings has positive economic, social, and environmental effects. An improved Illinois Historic Preservation Tax Credit would significantly improve those impacts.**

IL-HTC Project Name	Address Simple	City	Cert Year	Part 2 QREs	Part 3 QREs	Non-QREs	Allocation Amount	Credit Issued
Washington Senior Apartments (Bloomington High School)	510 East Washington Street	Bloomington	2021	\$13,998,996	\$18,291,593	\$2,752,196	\$3,000,000	\$3,000,000
Cook County Hospital Administration Building	1835 West Harrison Street	Chicago	2020	\$92,056,397	\$129,000,000	\$1,373,562	\$3,000,000	\$3,000,000
Edward Hines, Jr., VA Hospital Building #14	5000 South 5th Avenue	Hines	2022	\$5,500,000	\$5,000,000	\$1,158,671	\$917,033	\$917,033
"Garfield Elementary School (Garfield School Senior Residences)"	1518 25th Avenue	Moline	2020	\$2,805,761	\$8,100,000	\$6,735,490	\$701,440	\$701,440
Edison Avenue Lofts (Granite City YMCA)	2001 Edison Avenue	Granite City	2022	\$9,635,762	\$9,591,000	\$1,085,567	\$2,408,941	\$2,408,941
Lofts of the Square (Hotel Belleville)	16 South Illinois Street	Belleville	2022	\$12,000,000	\$12,300,000	TBD	\$3,000,000	\$3,000,000
Mercer Carnegie Library	200 North College Avenue	Aledo	2021	\$600,000	\$600,000	\$68,787	\$150,000	\$150,000
Tiger Senior Apartments (Paris High School)	309 South Main Street	Paris	2021	\$11,331,868	\$11,080,529	\$2,827,767	\$2,832,967	\$2,770,132
West Pullman Senior Community (West Pullman Elementary School)	11941 South Parnell Avenue	Chicago	2021	\$12,584,041	\$17,760,120	\$3,407,686	\$3,000,000	\$2,825,905
Chicago and North-western Railway Building	226 W. Jackson Blvd.	Chicago	2021	\$91,281,104	\$100,149,128	\$45,185,180	\$278,750	TBD

<b>IL-HTC Project Name</b>	<b>Address Simple</b>	<b>City</b>	<b>Cert Year</b>	<b>Part 2 QREs</b>	<b>Part 3 QREs</b>	<b>Non-QREs</b>	<b>Allocation Amount</b>	<b>Credit Issued</b>
Albert Pick & Co. Building	2159 West Pershing Road	Chicago	TBD	\$38,600,000	TBD	TBD	\$3,000,000	TBD
Alton Banking and Trust Company, aka The Wedge Building	620 East Broadway	Alton	TBD	\$8,910,000	TBD	TBD	\$2,227,500	TBD
Anthony Overton Elementary School	221 East 49th Street	Chicago	TBD	\$9,830,000	TBD	TBD	\$2,457,500	TBD
Arsenal Courts (Century Woods Apartments)	1400 5th Street	Rock Island	TBD	\$19,000,000	TBD	TBD	\$3,000,000	TBD
Maywood Supportive Living (Baptist Retirement Home)	316 Randolph Street	Maywood	TBD	\$27,620,800	TBD	TBD	\$3,000,000	TBD
Belvidere High School	520 Pearl Street	Belvidere	TBD	\$6,805,963	TBD	TBD	\$1,701,491	TBD
Charles Warrington Earle School	6121 South Hermitage Avenue	Chicago	TBD	\$15,247,990	TBD	TBD	\$3,000,000	TBD
Chicago & Northwestern Railway Building	226 West Jackson Boulevard	Chicago	TBD	\$102,387,667	TBD	TBD	\$278,750	TBD
E.B. Job Building (Lucus Row)	601-611 East Broadway	Alton	TBD	\$5,500,000	TBD	TBD	\$1,375,000	TBD
Elfgen Building	600-606 East Broadway	Alton	TBD	\$10,047,000	TBD	TBD	\$2,511,750	TBD
ICA GreenRise Learning Laboratory	4750 North Sheridan Road	Chicago	TBD	\$15,504,226	TBD	TBD	\$3,000,000	TBD
Julia C. Lathrop Homes-South Campus	2759 North Hoyne Avenue	Chicago	TBD	\$40,000,000	TBD	TBD	\$3,000,000	TBD

<b>IL-HTC Project Name</b>	<b>Address Simple</b>	<b>City</b>	<b>Cert Year</b>	<b>Part 2 QREs</b>	<b>Part 3 QREs</b>	<b>Non-QREs</b>	<b>Allocation Amount</b>	<b>Credit Issued</b>
Kaskaskia Hotel Buildings	217 Marquette Street	LaSalle	TBD	\$28,000,000	TBD	TBD	\$3,000,000	TBD
McHenry County Courthouse and Jail	101 North Johnson Street	Woodstock	TBD	\$12,000,000	TBD	TBD	\$3,000,000	TBD
Ramova Theater	3508-3518 South Halsted Street	Chicago	TBD	\$18,935,000	TBD	TBD	\$3,000,000	TBD
Shimer College	IL 64 and IL 78	Mount Carroll	TBD	\$60,000,000	TBD	TBD	\$3,000,000	TBD
The Forum/Forum Hall	318-328 East 43rd Street	Chicago	TBD	\$16,546,528	TBD	TBD	\$3,000,000	TBD

<b>RE-HTC Project Name</b>	<b>Address Simple</b>	<b>City</b>	<b>Cert Year</b>	<b>Part 2 QREs</b>	<b>Part 3 QREs</b>	<b>Non-QREs</b>	<b>Credit Issued</b>
212 State Street	212 East State Street	Rockford	2018	\$750,000	\$1,100,000	\$228,107	\$254,537
222 7th St.	222 Seventh Street	Rockford	2016	\$110,000	\$88,522	\$7,225	\$21,766
324-330 E. State Street	324-330 East State Street	Rockford	2016	\$1,500,000	\$3,014,800	\$142,619	\$755,403
709 SW Washington Street	709 Southwest Washington Street	Peoria	2021	\$1,000,000	\$1,272,321	\$104,962	\$318,080
723 SW Washington Street	723 Southwest Washington Street	Peoria	2021	\$3,815,000	\$5,861,289	\$191,781	\$1,446,985
927 SW Washington Street	927 Southwest Washington Street	Peoria	2019	\$14,600,000	\$14,577,242	\$1,577,315	\$3,656,622
Block & Kuhl Building (John C. Dunham Aurora Arts Center)	5 East Galena Boulevard	Aurora	2019	\$8,554,316	\$11,855,873	\$4,517,843	\$2,963,967
Burnham Lofts (Rockford Trust Building)	202 West State Street	Rockford	2019	\$3,375,356	\$10,031,507	\$2,726,176	\$2,507,877
CA Flats (327 W. Jefferson)	327 West Jefferston Street	Rockford	2021	\$3,786,269	\$4,917,098	\$67,454	\$1,203,718
CMF Building	115 Seventh Street	Rockford	2017	\$2,000,000	\$1,800,000	\$61,990	\$464,522
Cooperage (214 Pecan St.)	214 Pecan Street	Peoria	2017	\$575,000	\$741,051	\$530,554	\$219,421
Elgin Tower Building	100 East Chicago Street	Elgin	2018	\$10,000,000	\$13,193,867	\$1,669,188	\$3,175,857
International Harvester Building	251 South River Street	Aurora		\$10,456,144	\$16,349,855	\$354,189	\$4,184,614

<b>RE-HTC Project Name</b>	<b>Address Simple</b>	<b>City</b>	<b>Cert Year</b>	<b>Part 2 QREs</b>	<b>Part 3 QREs</b>	<b>Non-QREs</b>	<b>Credit Issued</b>
Keystone Apartments	30 South Stolp Avenue	Aurora	2021	\$2,388,000	\$3,358,076	\$1,473,854	\$815,402
Kickapoo Building	726 West Main Street	Peoria	2016	\$1,500,000	TBD	\$108,238	\$898,668
Lehmann-Stern Knitting Mill	1028 Southwest Adams Street	Peoria	2017	\$9,721,982	\$13,010,119	\$1,431,065	\$3,252,530
Marquette Apartments	701 Northeast Main Street	Peoria	2020	\$2,210,000	\$2,340,860	\$94,265	\$573,897
Metropolitan Hall	408-414 East State Street	Rockford	2016	\$2,644,000	\$3,900,000	\$431,414	\$1,023,855
Obed and Isaac's Microbrewery and Eatery	321 Northeast Madison Avenue	Peoria	2017	\$1,400,000	\$2,687,066	\$739,447	\$671,073
Pop-A-Shot (921 May St.)	921 May Street	Peoria	2021	\$1,534,600	\$1,534,600	\$12,570	\$364,536
Prairie Street Brewing Company (Peacock Brewery)	200 Prairie Street	Rockford	2015	\$11,500,000	\$18,196,656	\$2,289,031	\$4,204,466
Rockford Indoor Market	114,116,118 North Madison Street	Rockford	2020	\$3,955,000	\$7,429,000	\$1,068,406	\$1,760,368
St. Charles Senior Living (St. Charles Hospital)	400 East New York Street	Aurora	2017	\$18,100,000	\$18,325,107	\$5,290,609	\$4,462,170
Stanley Building (John C. Dunham Aurora Arts Center)	2-20 South Stolp Avenue	Aurora	2019	\$14,600,000	\$9,718,161	\$3,012,119	\$2,337,901
Stuber Building	100 Southwest Walnut Street	Peoria	2017	\$2,365,400	\$2,365,400	\$1,560,650	\$789,692
Talcott Building	321 West State Street	Rockford	2021	\$8,500,000	\$19,736,158	\$3,928,244	\$6,590,141
Turner School	1410 Broadway Street	Rockford	2018	\$8,000,000	\$9,591,448	\$1,266,935	\$2,442,028



<b>RE-HTC Project Name</b>	<b>Address Simple</b>	<b>City</b>	<b>Cert Year</b>	<b>Part 2 QREs</b>	<b>Part 3 QREs</b>	<b>Non-QREs</b>	<b>Credit Issued</b>
Valencia Court Apartments	500-518 Fisher Avenue	Rockford	2019	\$3,000,000	\$6,172,414	\$293,558	\$1,543,103
Winkler Building	733 Southwest Washington Street	Peoria	2018	\$1,250,000	\$1,181,281	\$576,478	\$295,320
Ziock Building	416 South Main Street	Rockford	2020	\$65,000,000	\$61,900,000	\$7,445,012	\$15,010,402
American Insurance Company Building	304 North Main Street	Rockford	ONG	\$5,000,000	TBD	TBD	TBD
Copley Hospital	506-532 S Lincoln Ave; 301 Weston Avenue	Aurora	ONG	\$125,000,000	TBD	TBD	TBD
Midtown Lofts (409-411 7th St.)	409-411 7th Street	Rockford	ONG	\$1,000,000	TBD	TBD	TBD
Midtown Westtown Lofts (401-403 7th St.)	401-403 7th Street	Rockford	ONG	\$980,000	TBD	TBD	TBD
Midtown Westtown Lofts (405 7th St.)		Rockford	ONG	\$520,000	TBD	TBD	TBD
Midtown Westtown Lofts (407 7th St.)	407 7th Street	Rockford	ONG	\$500,000	TBD	TBD	TBD
Nailon Plumbing Supply	101 Liberty Street	Peoria	ONG	\$900,000	TBD	TBD	TBD
OSF Healthcare Headquarters (Schipper & Block Dept. Store Bldg.)	124 Southwest Adams Street	Peoria	ONG	\$50,400,000	TBD	TBD	TBD
Wilson Electric Co. (113 S. Madison)	113 South Madison Street	Rockford	ONG	\$116,000	TBD	TBD	TBD

<b>RE-HTC Project Name</b>	<b>Address Simple</b>	<b>City</b>	<b>Cert Year</b>	<b>Part 2 QREs</b>	<b>Part 3 QREs</b>	<b>Non-QREs</b>	<b>Credit Issued</b>
Abraham Lincoln School	641 South Lake Street	Aurora	UNDW	\$7,300,000	TBD	TBD	TBD
Barber-Colman Company Complex	102 Loomis Street	Rockford	UNDW	\$53,400,000	TBD	TBD	TBD
Broadview Hotel	411 East Broadway	East St. Louis	UNDW	\$33,942,870	TBD	TBD	TBD
Chic Manufacturing Building	1001 Southwest Adams Street	Peoria	UNDW	\$4,000,000	TBD	TBD	TBD
Churchill Drug Company Building	812 Southwest Washington Street	Peoria	UNDW	\$25,000,000	TBD	TBD	TBD
Elgin Commerce Building	18 South Spring Street	Elgin	UNDW	\$10,052,551	TBD	TBD	TBD
Emerson House	420 North Main Street	Rockford	UNDW	\$25,000,000	TBD	TBD	TBD
Federal Warehouse	800-808 Southwest Adams Street	Peoria	UNDW	\$16,660,000	TBD	TBD	TBD
Hobbs Building	2 North River Street	Aurora	UNDW	\$4,500,000	TBD	TBD	TBD
Hotel Kate (Rockford Y.W.C.A.)	220 South Madison Street	Rockford	UNDW	\$10,000,000	TBD	TBD	TBD
International Harvester Warehouse & Showroom	6-12 North River Street	Aurora	UNDW	\$5,500,000	TBD	TBD	TBD
Lofts on Broadway (Hotel Arthur)	2 North Broadway	Aurora	UNDW	\$6,094,986	TBD	TBD	TBD
Mary A. Todd School	100 Oak Avenue	Aurora	UNDW	\$6,300,000	TBD	TBD	TBD

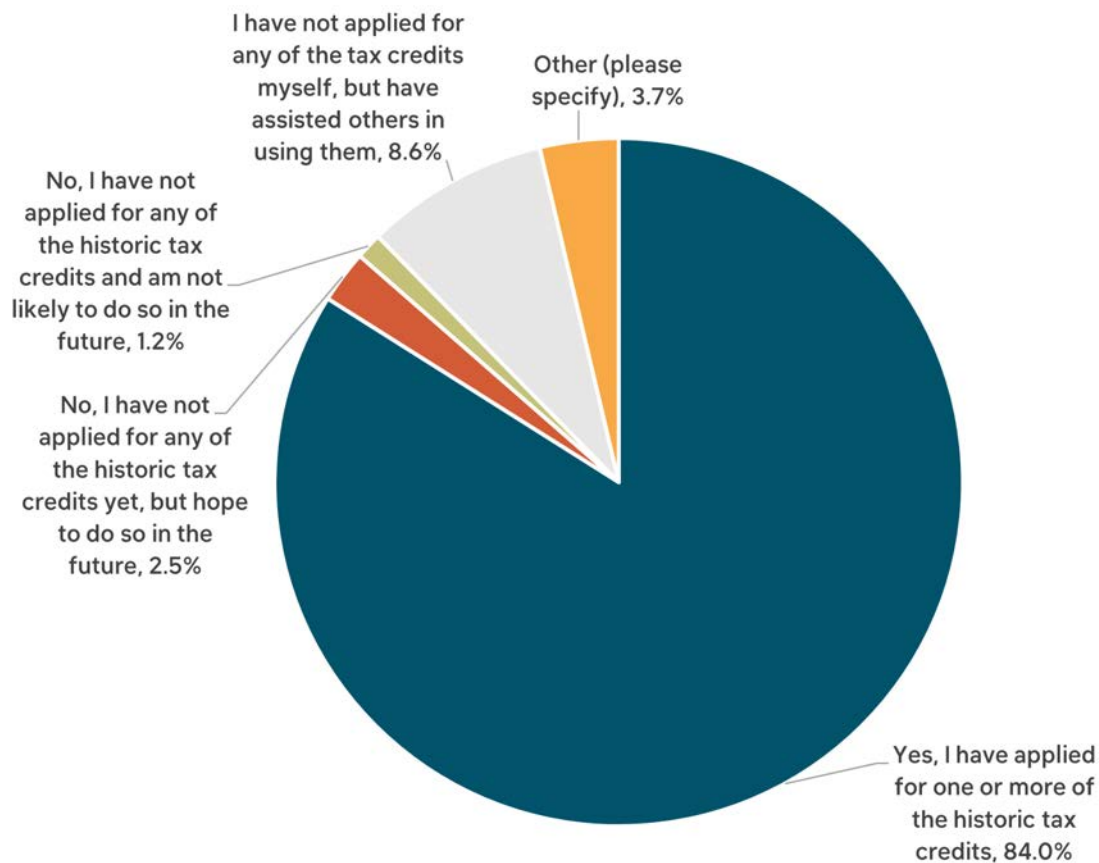
<b>RE-HTC Project Name</b>	<b>Address Simple</b>	<b>City</b>	<b>Cert Year</b>	<b>Part 2 QREs</b>	<b>Part 3 QREs</b>	<b>Non-QREs</b>	<b>Credit Issued</b>
Midtown Faust	1005 5th Avenue	Rockford	UNDW	\$400,000	TBD	TBD	TBD
Nu-State Bank Building	119 N Church Street	Rockford	UNDW	\$11,985,183	TBD	TBD	TBD
Rockford Elk's Lodge #64	210 West Jefferson Street	Rockford	UNDW	\$1,250,000	TBD	TBD	TBD
Super A&P Market Building	187 Southwest Washington Street	Peoria	UNDW	\$5,600,000	TBD	TBD	TBD
Valentine's Transfer & Storage Company	110 Cross Street	Aurora	UNDW	\$3,000,000	TBD	TBD	TBD
Water Power Lofts (Rockford Brass Works)	700 South Main Street	Rockford	UNDW	\$18,942,876	TBD	TBD	TBD
Wilson Electric Co. (111 S. Madison)	111 South Madison Street	Rockford	UNDW	\$100,000	TBD	TBD	TBD
Wilson Electric Co. (115-117 S. Madison)	115-117 South Madison Street	Rockford	UNDW	\$70,000	TBD	TBD	TBD

## APPENDIX 2: SURVEY FINDINGS

The following pages contain the results of a survey of Illinois developers, building owners, architects and others who have either received a historic tax credit, have applied for a credit, or have been interested in applying for the credit. The survey was conducted online using a link to a SurveyMonkey document, the link to which was provided in an email. The email addresses came from a list provided by the Illinois State Historic Preservation Office. The survey was open from December 4 through December 16, 2022. A total of 81 responses were received.

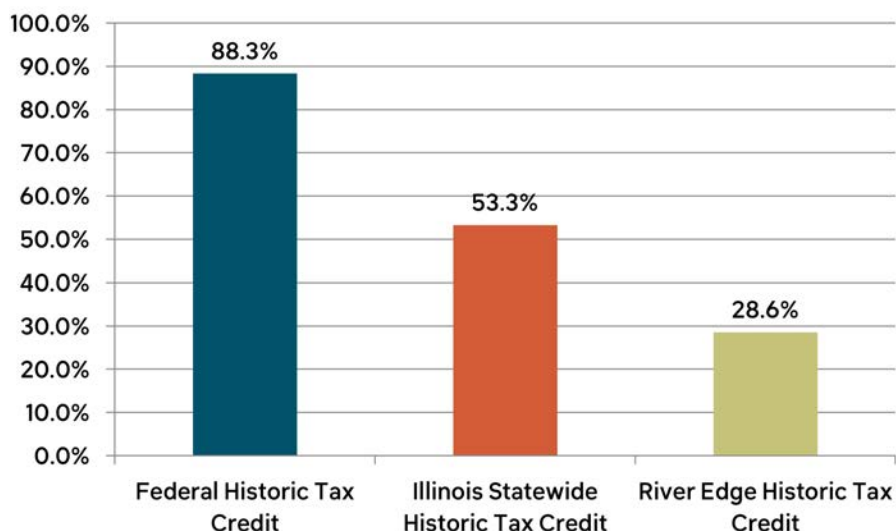
### QUESTION 1 - HAVE YOU EVER APPLIED FOR ANY OF THE HISTORIC TAX CREDIT PROGRAMS IN ILLINOIS (INCLUDING THE RIVER EDGE HISTORIC TAX CREDIT [RE-HTC], THE ILLINOIS STATEWIDE HISTORIC TAX CREDIT [IL-HTC], AND/OR THE FEDERAL HISTORIC TAX CREDIT [F-HTC])?

The respondents were overall well acquainted with historic tax credits, with 84% having applied for one or more of the credits.

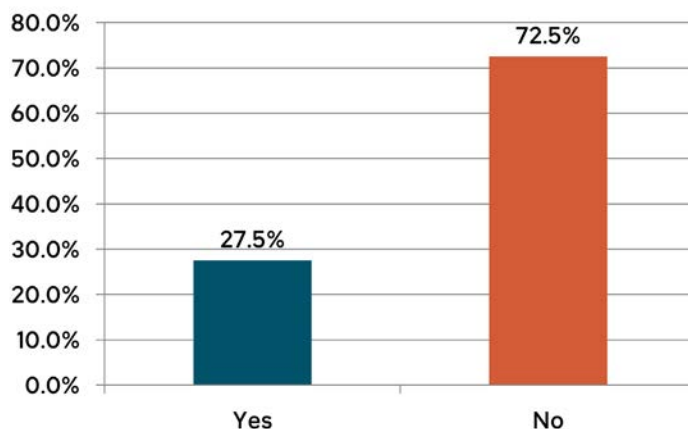


**QUESTION 2 – IF YOU HAVE APPLIED FOR A HISTORIC TAX CREDIT IN ILLINOIS, WHICH PROGRAM HAVE YOU USED? (CHECK ALL THAT APPLY)**

Not surprisingly the most common credit that was applied for by the respondents was the Federal Historic Tax Credit (88.3%) followed by the statewide credit and the River Edge credit.

**QUESTION 3 – HAVE YOU EVER APPLIED FOR ANY OF THE TAX CREDIT PROGRAMS BUT DID NOT COMPLETE THE PROCESS?**

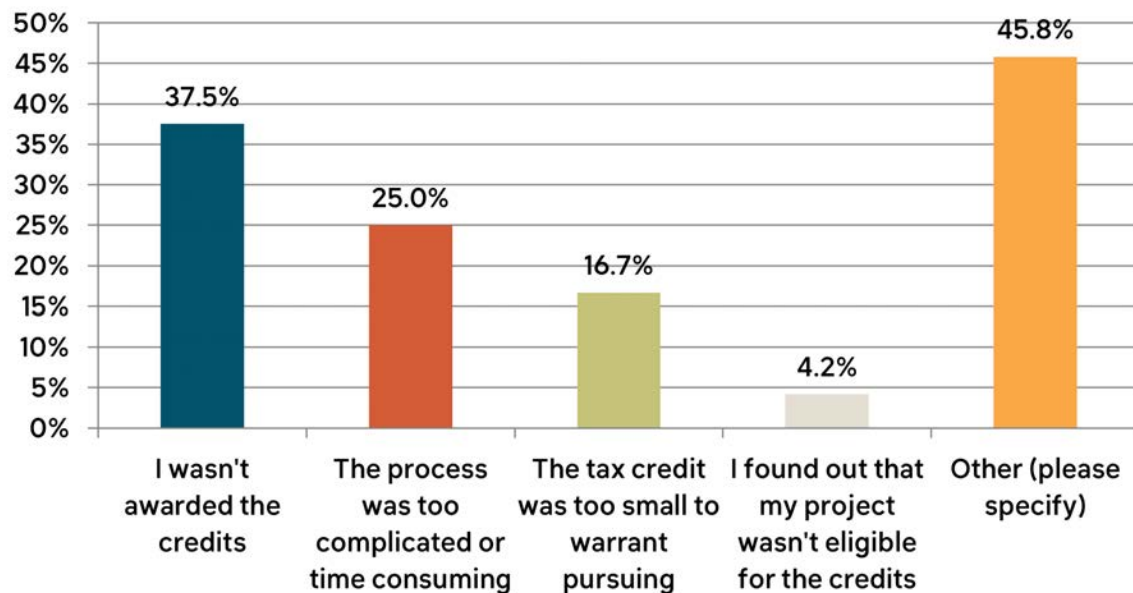
More than a quarter of respondents applied for a credit but did not complete the process.



#### QUESTION 4 – IF YOU ANSWERED YES TO THE QUESTION ABOVE, WHY DIDN'T YOU COMPLETE THE PROCESS? (CHECK ALL THAT APPLY)

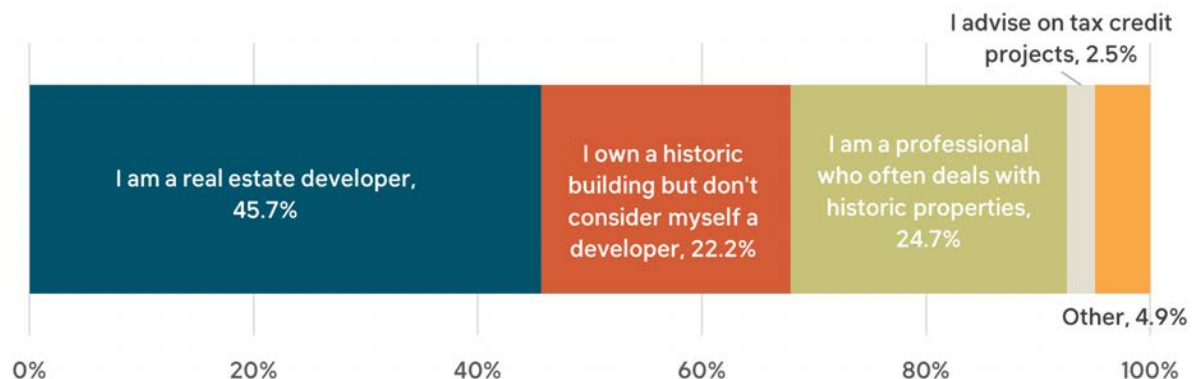
Question 4 probed the reasons why the tax credit process was not completed. The most common of the listed reasons was "I wasn't awarded the credits" (37.5%) but a plurality of respondents answered "Other". The "other" reasons varied widely, with almost as many different reasons as there were "other" respondents.

Throughout this report on the survey results, the open ended responses are listed as received, with no editing or alterations. The single exception was when an individual's name was included in the response.



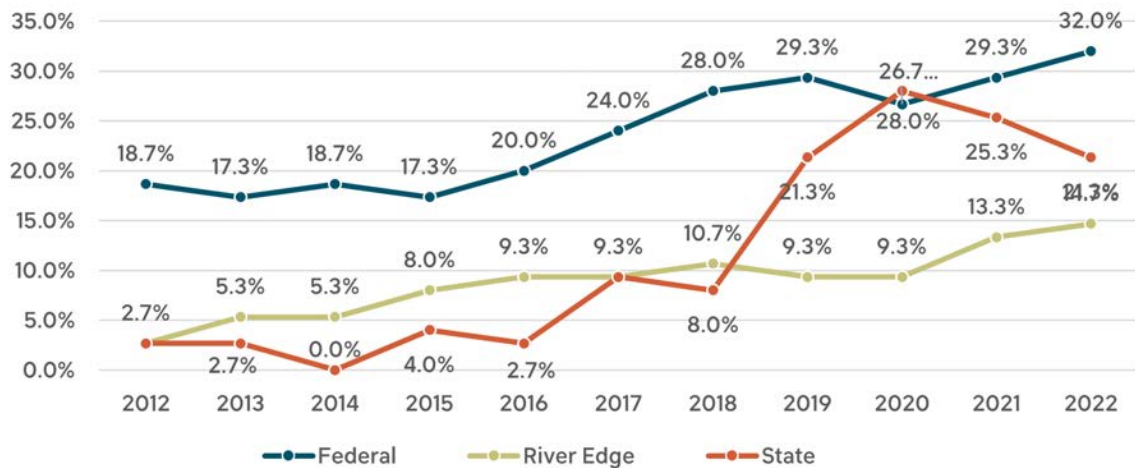
#### QUESTION 5 – WHICH OF THE FOLLOWING BEST DESCRIBES YOU?

Nearly a half (45.7%) of respondents were developers, around a quarter (24.7%) professional in related fields and a bit more than one in five (22.2%) were building owners but did not consider themselves developers.



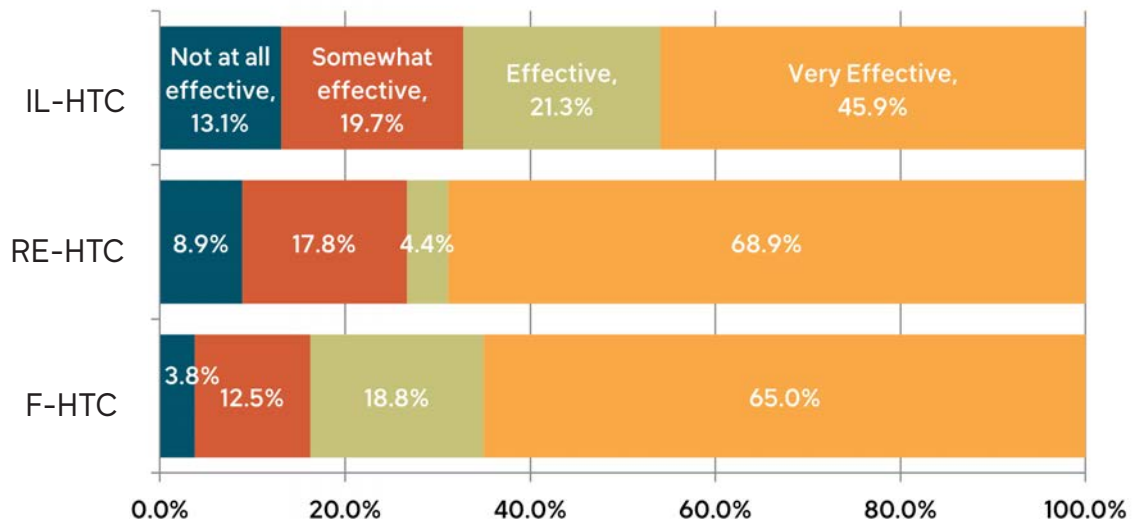
**QUESTION 6 - IN WHAT YEARS HAVE YOU APPLIED FOR ANY OF THESE TAX CREDITS? (CHECK ALL THAT APPLY)**

This question as to what years applications for the credits was made was, in part, to measure the accuracy of other answers. Obviously it would not be possible to apply for a credit before it was enacted by the Illinois legislature. On the whole the answers were as expected, with few responses saying that application was made prior to that being possible. What is interesting with this question is the steady growth in applications for the River Edge credit, suggesting that as more potential users learn of the credit more apply for it.



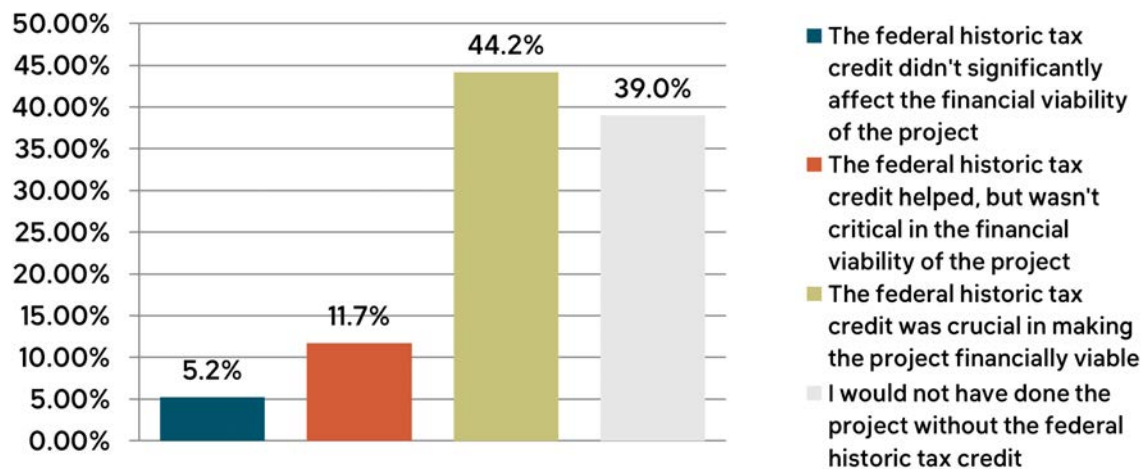
**QUESTION 7 - IN YOUR OPINION, HOW EFFECTIVE IN ENCOURAGING HISTORIC PRESERVATION IS EACH OF THE HISTORIC TAX CREDITS?**

Although all three tax credits available (Federal credit, state credit, River Edge credit) were deemed by most respondents "Very Effective" the state credit was the least so.



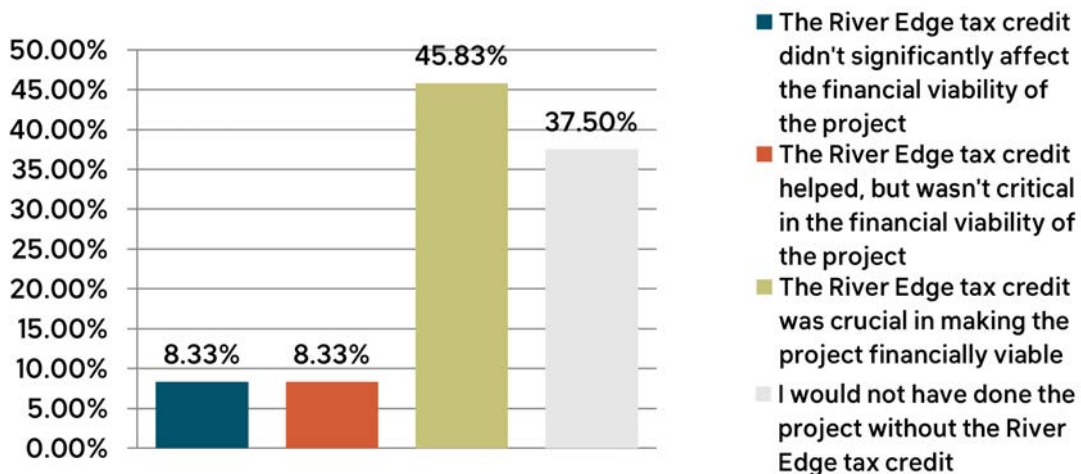
### QUESTION 8 - IF YOU HAVE RECEIVED OR EXPECT TO RECEIVE A FEDERAL HISTORIC TAX CREDIT, WHICH STATEMENT MOST ACCURATELY DESCRIBES THE IMPACT OF THE INCENTIVE?

Very clearly the Federal Tax Credit makes the difference in whether a project goes forward or not. More than 87% of respondents said that either the credit was crucial in making the project viable or that they would not have done the project without the federal credit. A mere 5.2% said the project didn't significantly affect the financial viability of their project.



### QUESTION 9 - IF YOU HAVE RECEIVED OR EXPECT TO RECEIVE A RIVER EDGE HISTORIC TAX CREDIT, WHICH STATEMENT MOST ACCURATELY DESCRIBES THE IMPACT OF THE INCENTIVE?

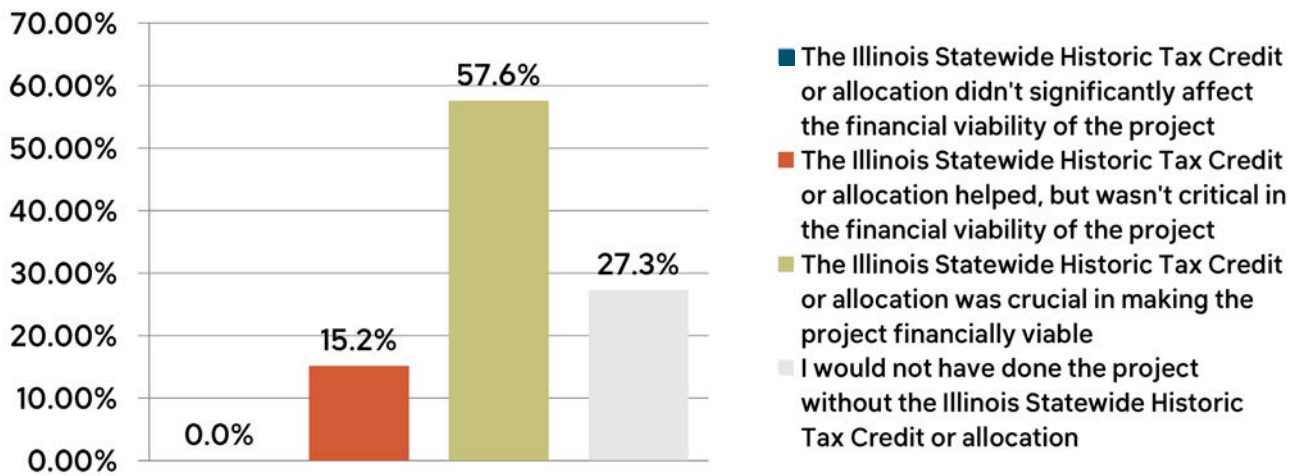
The River Edge tax credit had similar results as the federal credit, with more than 83% saying it was either critical or that the project would not have been completed without the credit. It is important to note that both the IL-HTC and the RE-HTC credit are used in conjunction with the federal credit, so the impact of the two together is important to recognize.





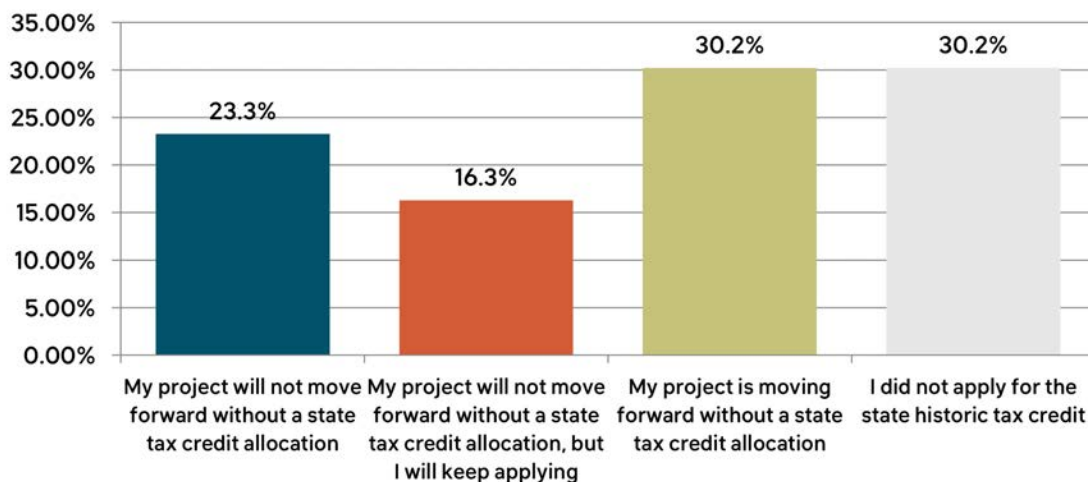
**QUESTION 10 – IF YOU HAVE RECEIVED AN ILLINOIS STATEWIDE HISTORIC TAX CREDIT (IL-HTC) OR ALLOCATION, WHICH STATEMENT MOST ACCURATELY DESCRIBES THE IMPACT OF THE INCENTIVE?**

A smaller number of respondents have used the statewide credit and it is seen as slightly less critical than the other two credits. This is likely to be because of both the programmatic cap on available credits (\$15M/year) and a per project cap (maximum of \$3M), neither of which apply to either the federal or the River Edge credits.



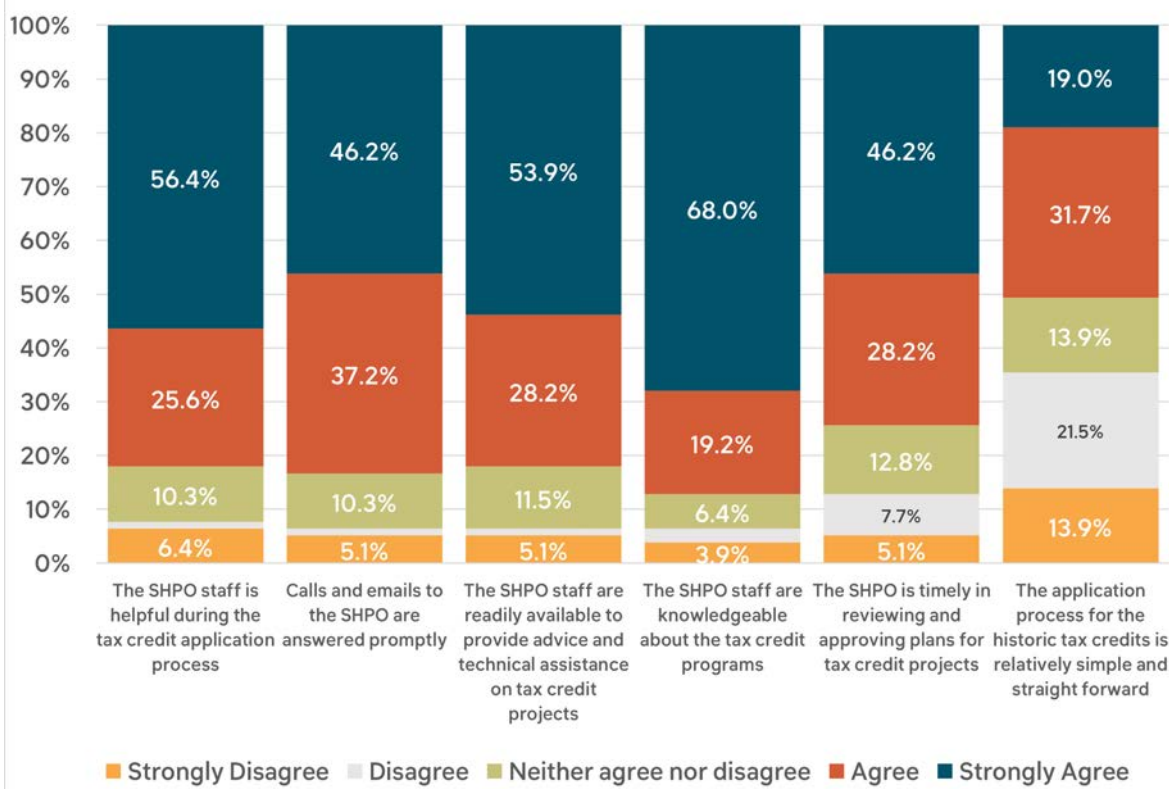
**QUESTION 11 – IF YOU HAVE NOT RECEIVED AN ILLINOIS STATEWIDE HISTORIC TAX CREDIT (IL-HTC) ALLOCATION, WHICH STATEMENT MOST ACCURATELY DESCRIBES THE IMPACT OF THE INCENTIVE?**

The fact that the statewide credit is a competitive allocation process means there is no certainty at the planning stages that the benefits of the credit can be included in the evaluation of financial feasibility. For those who have not received the statewide credit allocation, 30.2% said that their project was moving forward even without the credit.



**QUESTION 12 – NOW WE WOULD LIKE TO LEARN ABOUT THE ADMINISTRATION OF THE TAX CREDIT PROGRAMS. DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?**

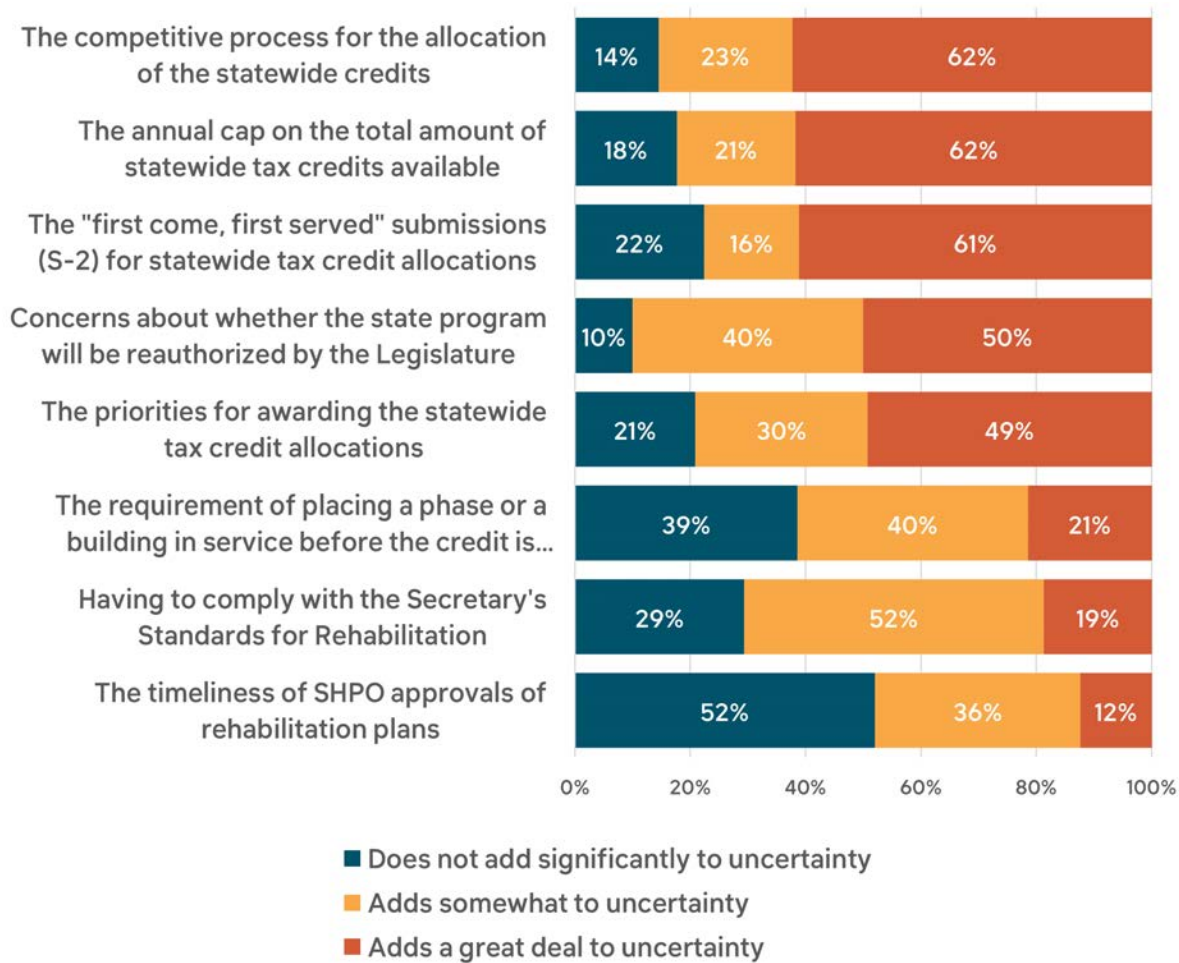
Question 12 was about how the credits are administered. Overall the staff at the State Historic Preservation Office get high marks on their responsiveness, their helpfulness, and their knowledge. Much lower ranking were given to the process itself with significant disagreement with the statement “The application process is relatively simple and straightforward.” It should be noted that the question did not distinguish between the application processes of the three programs (two state and one federal), all of whom require a federally mandated and controlled application



**QUESTION 13 – UNCERTAINTY HAS BEEN IDENTIFIED AS ONE OF THE CHALLENGES IN USING THE HISTORIC TAX CREDITS. HOW MUCH, IF ANY, DO THE FOLLOWING ADD TO UNCERTAINTY IN THE TAX CREDIT PROCESS?**

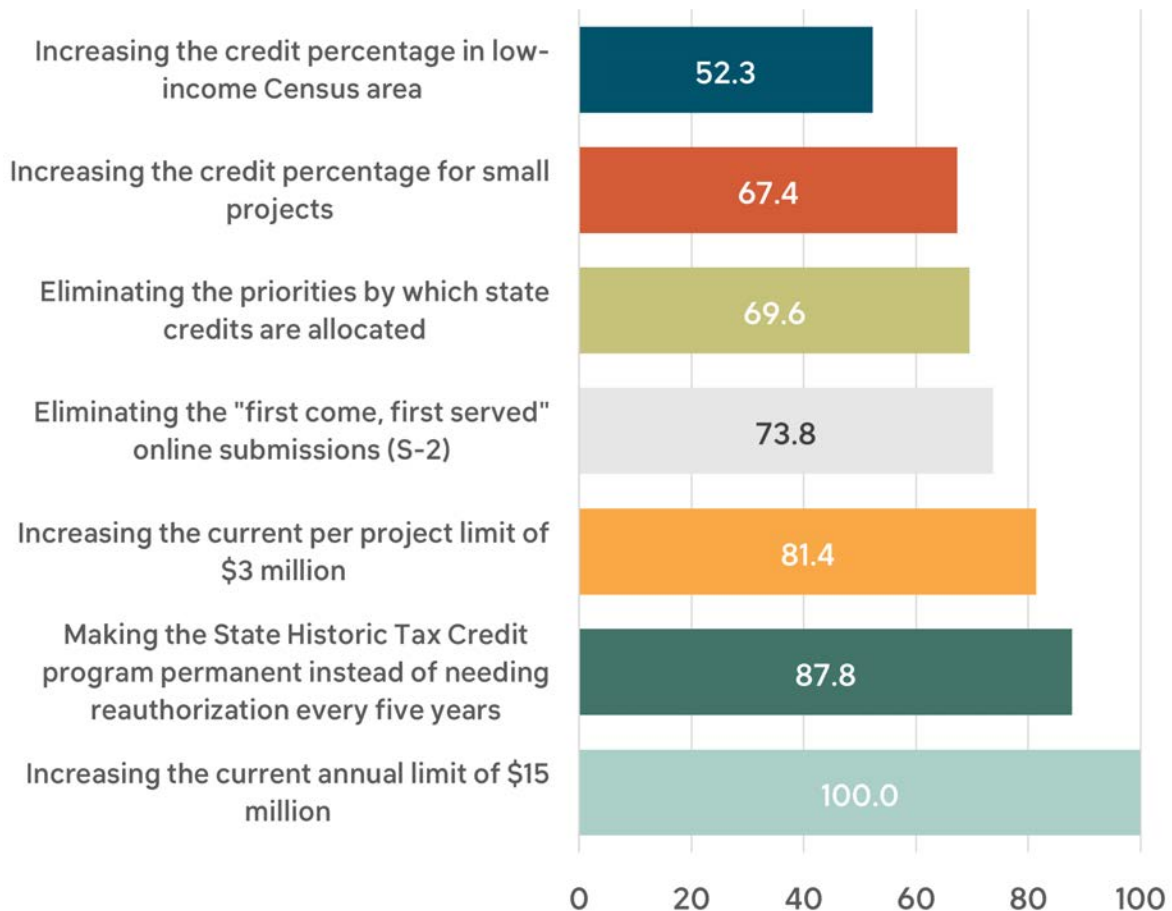
In interviews with developers, building owners, and others the issue of uncertainty was frequently mentioned. Question 13 asked what was providing uncertainty in the tax credit process. More than half of the respondents said that a great deal of uncertainty came from:

- The competitive process for the allocation of the statewide credits (62.3%)
- The annual cap on the total amount of statewide tax credits available (61.8%)
- The “first come, first served” submissions for the statewide tax credit allocations (61.2%)
- Concerns about whether the state program will be reauthorized by the Legislature (50%)



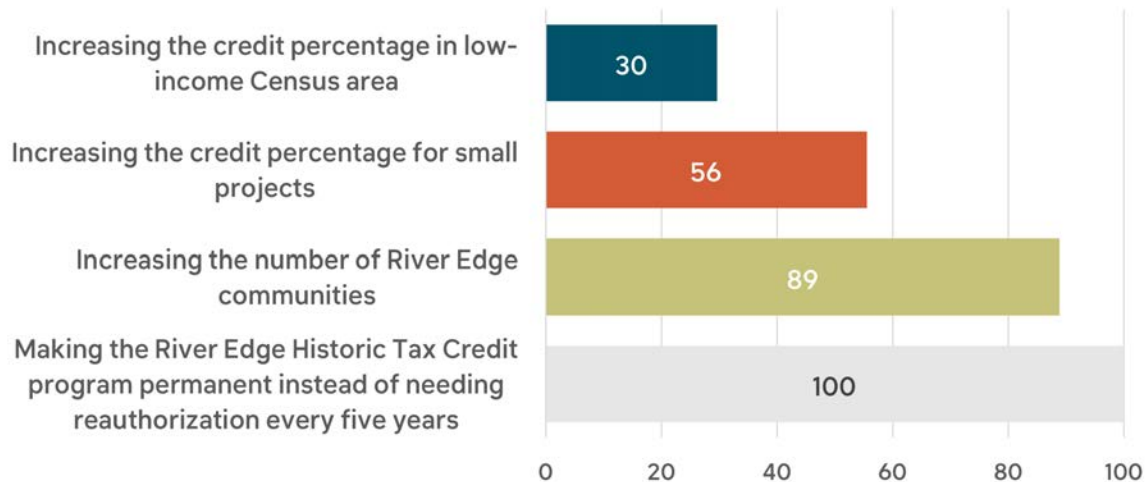
**QUESTION 14 –SUGGESTIONS HAVE BEEN MADE ABOUT HOW THE STATEWIDE HISTORIC TAX CREDIT MIGHT BE IMPROVED. PLEASE RANK THE FOLLOWING FROM MOST IMPORTANT TO LEAST IMPORTANT IN IMPROVING THE PROGRAM. (1 = MOST IMPORTANT; 7 = LEAST IMPORTANT). IT IS NOT NECESSARY TO RANK EVERY CHOICE.**

In response to the changes that could be made to improve the statewide credit, the highest rated was raising the \$15 million annual cap, followed by making the credit permanent rather than requiring a reauthorization every five years, increasing the per project cap of \$3 million, and eliminating the “first come, first served” process.



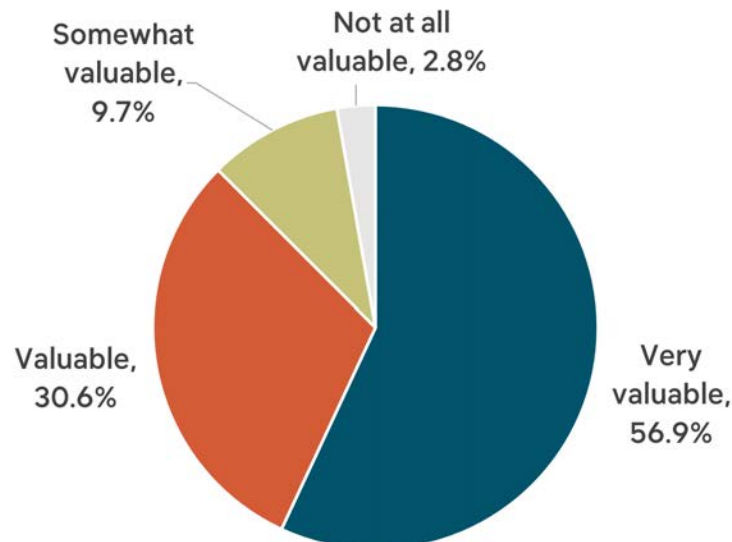
**QUESTION 15 – SUGGESTIONS HAVE BEEN MADE ABOUT HOW THE RIVER EDGE HISTORIC TAX CREDIT MIGHT BE IMPROVED. PLEASE RANK THE FOLLOWING FROM MOST IMPORTANT TO LEAST IMPORTANT IN IMPROVING THE PROGRAM. (1 = MOST IMPORTANT; 4 = LEAST IMPORTANT). IT IS NOT NECESSARY TO RANK EVERY CHOICE.**

The highest priorities for improving the Rivers Edge credit was also eliminating the every five year reauthorization and expanding the program to more communities.



**QUESTION 16 – CURRENTLY ILLINOIS HISTORIC TAX CREDITS CANNOT BE BOUGHT OR SOLD WITHOUT SYNDICATION. WOULD THE STATE CREDITS BE MORE VALUABLE (USEFUL) IF THEY COULD READILY BE BOUGHT AND SOLD?**

In many states the historic tax credit can be sold directly, meaning that the property owner and/or developer can immediately convert the credit into cash equity for a project. That cannot be done in Illinois. There was nearly universal support for a change to allow such transactions with 87.5% saying that change would be either valuable (30.6%) or very valuable (56.9%).



**QUESTION 17 – WHAT OTHER COMMENTS DO YOU HAVE ABOUT THE HISTORIC TAX CREDIT PROGRAMS IN ILLINOIS?**

The final survey question was an open ended one asking for general comments about the program. An unusually high percentage of respondents had suggestions, critiques, or compliments of the current program

Concerns expressed often echoed the responses to earlier questions, for example, the application process is too complex, the IL-HTC program cap is too low, some owners cannot use the credits, design review makes project development high, and the online first come first served is problematic at best. Some responses addressed issues particular to the respondents' situation and projects, such as the legal costs for complicated development partnerships are high, the IL-HTC application process is difficult to explain to clients, and the detail that the NPS requires in an application.

Positive comments included recognizing the helpfulness of SHPO staff, appreciating that the state programs do not require additional design review, and acknowledging that the credits were important to their projects' success.

Recommendations included making the state program more like the federal, raising or eliminating the IL-HTC cap, making the state programs permanent, adding more staff for review, finding a better allocation method than the priorities and first-come-first-served criteria, and making the IL-HTC allocations easier to receive and more like the RE-HTC.



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## ABOUT PLACEECONOMICS

PlaceEconomics is a private sector firm with over thirty years experience in the thorough and robust analysis of the economic impacts of historic preservation. We conduct studies, surveys, and workshops in cities and states across the country addressing issues of downtown, neighborhood, and commercial district revitalization and the reuse of historic buildings.

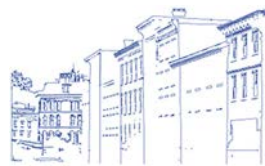
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# THE IMPACT OF HISTORIC TAX CREDIT INVESTMENT IN ILLINOIS

A Study of the Economic Impacts of the  
Illinois Historic Preservation Tax Credit and  
River Edge Historic Tax Credit Programs



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