

*Using*

# HISTORIC TAX CREDITS

*For Your Project*

ENHANCING *Community Pride*    EMBRACING *City History*    ENABLING *Redevelopment*

## HISTORIC TAX CREDITS, OVERVIEW

The Rochelle Downtown Historic District was established in 2018 as a means to recognize History and Opportunity — Celebrating our past, and providing a foundation for rehabilitating historic buildings in our city center. The district includes 55 buildings with a variety of architectural styles from the 19th and 20th centuries. 43 of these properties are Contributing buildings and therefore are eligible for a Historic Preservation Tax Credit (HTC).

Learn more about how this funding tool could work for your project.

## 1 What Are Historic Tax Credits?

Property owners who are undertaking a historic rehabilitation project are eligible to receive a state and federal Historic Tax Credit on qualified expenses.

- State tax credits: 25% (competitive, capped at \$3 million per project)
- Federal tax credit: 20% (non-competitive)

Both credits can be used, resulting in a total of up to 45% of qualified expenses being eligible for HTCs.

## By the Numbers - Project Example

**\$1  
MILLION**

of Qualified Rehabilitation Expenditures (QREs) within the rehabilitation project (See #5 for more info)

**\$250  
THOUSAND**

in state Historic Tax Credits issued to the eligible and competitive project

**\$200  
THOUSAND**

in federal Historic Tax Credits issued to the eligible project



## HISTORIC TAX CREDITS, OVERVIEW



### 2 What Difference Can Historic Tax Credits Make?

- They close the gap: For many projects, HTC's make the project financially feasible and allow the project to move forward.
- They reduce the risk: By adding HTC's to the capital stack, it lessens the need for equity and the loan amount.
- They pair well: The HTC's are compatible funding sources with most other incentives including TIF, grants, façade improvement programs, etc.
- They are versatile: You can claim the credits for yourself to reduce tax liability, or bring on a partner that can utilize them instead.



### 4 Any Requirements I Have to Follow?

- The work for the project must be approved in advance by the State Historic Preservation Office and National Park Service.
- The owner must apply for state credits prior to occupancy of the building.
- The project must follow the Secretary of the Interior's Standards for Rehabilitation of Historic Properties.
- Properties must be rehabilitated for income-producing use.
- Investment size must be considered a "substantial rehabilitation".



### 3 What Type of Property Is Eligible?

The property must be a certified historic structure, which means it must be one of the following:

- Individually Listed on National Register of Historic Places, or
- Considered a Contributing building within a National Register (NR) Historic District.

Visit [bit.ly/rochellehistoric](http://bit.ly/rochellehistoric) to view a map of properties within the Rochelle Downtown Historic District.



### 5 What Expenditures Qualify for HTC's?

The following is an example of Qualified Rehabilitation Expenses (QREs) and not an exhaustive list:

- Hard Costs: Demo, construction (within building envelope)
- Soft Costs: Legal fees, architectural/engineering fees, developer fee
- Does not include: Acquisition costs, marketing costs, parking lots (outside of envelope), roof decks

## RESOURCES + CONTACT



District Boundaries + Properties Map:  
[bit.ly/rochellehistoric](http://bit.ly/rochellehistoric)



Michelle Pease, Community Development Director, City of Rochelle  
Phone: 815-562-8717 Email: [mpease@rochelleil.us](mailto:mpease@rochelleil.us)



