

## Georgia State Income Tax Credit for Rehabilitated Historic Properties SFY 2021 End of Year Report - July 1, 2020 through June 30, 2021

### Background

- In March 2002, the Georgia General Assembly passed, and the Governor signed into law, the State Income Tax Credit for Rehabilitated Historic Property (O.C.G.A. Sec.48-7-29.8). Since January 2004, owners of historic residential and commercial properties who plan to undertake a substantial rehabilitation have been eligible to apply for the credit.
- The program is administered through the Historic Preservation Division (HPD) of the Georgia Department of Community Affairs (DCA) in collaboration with the Georgia Department of Revenue (DOR).
- The program allows 25% of qualified rehabilitation expenditures to be taken as a state income tax credit for both historic homes and income-producing structures. If the property is in a low-income target area, a 30% credit is allowed. The credit is capped for individual projects at \$100,000 for historic homes and \$300,000 for income-producing buildings or \$5 million/\$10 million for projects meeting certain other criteria in a \$25 million annual program cap category.
- The State Preferential Property Tax Assessment for Rehabilitated Historic Property and the Federal Rehabilitation Investment Tax Credit are companion programs.

### Eligibility

- Property must be listed in the Georgia Register of Historic Places or be determined eligible for listing at the time of application and be listed prior to claiming the tax credit.
- Project work must be certified as meeting the Department of Community Affairs' *Standards for Rehabilitation*.
- Project qualified rehabilitation expenditures must meet a substantial rehabilitation test.
- **Part A – Preliminary Certification** should be submitted to HPD before project work begins. Once the Part A is approved, the applicant has two years (five years for phased projects) to complete the rehabilitation.
- **Part B – Final Certification** is submitted to HPD when the project is finished. After the Part B is approved, the owner applies the credit to the taxable year the rehabilitation is completed or allocated.

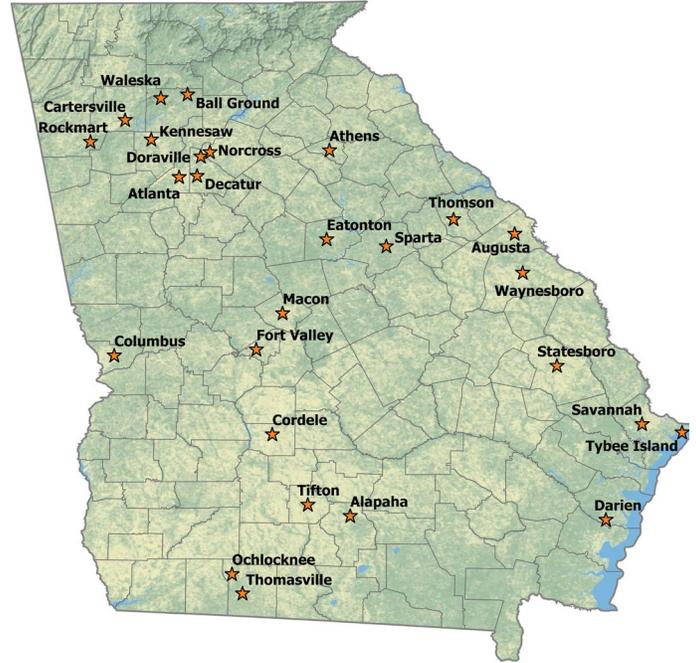


*Built in 1926, Waynesboro Elementary School in Burke County utilized state and federal rehabilitation tax credits as well as LIHTCs to rehabilitate the former school into senior housing.*

## SFY 2021 Economic Impact of Tax Incentives:

Georgia's preservation tax incentives programs play a significant role in the economic development of communities throughout the state by creating jobs, spurring neighborhood and downtown revitalization, enriching and supporting cultural and heritage tourism, encouraging local investment, and boosting tax revenues.

Statistics for SFY 2021 reveal continued widespread utilization of tax incentives and the significant private investment they attract. Rehab projects are in both urban centers and small towns across the state. Projects included houses, downtown commercial buildings, and adaptive use rehabilitation of institutional and industrial facilities with individual project investment ranging from about **\$50,000** to **\$85 million**. Communities with project activity were led by Atlanta, with **26** projects (preliminary and final certifications), followed closely by Macon (**21** projects) and Savannah (**18** projects). Other cities and towns with project activity included Athens, Augusta, Ball Ground, Cartersville, Columbus, Cordele, Darien, Decatur, Doraville, Eatonton, Fort Valley, Kennesaw, Ochlocknee, Rockmart, Sparta, Statesboro, Thomasville, Thomson, Tifton, Tybee Island, Waleska, and Waynesboro.



Another tangible measurement of the program's effectiveness is represented by the leveraging effect of the tax credits (ratio of tax credits earned to amount of private investment), especially considering the benefits of the private investment accrue before the tax credits are applied. In SFY 2021, the leverage ratio for completed projects (final certifications) was **1:12**.

**72 preliminary certification applications** for *proposed* work were submitted representing **18 historic home** rehabilitations and **54 income-producing** property rehabilitations equaling:

- **\$179,877,195** in investment
- **1,177** jobs created\*
- **\$65,076,332** in salary and wages generated\*
- **1,224** additional jobs being created elsewhere\*
- **\$20,256,819** in potential state tax credits
- **\$5,396,316** in state tax revenue generated from projects\*\*
- **\$5,216,439** in local tax revenues generated from projects\*\*



**46 final certification applications** for *completed* projects were submitted, representing **17 historic home** rehabilitations and **29 income-producing** property rehabilitations equaling:

- **\$165,452,770** in investment
- **1,082** jobs created\*
- **\$59,857,834** in salary and wages generated\*
- **1,126** additional jobs being created elsewhere\*
- **\$13,270,187** in potential state tax credits
- **\$4,963,583** in state tax revenue generated from projects\*\*
- **\$4,798,131** in local tax revenues generated from projects\*\*



*This house located in the Kirkwood neighborhood of Atlanta was built in 1900. A recent rehabilitation allowed for important structural work to be performed as well as the repair of other architectural features.*

\* Statistics calculated using multipliers provided in HPD's *The Economic Benefits of Historic Preservation in Georgia* report available on HPD's website at <https://www.dca.ga.gov/georgia-historic-preservation-division>. Statistics provided here should not be directly compared to SFY2011-2016 as the economic modelling currently applied uses different data sets.

\*\* Includes revenue from sales taxes, property taxes, wages & salaries, corporation, and other taxes/revenues generated by project activities during rehabilitation.

