THE IMPACT OF HISTORIC TAX CREDIT INVESTMENT IN ILLINOIS

2012-2024

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 May 2025

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 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), whose 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." On February 7, 2023, Governor JB Pritzker appointed IDNR Director Natalie Phelps Finnie as Illinois' State Historic Preservation Officer. The SHPO's Tax Incentives & Architecture Section administers the Illinois Historic Preservation 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.
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> 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 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. Due to the success of the first Economic Impact Report (EIR), SHPO staff was authorized to contract directly with PlaceEconomics for the second report, and that contract was executed on August 18, 2024. From September 30 through October 3, 2024, SHPO staff and three PlaceEconomics staff visited several completed and ongoing IL-HTC and RE-HTC projects throughout the state and interviewed a variety of stakeholders, from mayors to residents, developers to small-business owners.

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Message from Director Natalie Felps Finnie

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

Throughout 2025 the Illinois Department of Natural Resources (IDNR) is celebrating 100 years of conservation across the state of Illinois. The agency's predecessor, the Illinois Department of Conservation, was established on July 1, 1925.

Managing, conserving, and protecting Illinois' natural, recreational, and cultural resources remains a critical part of IDNR's mission, and helping steward Illinois' cultural resources is a core function of the State Historic Preservation Office (SHPO). Its programs complement and overlap with IDNR's other programs, offices, and projects.

I'm proud to share the hard work that my SHPO Architecture and Tax Incentives staff have accomplished with their management of the Illinois Historic Preservation Tax Credit Program (IL-HTC) and the River Edge Historic Tax Credit Program (RE-HTC).

Since 2019, when the IL-HTC program began and the SHPO began administering the RE-HTC program, staff have continued to improve application processes to help those who are investing in Illinois' historic buildings, their communities, and their future. With more towns establishing River Edge Redevelopment Zones and historic districts, the demand for the RE-HTC is compelling, as is the program's success.

But don't just take my word for it. This report provides persuasive analyses for both programs and fascinating stories of a few of these projects.

Although relatively new compared to IDNR's centennial legacy, both incentive programs have already transformed many buildings and communities, improved quality of life, and spurred economic growth. I trust you'll find this report useful and informative, and I look forward to sharing more successes with you in the future.

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.

HISTORIC TAX CREDITS ARE GENERATING JOBS, LABOR INCOME, PROPERTY AND SALES TAX REVENUES, AND MORE THROUGHOUT ILLINOIS.

- The River Edge Historic Tax Credit (RE-HTC) continues to be 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, and the increase to the programmatic cap approved in 2023 allows more projects to take advantage of the credit.
- Almost half of the State's counties (49 of 102) are home to a certified 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 $22.38, and local governments will have already received $16.65 in tax revenues, Thus, $39.03 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 $467.60 in direct private investment and an additional $375.33 in indirect and induced economic activity.
- Based on the three River Edge cities examined, every one-time investment of $250,000 in tax credits by the State of Illinois results in $28,046 of additional, annually recurring, property-tax revenue to local governments.

Midtown Faust in Rockford was rehabilitated by Brad and Sue Roos in 2024 using the RE-HTC. The Faust Building is now home to a pottery studio, office space for a local nonprofit and Roos' woodshop.

RE-HTC Key Findings

THE RE-HTC HAS GENERATED OVER $30 MILLION IN LABOR INCOME EACH YEAR.

- Since its enactment in 2012, 41 RE-HTC projects have been completed, and 32 are underway.
- Certified RE-HTC projects represent a private investment of over $643 million
- Projects utilizing the RE-HTC have generated an average of 290.1 direct jobs and an additional 233.8 indirect and induced jobs each year.
- These jobs have generated $19,825,644 in direct labor income and $15,692,442 in indirect and induced labor income every year.
- Retail sales in historic districts within River Edge Redevelopment Zones increased by 44%, 13% more than in the non-historic parts of the Zones and 27.3% more than in the rest of the municipalities.

IL-HTC Key Findings

THE IL-HTC IS GENERATING NEW UNITS OF AFFORDABLE HOUSING.

- Since taking effect on January 1, 2019, 14 IL-HTC projects have been completed, and 26 additional projects have received a tax-credit allocation.
- Over $263 million of private investment has been made in Illinois' historic buildings through certified IL-HTC projects.
- An additional $597 million of private investment is being made in projects that have received an IL-HTC allocation but have not yet been completed.
- IL-HTC projects have generated an average of 245.6 direct jobs and 197.9 indirect and induced jobs each year.
- These jobs have yielded $17,838,859 in direct labor income and $13,884,804 in indirect and induced labor income each year.

Illinois State Bank Building
of Quincy, Quincy
IL-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 positive economic impact of rehabilitating historic buildings and the importance of quantitatively measuring that impact. This understanding is reflected not only by the high rate of participation in the Federal Historic Preservation Tax Credit program (F-HTC) but also 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), and the legislatively mandated requirement to thoroughly analyze their impact and effectiveness. Some 37 other states also have historic tax credit programs, but most 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 formerly government-owned buildings, such as schools, hospitals, and post offices. Moreover, the enabling legislation of both state incentives mandates biennial quantitative analysis of the use and impact of the state historic tax credit programs. In May 2023, the inaugural report on the impact of the historic tax credits in Illinois was produced , which analyzed data through 2022. This 2025 report represents the first of the biennially mandated comprehensive updates.

Illinois' two state-level historic, tax-credit programs have had positive economic, cultural, and environmental impacts across the state. From Chicago to East St. Louis, historic tax-credit projects have created jobs and revitalized buildings that now house new, local businesses. Private investment in historic buildings through historic tax credits brings vacant and underutilized buildings back online, increases property-tax revenues and generates returns to the State through increased retail-sales taxes. These projects create sustained sources of income for Illinoisans through construction jobs; because historic-rehabilitation projects are more labor intensive than new-construction projects, a larger share of a project's costs go directly to labor income rather than to the purchase of materials. Not only have these rehabilitation projects re-densified commercial cores and revived local landmarks that contribute to community pride and social cohesion, they have also kept thousands of tons of construction and demolition debris out of landfills.

Fox Valley Apartments,
formerly Lincoln School
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.[1] If a building owner invests $100,000 in a certified rehabilitation of their historic building and uses the RE-HTC, they will receive a $25,000 credit towards 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 historic structures who undertake certified rehabilitations. In 2023, the IL-HTC annual program cap was authorized to increase from $15 million to $25 million, beginning on January 1, 2024. Two allocation rounds are held each year, and allocations are assigned by ranking projects according to a list of statutory priorities. Since the first application round for an IL-HTC allocation took place in 2019, SHPO architecture staff has made improvements to the competitive allocation process, which are outlined in the IL-HTC chapter.

For a project to qualify for either of the state historic tax credits, buildings must be designated as "historic," meaning individually listed on the National Register of Historic Places (NRHP) or listed a contributing building in either a NRHP historic district or a locally designated historic district that has been certified by the National Park Service (NPS). The project must also obtain F-HTC certification from the NPS. Therefore, the two state-level, historic tax-credit programs offered in Illinois have been designed to dovetail with the F-HTC. There is no additional design review for the state tax-credit programs beyond that of the F-HTC. For the remainder of this report, to eliminate the possibility of duplicating data across programs, projects were separated into 3 categories: projects that took the F-HTC only, projects that paired the F-HTC with the IL-HTC, and projects that paired the F-HTC with the RE-HTC.

1 Illinois Public Act 103-0009 and Illinois Public Act 103-0595, respectively signed by Governor Pritzker on June 7, 2023, and June 26, 2024, authorized the ability to establish additional River Edge Redevelopment Zones in East Moline, Joliet, Kankakee, LaSalle, Moline, Ottawa, Peru, Quincy, and Rock Island, where the RE-HTC will be available upon certification of the zones by the Department of Commerce and Economic Opportunity.

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:

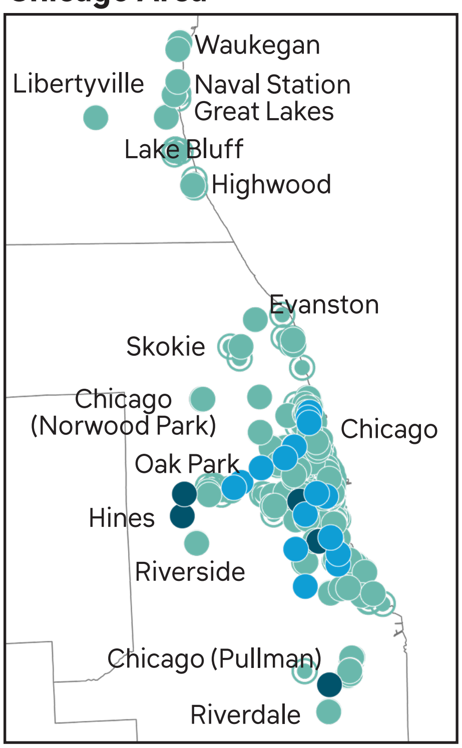
	Federal Historic Tax Credit (F-HTC)	River Edge Historic Tax Credit (RE-HTC)	Illinois Historic Preservation Tax Credit (IL-HTC)
Enacted	1976	2012	2018
Building Eligibility	Listed individually on the NRHP or within NRHD or certified local historic district[2]	Same as Federal AND located within a River Edge Redevelopment Zone	Same as F-HTC
Post-Rehab Use	Income-producing	Same as F-HTC	Same as F-HTC
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	Same as F-HTC	$3 million
Yearly Program Cap	None	Same as F-HTC	$25 million
Earn Credit Upon Certification of Completed Phases	Yes	Same as F-HTC	No
Transferability of credit	Cannot be bought and sold but can be syndicated	Same as F-HTC	Same as F-HTC
Recapture	Yes (5 years)	None	Same as F-HTC
Rehabilitation Standards	Must meet Secretary of the Interior's Standards for Rehabilitation	Same as F-HTC	Same as F-HTC
Review of Work	National Park Service and State Historic Preservation Office	Same as F-HTC	Same as F-HTC
Minimum Investment	$5,000 or the building's adjusted basis, whichever is greater.	Same as F-HTC	Same as F-HTC
Qualified Rehabilitation Expenditures (QREs)	Rehabilitation but not acquisition, site improvements, or additions	Same as F-HTC	Same as F-HTC
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

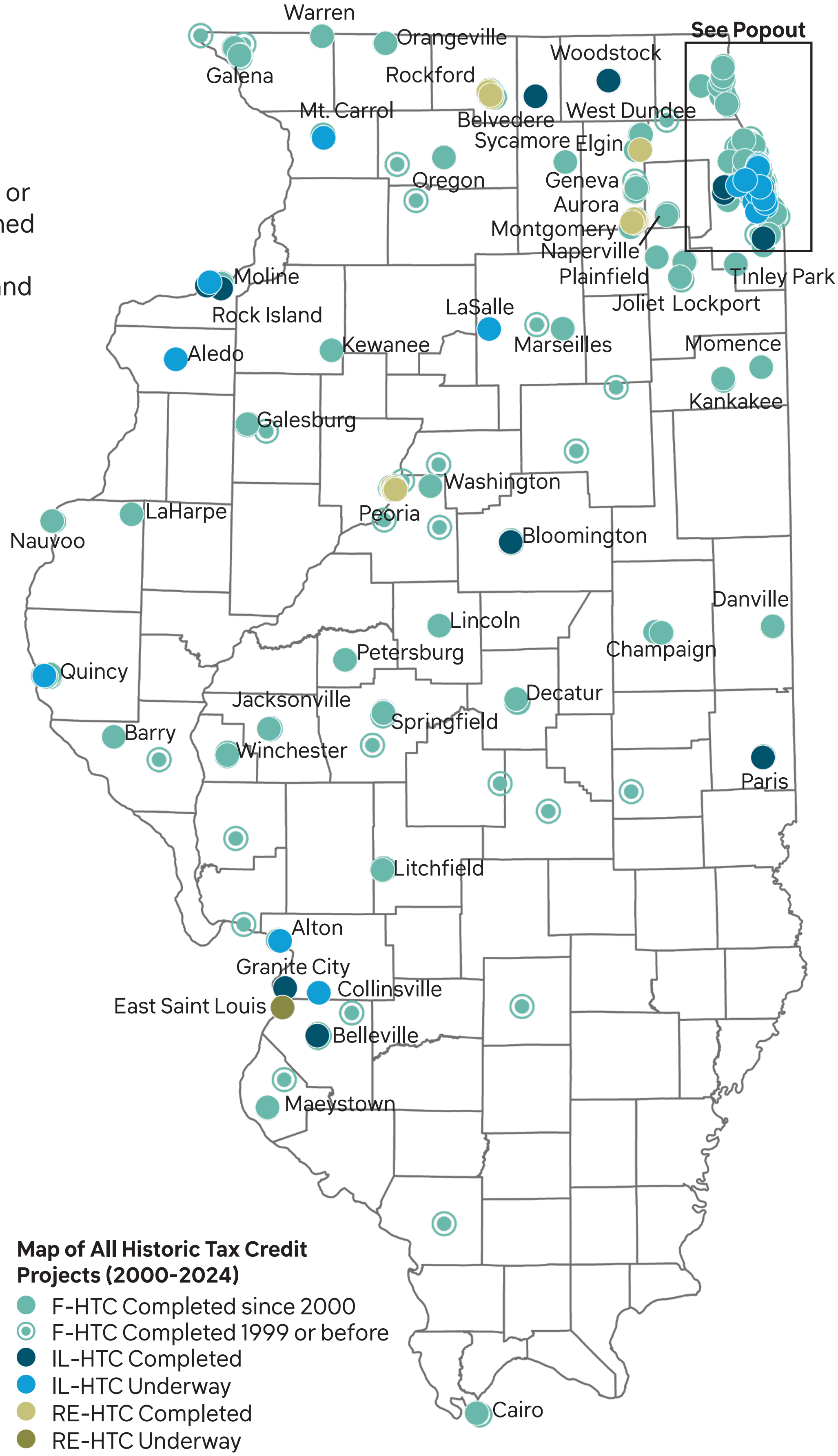
2 "NRHP" means the National Register of Historic Places, and "HD" means a Historic District.
3 "RERZ" means River Edge Redevelopment Zone.

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. This study examined the impact of projects that have utilized the IL-HTC, the RE-HTC, and the F-HTC since 2000.

Chicago Area





FEDERAL HISTORIC PRESERVATION TAX CREDIT (F-HTC)

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

SINCE 2000, NEARLY 300 F-HTC PROJECTS HAVE BEEN CERTIFIED, REPRESENTING OVER $8 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 private investment in historic buildings and promoting community revitalization. Since 1976, over 48,000 buildings across the country have been rehabilitated using this credit.

The F-HTC uses a three-part application process. Part 1 confirms the historic status of the building. Part 2 describes its condition and the planned work, which is evaluated by the NPS and the SHPOs for conformance with the Secretary of the Interior's Standards for Rehabilitation (Standards). Part 3 documents that the work was completed as approved. Once its Part 3 is approved by the NPS, the project is 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.

SINCE THE CREATION OF THE IL-HTC AND RE-HTC PROGRAMS, THE AVERAGE ANNUAL INVESTMENT THROUGH THE F-HTC HAS MORE THAN DOUBLED.

Since 2000, the NPS has certified 292 F-HTC projects in the State of Illinois.[4] While the F-HTC is administered by the NPS, review of these applications requires significant resources and time from both SHPO and NPS staff. The totals in the table below do not include projects that simply inquire about potential tax credits, nor amendments to application components, meaning the number of actual reviews conducted by NPS and SHPO staff is significantly larger than the number of certified projects.

Prior to 2011, Illinois had no state-level historic tax credit to complement the F-HTC.[5] 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 2024, 105 projects received a F-HTC certification alone, representing a total private investment of over $5.8 billion.

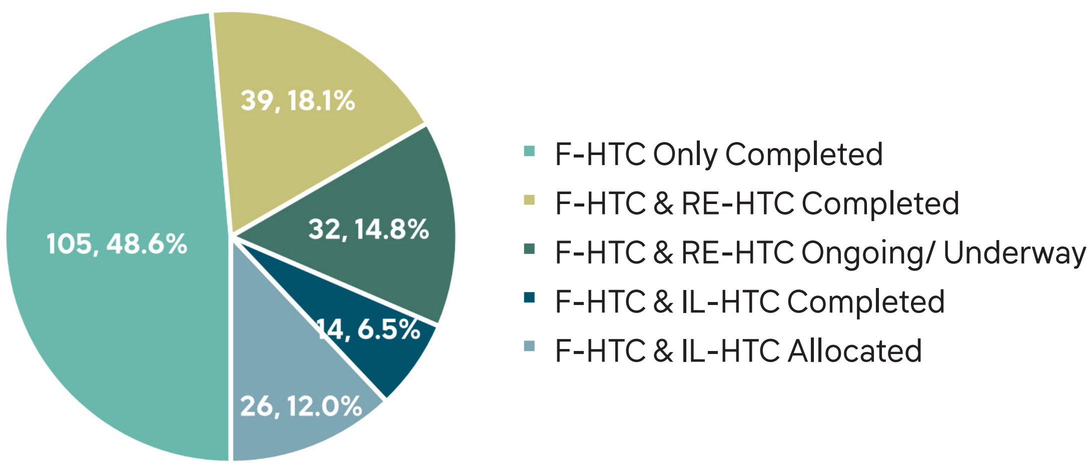
Calendar Year	Number of Certified Part 3s	Qualified Rehabilitation Expenditures	Other Expenditures	Total Investment	F-HTC Credit Achieved
2000	9	$38,443,381	$4,734,612	$ 43,177,993	$ 7,688,676
2001	16	$53,221,435	$3,771,829	$ 56,993,264	$10,644,287
2002	15	$38,965,055	$209,301	$ 39,174,356	$7,793,011
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
2023	9	$998,292,819	$1,513,921,606	$2,512,214,425	$199,658,564
2024	10	$165,974,809	$46,676,915	$212,651,724	$33,194,962
Grand Total	292	$5,737,620,268	$2,961,927,403	$8,699,547,672	$1,147,524,054

4 The projects analyzed in this section utilized the F-HTC but did not use either the IL-HTC or RE-HTC.
5 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 the Hotel Pere Marquette in Peoria. This report does not include the Pere Marquette rehabilitation in its analyses of the state tax-credit programs.

PAIRING STATE AND FEDERAL HISTORIC TAX CREDITS

The F-HTC can be easily paired with either of Illinois' two state-level, historic tax credits. In order to qualify for the RE-HTC or IL-HTC, a project must also receive a F-HTC Part 3 certification from the NPS. Since 2015 (the year that the first State HTC project was certified), 105 projects have used F-HTC alone, while another 111 have or will be pairing the F-HTC with either the IL-HTC or RE-HTC. Meaning, over half of all F-HTCs since 2015 have been paired 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 (2015-2024)



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 Rockford, only eight F-HTC projects occurred citywide prior to the availability of a state tax credit. However, after the establishment of the RE-HTC, Rockford has had 17 certified RE-HTC projects, with another 13 underway, and an additional two F-HTC-only projects.

A Tax Credit is a dollar for dollar offset of income taxes that would otherwise have to be paid. While tax credits can leverage private investment, they are only claimed by the owner/applicant after the rehab project has been completed (Part 3 certified by the NPS). Additionally, tax credits are only for a percentage of the Qualified Rehabilitation Expenditures (QREs) and are not based on the project's entire cost. Examples of expenditures that are not qualified include acquisition costs, constructing a new addition to a historic structure, and site improvements, such as sidewalks, landscaping, and parking.

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 $643 MILLION OF PRIVATE CAPITAL HAS BEEN INVESTED IN RIVER EDGE COMMUNITIES THROUGH THE RE-HTC SINCE 2015.

HOW THE RE-HTC WORKS

As a by-right and uncapped program, 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 who undertake certified rehabilitations located within River Edge Redevelopment Zones. When the program was enacted in 2012, the program was available in Aurora, East St. Louis, Elgin, Peoria, and Rockford. In 2023 and 2024, nine additional cities were authorized to create River Edge Redevelopment Zones: East Moline, Joliet, Kankakee, LaSalle, Moline, Ottawa, Peru, Quincy, and Rock Island, all of which are in the process of establishing their Zones. The RE-HTC credit is by-right if a project 1) substantially rehabilitates a certified historic property in a River Edge Redevelopment Zone (RERZ), 2) results in an income-producing use, 3) is an NPS-certified rehabilitation, and 4) has QREs that exceed the greater of $5,000 or the adjusted basis of the property.[6] 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 approved by the NPS.[7] The RE-HTC legislation is set to expire on 12/31/2026.

THE RE-HTC LEGISLATION IS SET TO EXPIRE IN 2026. IF NOT EXTENDED, RECENTLY ADDED COMMUNITIES WILL NOT GET THE CHANCE TO BENEFIT FROM THE RE-HTC.

6 The original RE-HTC legislation defined the minimum expenditure as 50% of the purchase price of the property when it was last sold. Effective 1/1/2019, this was changed to align with the F-HTC definition.

7 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.

UPDATE SINCE 2022 STUDY:

EXPANSION OF THE RIVER EDGE REDEVELOPMENT COMMUNITIES

The expansion of the River Edge Redevelopment Zone (RERZ) program in 2023 and 2024 was due, in large part, to grassroots advocacy from cities across the state. The City of Quincy acknowledged the cost of inaction. Kyle Moore, former Mayor of Quincy, President of the Great River Economic Development Foundation, and now Illinois State Representative for the 99th Congressional District, said that Quincy lost some important buildings due to a lack of resources available in similar cities. The loss of the historic Newcomb Hotel spurred Quincy's effort to explore additional incentives for historic buildings. Recognizing the success of the River Edge Historic Tax Credit in Rockford and Peoria, Great River Economic Development Foundation partnered with the Chamber of Commerce in 2023 to hire a lobbyist to help add Quincy to the RERZ legislation.

Similarly, in Rock Island, a downtown building was lost because not enough incentives were available for rehabilitation. State Senator Mike Halpin and State Representative Gregg Johnson, both of whom represent congressional districts that include Rock Island, believed that Rock Island was the poster child for inclusion in the RERZ program. City staff made it clear that, due to their proximity and shared labor and development markets, Rock Island and Moline were a package deal – meaning that if Rock Island were included in the RERZ expansion, Moline had to be, too.

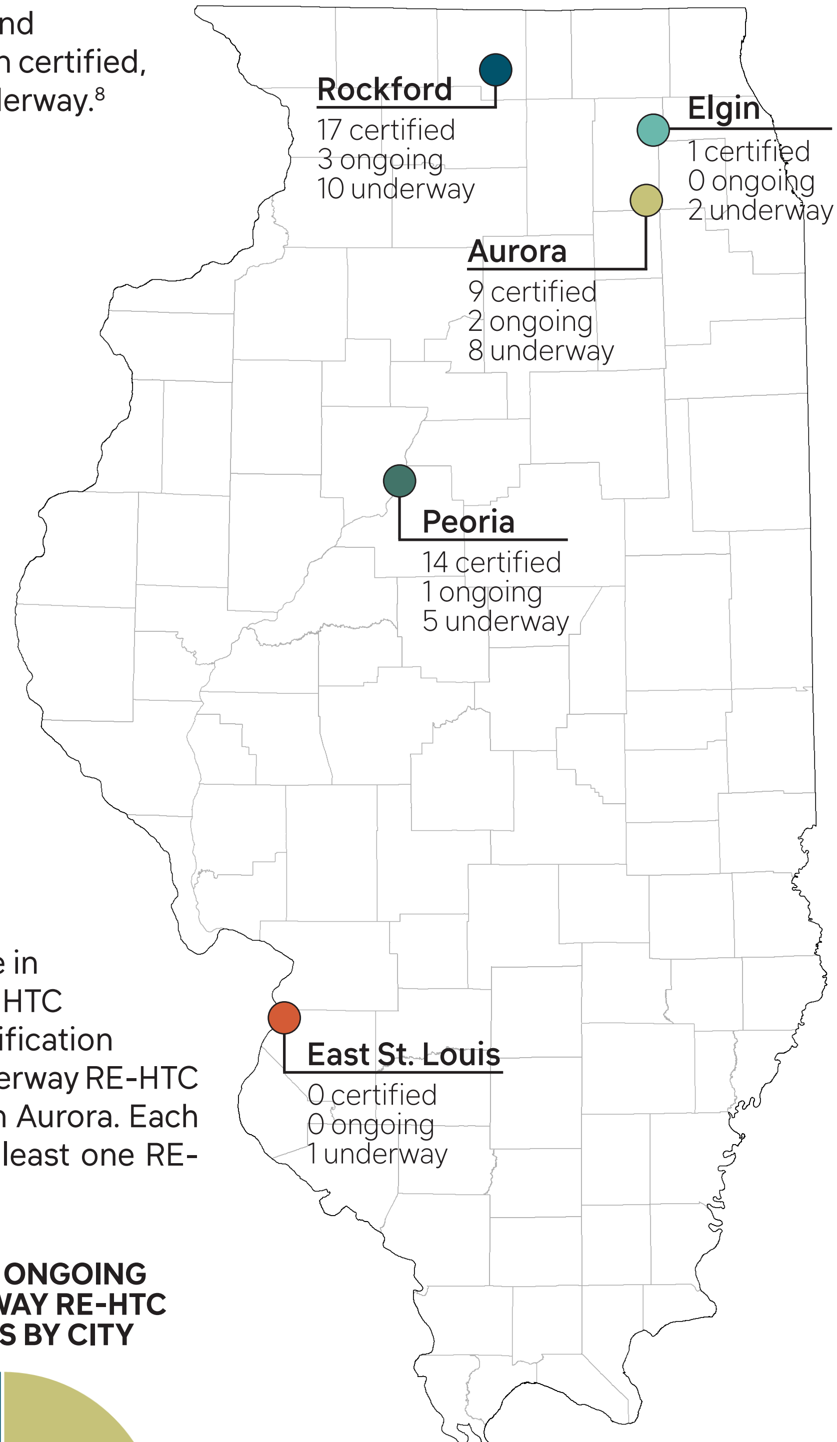
Illinois Public Acts 103-0009 and 103-0595, signed into law by Governor Pritzker on June 7, 2023, and June 26, 2024, respectively, authorized the establishment of River Edge Redevelopment Zones in East Moline, Joliet, Kankakee, LaSalle, Moline, Ottawa, Peru, Quincy, and Rock Island. While they have been added to the RERZ legislation, that does not mean that their historic buildings are automatically eligible for the River Edge Historic Tax Credit (RE-HTC). Each city must first establish its River Edge Redevelopment Zone and certify it with the Department of Commerce and Economic Opportunity, which takes time, deliberation, and review. After certification, only then are owners of historic buildings within the RERZ eligible to begin incurring rehabilitation expenditures that qualify for the RE-HTC. **The RE-HTC legislation is set to expire in 2026. If it is not extended, these recently added communities will not get the chance to benefit from the RE-HTC.**

As of the end of 2024, Moline, Ottawa, Rock Island, and Quincy have all begun to establish their Zones, but none have yet been certified by DCEO. Three IL-HTC projects in newly eligible RE communities may be able to return their IL-HTC credit allocations and apply for the RE-HTC if they are located in certified RERZs. All three of these allocation projects have budgets large enough to receive a higher credit from the RE-HTC than if they were to remain with the IL-HTC. Two additional projects within Moline and Rock Island have already been completed (Certified) before their communities' River Edge Zones have been established, therefore, those projects are not eligible for the RE-HTC.

NUMBER OF RE-HTC PROJECTS

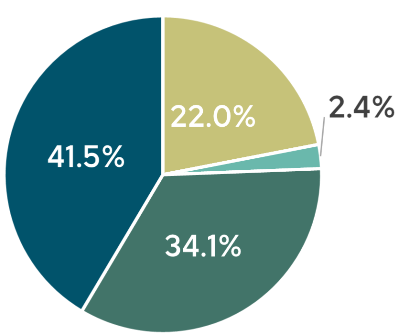
Since the beginning of the RE-HTC in 2012 and through January 2025, 41 projects have been certified, and another 32 are currently ongoing or underway.[8]

RE-HTC Certification Year	Count
2015	1
2016	4
2017	7
2018	7
2019	5
2020	3
2021	6
2022	0
2023	4
2024	2
2025	2
Ongoing	6
Underway	26
TOTAL	73

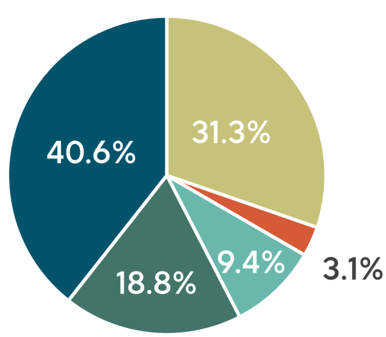


Of the 41 certified RE-HTC projects, 42% are in Rockford and 34% are in Peoria. The first RE-HTC project in East St. Louis is underway with certification expected in 2025.[9] Of the 32 ongoing or underway RE-HTC projects, 41% are in Rockford and 31% are in Aurora. Each of the other three River Edge cities has at least one RE-HTC project currently under construction.

SHARE OF CERTIFIED RE-HTC PROJECTS BY CITY



SHARE OF ONGOING OR UNDERWAY RE-HTC PROJECTS BY CITY



8 The 2025 numbers only include projects certified through January.
9 The grand reopening of the New Broadview was held on March 28, 2025.

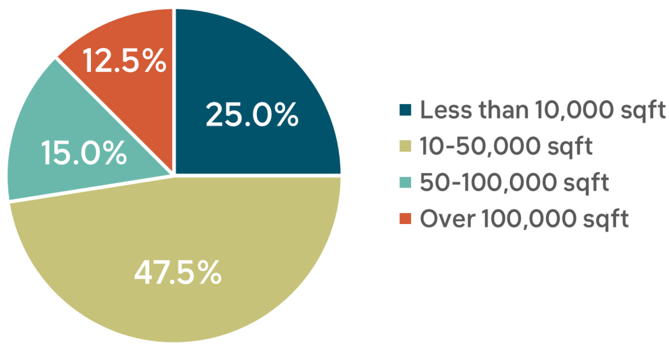
Before the authorization of the RE-HTC, Aurora had seen only 5 federal historic tax-credit projects. Since 2015, Aurora has 19 RE-HTC projects completed or underway.

International Harvester Building
now Company 251, Aurora
RE-HTC Project

SIZE OF RE-HTC PROJECTS

The RE-HTC has helped rehabilitate almost 1.1 million square feet of space. Additionally, another 1.8 million square feet are being rehabilitated in projects that are underway. The RE-HTC has been used to rehabilitate large and small-scale projects alike. The average size of buildings rehabilitated through the RE-HTC is 53,000 square feet. Of the 41 RE-HTC projects that have been certified, nearly 73% were projects whose buildings had fewer than 50,000 square feet of space.

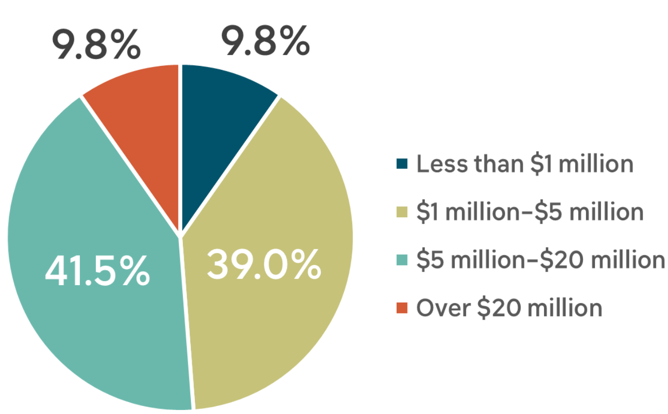
SHARE OF PROJECTS BY SQUARE FOOTAGE (CERTIFIED RE-HTC)



QUALIFIED REHABILITATION EXPENDITURES

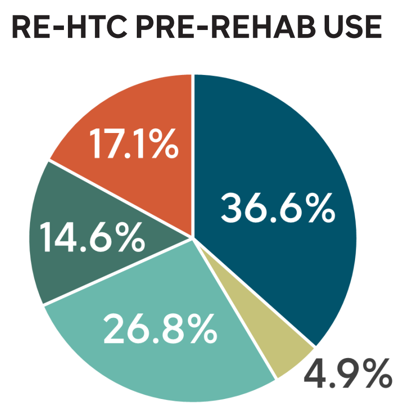
Historic tax credits are not calculated on a project's entire project cost but on its Qualified Rehabilitation Expenditures (QREs). As defined by the Internal Revenue Service, QREs are expenditures that are directly connected with the rehabilitation of a historic structure. Examples of expenditures that are not qualified include acquisition costs, constructing a new addition to a historic structure, and site improvements, such as sidewalks, landscaping, and parking. The 41 RE-HTC projects certified through January 2025 represent a total QRE investment of over $577 million, with an estimated $307 million in QREs from projects that are ongoing or underway. Overall, 49% of all certified RE-HTC projects had QREs of less than $5 million.

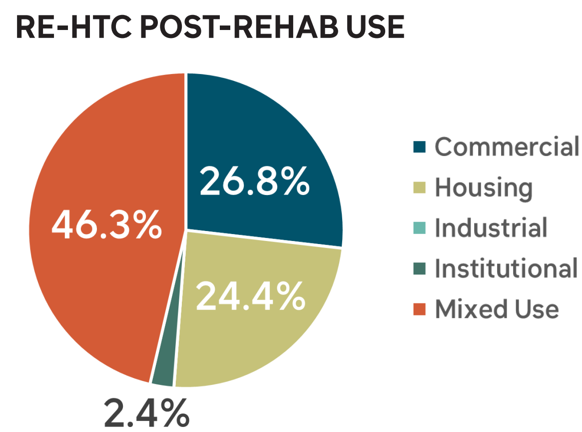
SHARE OF PROJECTS BY QRES (CERTIFIED RE-HTC)



PRE- VS POST- REHAB TYPOLOGICAL USE

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





PRE-REHAB VACANCY

Vacant buildings have a negative economic impact on their surrounding areas. Increased rates of vacancies are associated with higher crime rates, declining property values, and risks to community health and welfare. Additionally, vacant buildings represent a huge cost to local governments in terms of policing, underutilized or unused connections to existing utilities, the required maintenance of streets, alleys, and sidewalks that front vacant buildings, etc. When a commercial building sits vacant, at least one fewer business is operating than could, there are no paychecks being issued to employees, and no sales tax being collected. Moreover, property taxes collected on a vacant building are much lower than if it were rehabilitated and occupied. The RE-HTC has been a valuable tool to re-activate vacant buildings in the five River Edge communities. Overall, 41% of certified RE-HTC projects took place in buildings that had been completely vacant before the start of their rehabilitations. The uncapped nature of the RE-HTC has made the rehabilitation of larger, long-vacant buildings possible, increasing its transformative impact on the local level.

124 SW Adams, Peoria (Super A &P)
RE-HTC Project

RE-HTC JOBS AND LABOR INCOME

The rehabilitation of historic structures is an effective job-creation tool. RE-HTC projects that were completed between 2015 and January of 2025 have generated an average of 290.1 direct jobs and an additional 233.8 indirect and induced jobs, representing a direct-labor income of more than $19.8 million and an indirect/induced-labor income just short of $15.7 million.[12]

On average, certified IL-HTC projects have generated

290.1
direct jobs

and an additional

233.8
indirect and induced jobs <u>each year.</u>

The resulting paychecks from those jobs represented, on average,

$19,825,644
in direct labor income

and an additional

$15,692,442
in indirect and induced labor income <u>each year</u>.

12 A "direct job" is created by the project. In historic rehabilitation, that would include a carpenter, plumber, electrician, etc. "Indirect jobs" are not created by the project but are supported by it, such as a salesperson at the lumberyard or the truck driver who delivered materials to the job site. An "induced" job is one that is supported by direct and indirect employees' personal spending on goods and services using wages earned through direct and indirect jobs.

BEST BUILDING, ROCK ISLAND

IL-HTC (ANTICIPATED RE-HTC)

The Best Building looms over Rock Island's downtown not only as one of the city's tallest buildings, but also as a reminder of a failed redevelopment attempt that started almost 10 years ago. In 2016, the City of Rock Island entered into an agreement with a local developer to rehabilitate the building. After the expenditure of about $8 million, work began to slow, and the half-finished project ultimately came to a standstill. The redevelopment is now getting a new lease on life thanks to Iowa developer Chris Ales, who is working closely with city officials to complete the rehabilitation of the former department store into 40 affordable-housing units. There will be 2-, 3- and 4-bedroom units along with office space, a community room, kitchen, common areas, and a game room.

While Rock Island has made effective use of its available incentives, especially for creating upper-floor housing in downtown, large projects like the Best Building have been at a disadvantage. A few downtown buildings had already been lost because of a lack of rehabilitation incentives. However, developer Ales remained optimistic, and in 2024 the Best project was awarded a partial IL-HTC allocation of $2.5 million.[10]

State Senator Mike Halpin, who represents the 36th District that includes Rock Island, saw the success of the River Edge program in other cities and believed that Rock Island was the poster child for the need to expand the program.[11] In 2024, the River Edge Redevelopment Zone Act was amended to add Rock Island and its sister city, Moline. Rock Island is currently establishing boundaries for its River Edge Redevelopment Zone and hopes that the DCEO certification can happen soon. Once the RERZ is certified, projects like the Best Building will be eligible for the RE-HTC and will help catalyze additional development in the downtown.

Chris Ales says transitioning from the IL-HTC to the RE-HTC is crucial for the success of the Best Building's rehabilitation, as it will increase the state tax credit from $2.5 million to almost $3.8 million. Additionally, once the Zone is certified, the project can return its IL-HTC allocation to be reallocated to other qualifying projects.

Ales noted that the Quad Cities share the same labor pool and real estate market, but the rehabilitation incentives have been better in Iowa. "I've completed four projects across the river in Davenport in the amount of time it's taken this project to get off the ground because of the different incentives available across state lines. The River Edge Tax Credit will make Rock Island more competitive." And being more competitive should help attract investors and developers into downtown Rock Island.

10 If Ales chooses to reapply, this project is still eligible for a $500,000 allocation.
11 Senator Halpin is also a supporter of the IL-HTC program, having introduced bills in successive legislative sessions to increase the annual program cap from $25 million to $75 million.

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

Every $100 the state provides in tax credits spurs $842.93 in additional economic activity.

SINCE 2012, THE RE-HTC HAS AWARDED $79 MILLION IN TAX CREDITS FOR 34 PROJECTS. THESE PROJECTS LEVERAGED OVER

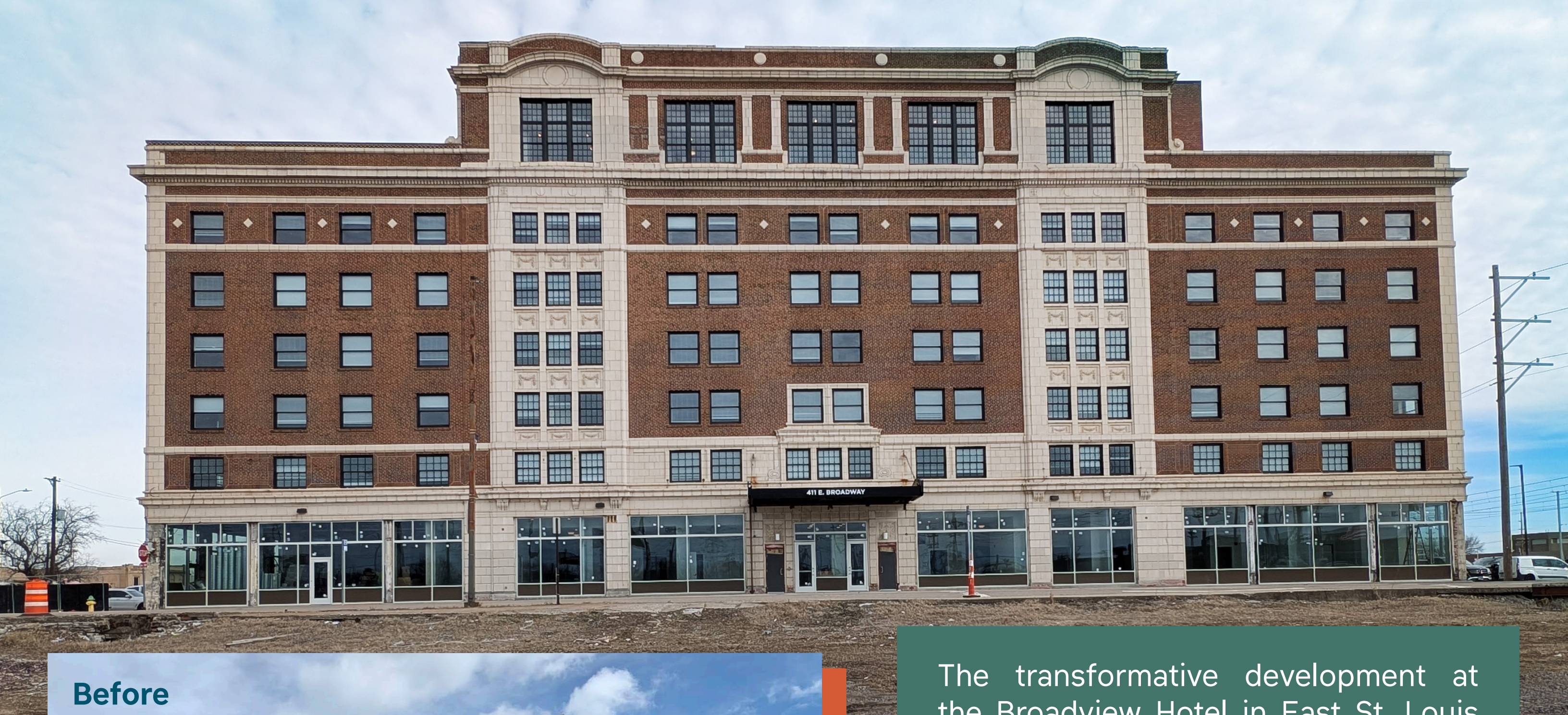
$643 MILLION

IN TOTAL PRIVATE INVESTMENT.

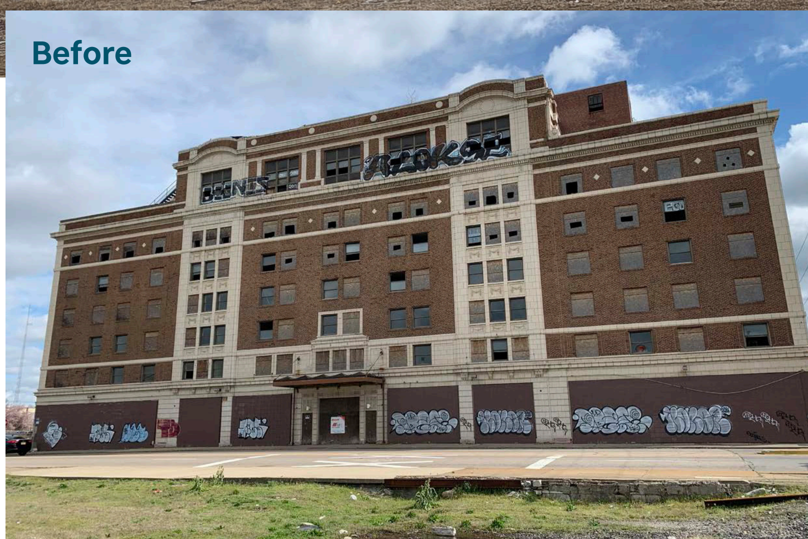
The RE-HTC has been a crucial tool for leveraging private investment in River Edge communities, because, like all HTCs, not all of the expenditures necessary to complete a typical rehabilitation project are eligible for the tax credit. Only Qualified Rehabilitation Expenditures (QREs) are eligible for the credit and do not include, for example, newly constructed additions, the building's purchase price, site and landscape improvements, furnishings and equipment, and tenant-funded buildouts. For every $100 in QREs (i.e., expenses eligible for tax credit), certified RE-HTC projects have generated an additional $11.54 of investment in non-QRE expenses. These non-QREs receive no state or federal credit but still generate new jobs, labor income, and tax revenues for the State and local governments. These non-qualified rehabilitation expenditures increase the leveraging power of the historic tax credits.

Every $100 that is provided in commercial historic tax credits results in an additional $467.60 in direct private investment and $375.33 in indirect and induced economic activity.[13]

13 These numbers were 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. These data represent the impact of ANY investment in historic rehabilitation. Therefore, $100 dollars invested in historic rehabilitation will produce roughly $468 in direct private investment, regardless of which historic tax credit program is applied. These numbers would be true in Illinois for the RE-HTC, the IL-HTC, and the F-HTC.



Before



The transformative development at the Broadview Hotel in East St. Louis broke ground in March of 2023 after the property sat vacant for nearly 20 years. As of May 2025, the project is nearing completion, and will be the first certified RE-HTC project in East St. Louis. 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.

RETURNS TO ILLINOIS AND ITS COMMUNITIES

Though a one-time investment by the state, local communities benefit from increased tax revenues each year.

For owners to be able to access the state tax credit, their projects must be completed, the NPS must certify the completed work, and the IL SHPO must accept the final expenses. However, the owners are paying taxes on materials, labor, and construction profits while planning and construction are underway. As a result, by the time the State issues $100 of state tax credits for a certified project, the project's owner will have already paid $22.38 in taxes to the Illinois Treasury and $16.65 in taxes to the local government. In other words, $39.03 of taxes have been paid before $100 of state tax credits are even issued.

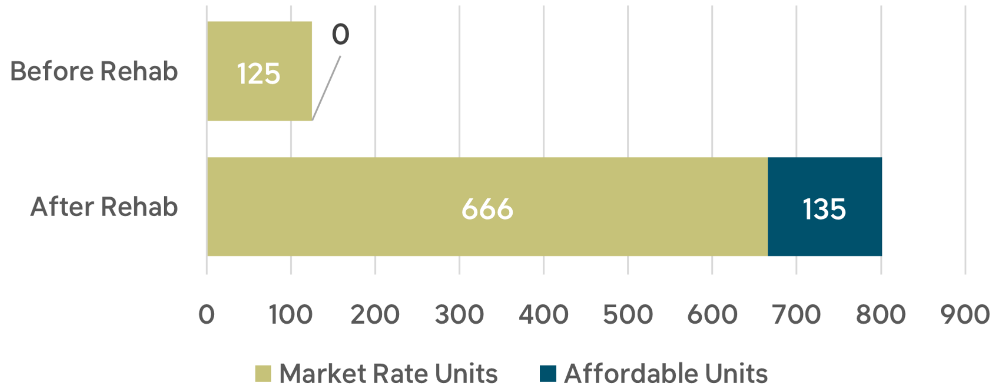
The Old Copley Hospital in Aurora was rehabilitated into the Bloomhaven Innovative Living Community in 2023 using the F-HTC and RE-HTC. Threatened with demolition in 2017, the site now boasts 152 housing units. At a rehabilition cost of over $140 million, this project ranks as one of the largest recipients of RE-HTC in the state.

HOUSING PRODUCTION

The RE-HTC is a housing-production tool. Of the 73 RE-HTC projects that have been certified or are currently ongoing or underway, 47 have a housing component. Of those 47 projects, 7 include affordable housing.

Since 2013, certified RE-HTC projects have created 676 net new housing units, representing a 541% increase in the number of housing units overall. Certified RE-HTC projects have created 135 net new affordable housing in buildings that previously had none.

MARKET RATE AND AFFORDABLE HOUSING IN CERTIFIED RE-HTC CERTIFIED PROJECTS



TODD AND LINCOLN SCHOOLS

AURORA, RE-HTC

In Aurora, two former elementary schools have been transformed into a 47-unit, workforce-housing development with additional resources for the community. At the beginning of the COVID-19 Pandemic, the City of Aurora partnered with West Aurora School District 129 to find a developer who could rehabilitate the decommissioned school buildings. The City and District felt that since the buildings had long served as community resources in their respective neighborhoods, their new use should continue to benefit the community. Eventually, JTE Real Estate Services, a local developer responsible for the nearby RE-HTC rehabilitation of Copley Hospital, came forward with a plan for their reuse.

The Mary A. Todd Elementary School, built in 1934 and decommissioned around 2019, now has eleven studio, 1-, and 2-bedroom apartments, all of which were leased upon opening. Before the rehabilitation began, the School District carefully removed murals and statues created in the 1930s under the Works Progress Administration's Federal Art Project to keep these works of art in public ownership. To maintain the historic integrity of the school, photographic facsimiles of the murals were installed in their place. A community clinic in the 1950s addition, owned by the School District and leased/operated by VNA Healthcare, serves uninsured and underinsured families. The clinic's vaccine program has already had a positive impact in the surrounding community. According to Alex Alexandrou, the Mayor's Chief of Staff and Chief Management Officer, during its first year of operation, the program ensured that "for the first time, not a single child in the district missed the first day of school because they couldn't get a vaccine."

The Abraham Lincoln Elementary School, only a mile away, opened in 1891, was remodeled in the 1920s, and closed its doors in 2009. Because it is much larger and was vacant for much longer, it required a great deal more work than the Todd School. Lincoln School now boasts 14 apartments and an additional 22 units in adjacent new construction, all with 1, 2, or 3 bedrooms. The new construction made the discontiguous project financially viable. Lincoln School includes a computer lab, community room, and other amenities with programming to start soon.

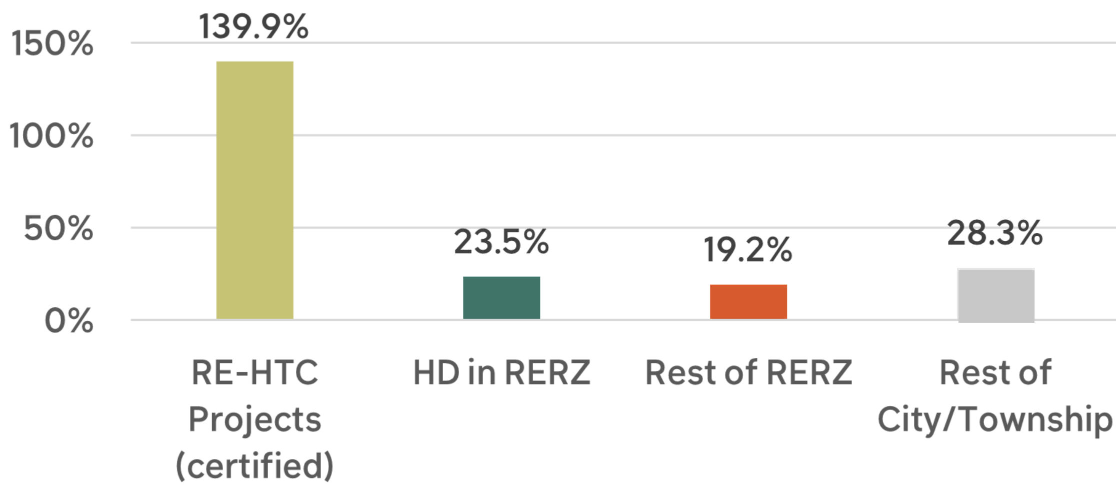
All 47 apartments are available to households earning 30% to 60% of Area Median Income. The project utilized a myriad of funding sources, including $2.9 million of HOME funds, $600,000 of CDBG funds, Low Income Housing Tax Credits, and a combined $7 million of Federal Historic Tax Credits and state River Edge-Historic Tax Credits. The $16 million project rehabilitated two historic buildings, provided critical affordable housing and a community clinic, and used RE-HTCs to continue the positive legacy of long-standing community assets.

RE-HTC PROPERTY VALUE ANALYSIS

AURORA

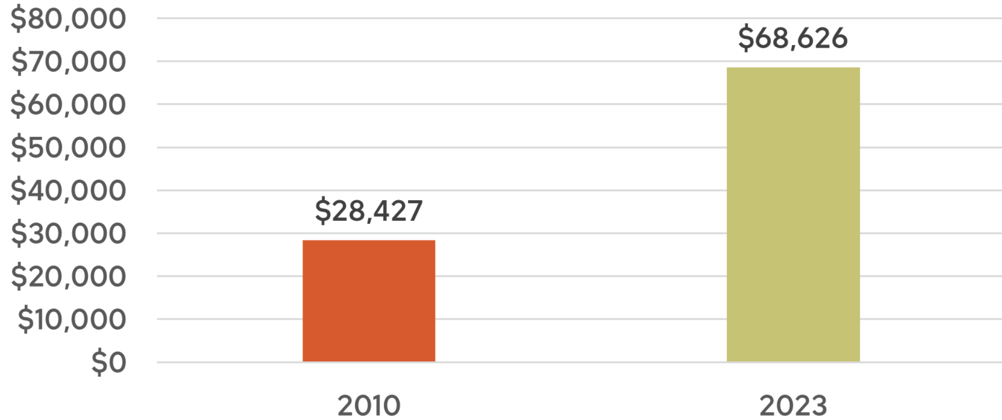
Five of the 9 completed RE-HTC projects were in buildings that were vacant prior to their rehabilitations. Between 2010 and 2023, the aggregated assessed value of these 9 properties grew from $919,962 to $2,206,615, an increase of 139.9%. Property values in historic districts in RERZs also saw an increase of 23.5%, while the change in assessed value in the rest of the RERZ was only 19.2%.

AURORA CHANGE IN ASSESSED VALUE (2010-2021)



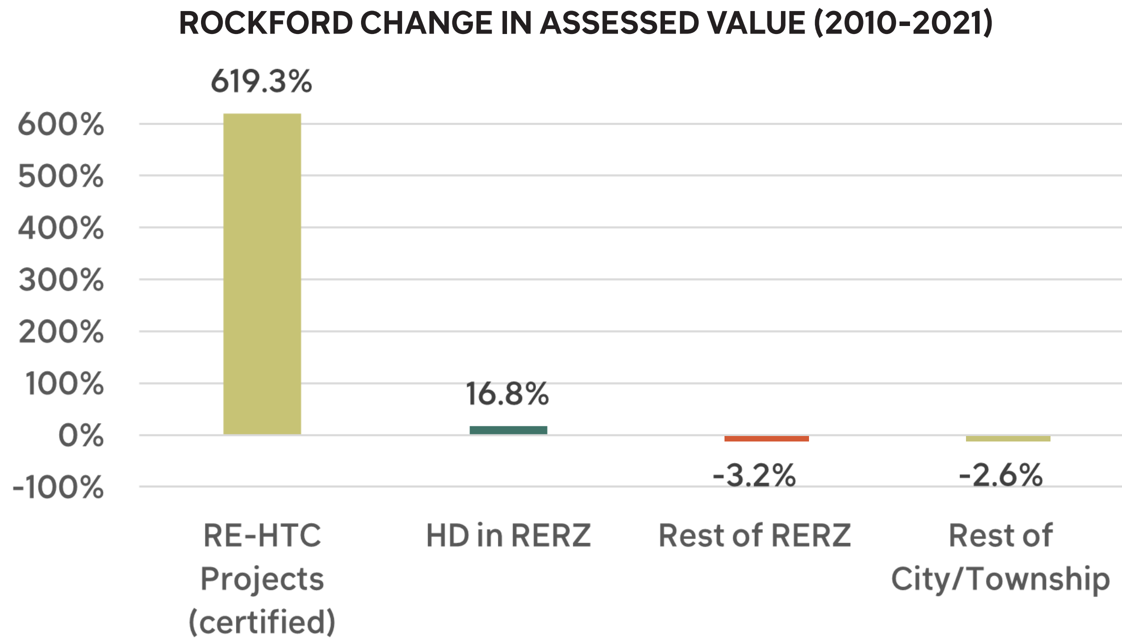
These RE-HTC properties generated $68,626 in local property tax revenue in 2023, as compared to $28,427 in 2010. In 2023, Aurora received $40,199 more in property taxes from RE-HTC properties than it did from those properties in 2010, before their respective rehabilitations.

INCREASE IN ANNUAL PROPERTY TAXES FROM CERTIFIED RE-HTC PROJECTS IN AURORA

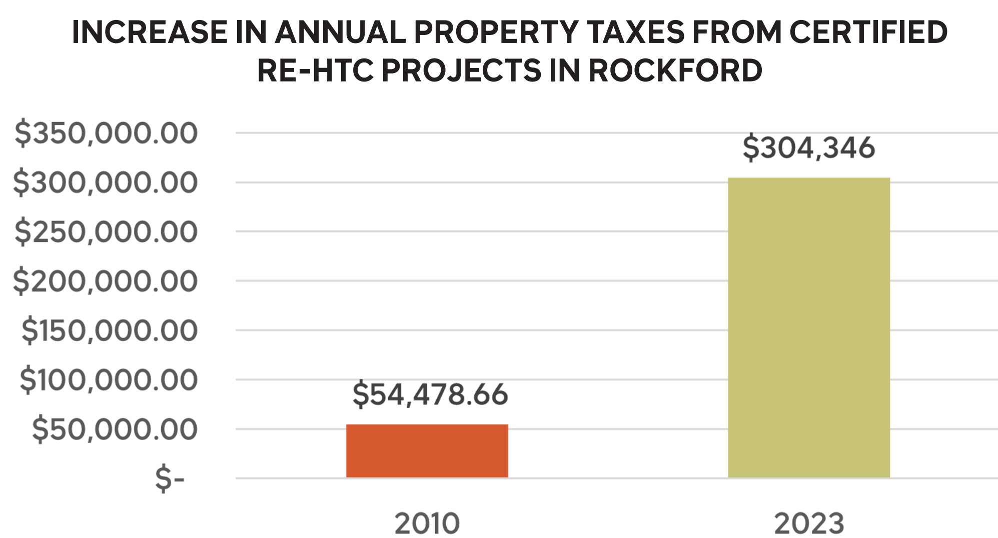


ROCKFORD

Of the 17 completed RE-HTC projects, seven were vacant prior to their rehabilitations. Between 2010 and 2023, the aggregated assessed value of these 17 properties grew from $1,872,119 to $13,466,620, an increase of 619.3%. Property values in historic districts in RERZs also saw an increase of 16.8%, while the change in assessed value in the rest of the RERZ decreased by 3.2%.

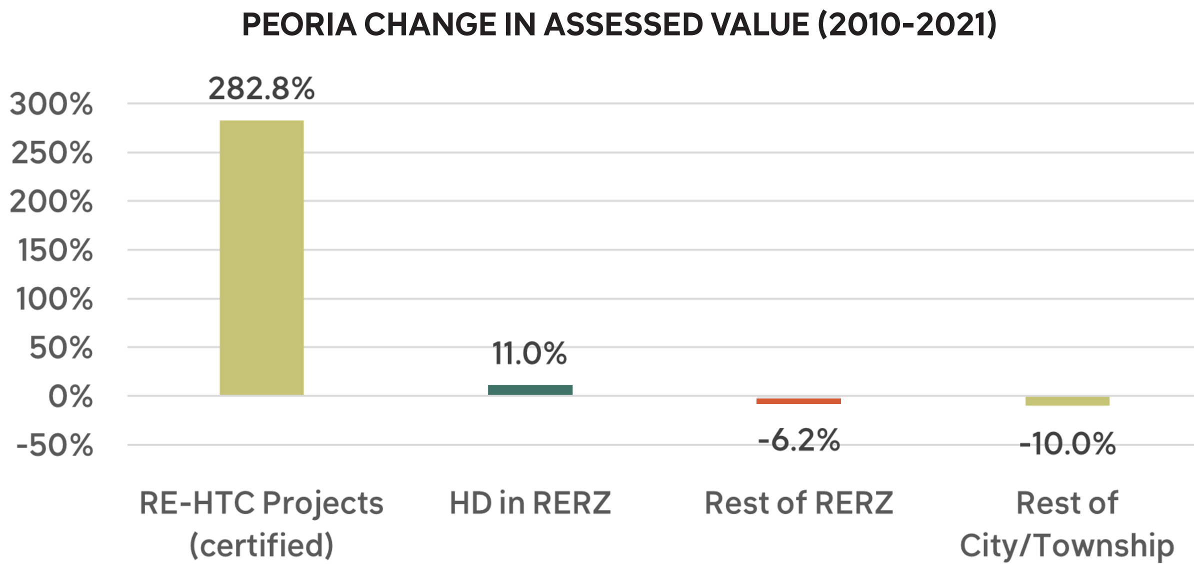


That same year, these 17 properties paid $304,346 in annual property taxes, as compared to just $54,584 in property taxes in 2010. In 2023, Rockford received $249,867 more in property-tax revenue from properties that received the RE-HTC than it did in 2010.

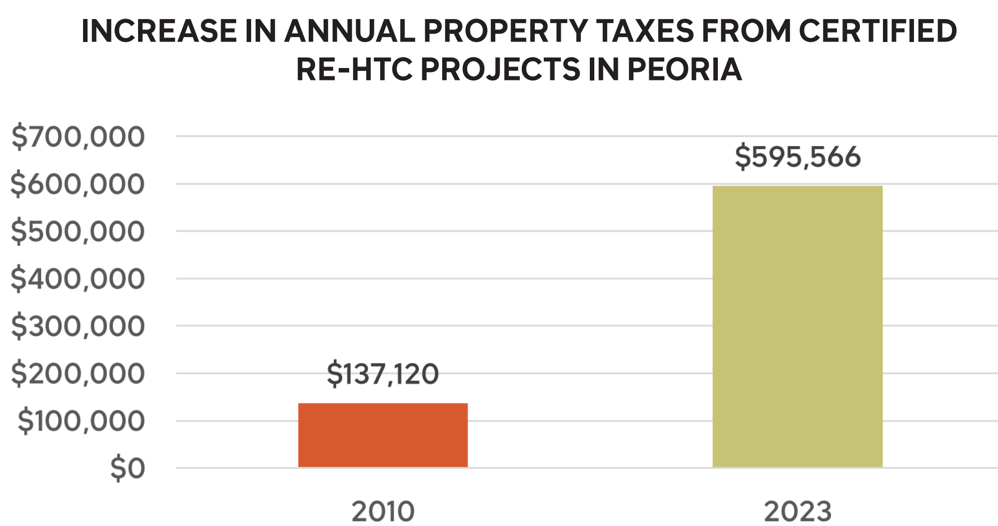


PEORIA

Five of the 14 completed RE-HTC properties were vacant prior to their rehabilitations. Between 2010 and 2023, the aggregated assessed value of these 14 properties grew from $5,596,720 to $21,423,250, an increase of 282.8%. Property values in historic districts in RERZs also saw an increase of 11.0%, while the change in assessed value in the rest of the RERZ decreased by 6.2%.



Today these properties collectively pay a $595,566 in annual property taxes, compared to just $137,119 in 2010. In 2023, Peoria received $458,447 more in property-tax revenue from properties that received the RE-HTC than it did from the same properties in 2010.



RE-HTC PROPERTY VALUE ANALYSIS

EVERY TIME $250,000 IN TAX CREDITS ARE AWARDED, $28,046 IN ADDITIONAL PROPERTY TAXES ARE GENERATED EVERY YEAR.

Changes in assessed values and property taxes were analyzed for the River Edge cities of Peoria, Rockford, and Aurora.[14] Based on an analysis of the data from these cities, every time $250,000 in tax credits are awarded, $28,046 in additional property taxes are generated every year.

Here is what these cities could do each year with the increase in property taxes from completed RE-HTC projects:

Hire **five new teachers,** PLUS...

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

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

Still have enough money to provide **$250 per month rental subsidies for 64 families.**

The equation is simple: the RE-HTC encourages private investment that substantially increases property values and, by extension, property-tax revenues, which enables cities to significantly enhance their 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

14 Elgin was excluded this from analysis because only one RE-HTC project has been completed. At the time of analysis, assessment data was available only up to 2023.

324-330 E. State Street, Rockford
RE-HTC Project

SALES TAX ANALYSIS

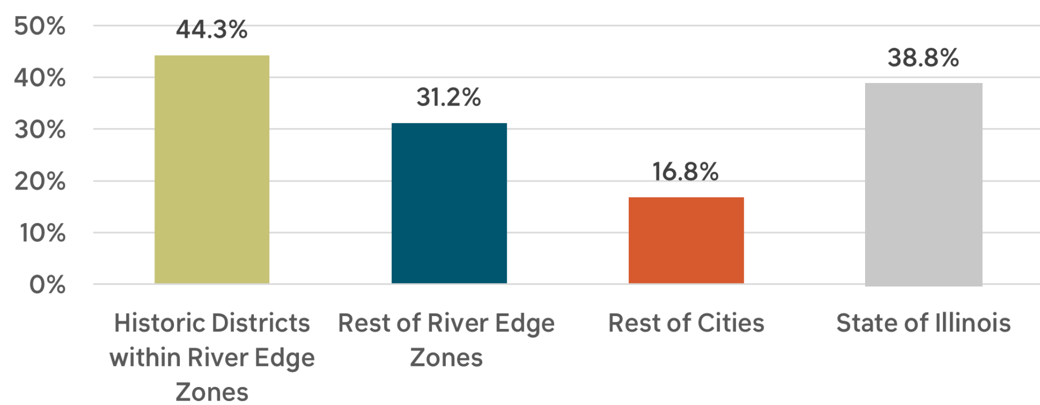
Measuring the economic impact of construction activity demonstrates the contributions these RE-HTC projects make to their local economies while they are underway, but additional effects can be measured once their rehabilitations are complete. One such measure is the impact RE-HTC projects have on retail and business activity after the buildings are placed into service. This measurement is typically difficult to quantify due to a lack of access to relevant data.

However, on 8/23/24, the Department of Natural Resources (DNR) and the Illinois Department of Revenue (DOR) entered into an Intergovernmental Agreement (IGA) that enables the sharing of information between the two agencies. The agreement allows the SHPO to send Historic Tax Credit Certificates to DOR as they are issued and assign each certificate a unique identification number that will allow DOR to more easily track when tax credits are claimed. The IGA permits DOR to provide DNR with aggregated sales-tax data for specific geographic areas within Aurora, Peoria and Rockford for analysis. While these data were not available for analysis in the 2023 Economic Impact Report published on 5/1/23, the SHPO anticipates that the data will be extremely beneficial to this current and all future Economic Impact Reports.

The availability of these datasets make it possible to demonstrate the impacts these projects have on their local retail economies. For this analysis, the DOR pulled and aggregated sales-tax data at two geographic levels in Aurora, Peoria, and Rockford: NRHP historic districts within RERZs and the RERZs themselves. Citywide data were then pulled from DOR's website, which contains quarterly and annual reports.

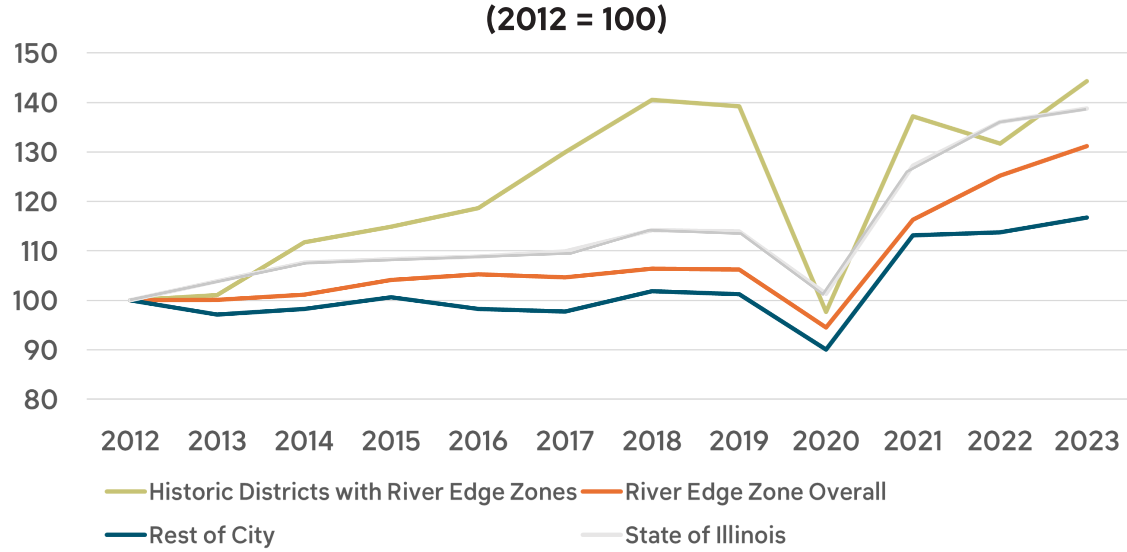
Sales taxes collected is a function of sales volume, and is, therefore, a proxy for economic activity and spending. Between 2012 and 2023, NRHP historic districts within RERZs, areas eligible for the RE-HTC, saw a 44% increase in retail sales taxes collected. This is 13% more than the rest of the RERZs and 27.3% more than in the rest of the municipal boundaries.

CHANGE IN RETAIL SALES (2012-2023)



When indexed over time, the change is obvious: since the initiation of the RE-HTC, historic districts in RERZs have outperformed the rest of their cities and the state in retail sales tax collected. All geographies saw a major drop in sales in 2020 as a result of the COVID-19 pandemic. However, NRHP historic districts in RERZs recovered the fastest and continue to enjoy the highest rates of retail sales tax collection through 2023.

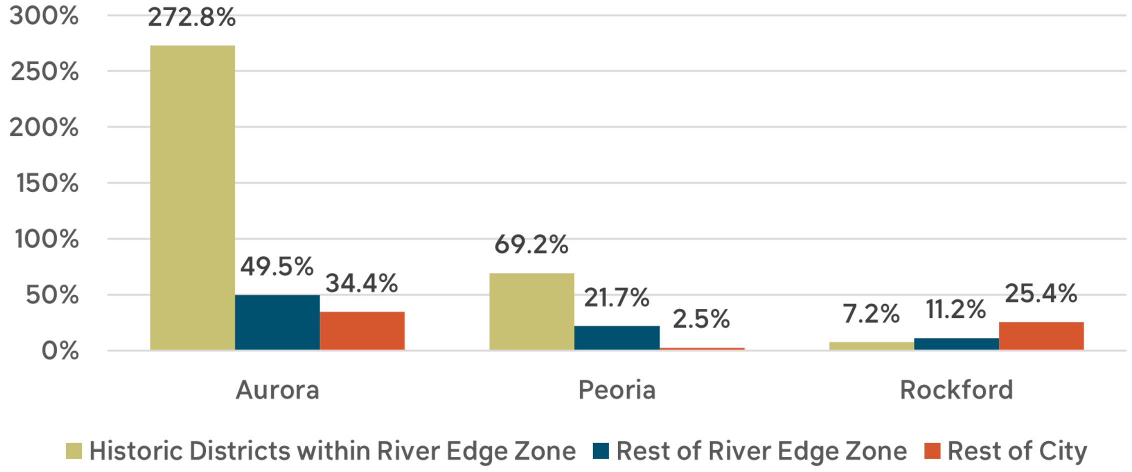
CHANGE IN RETAIL SALES (2012 = 100)

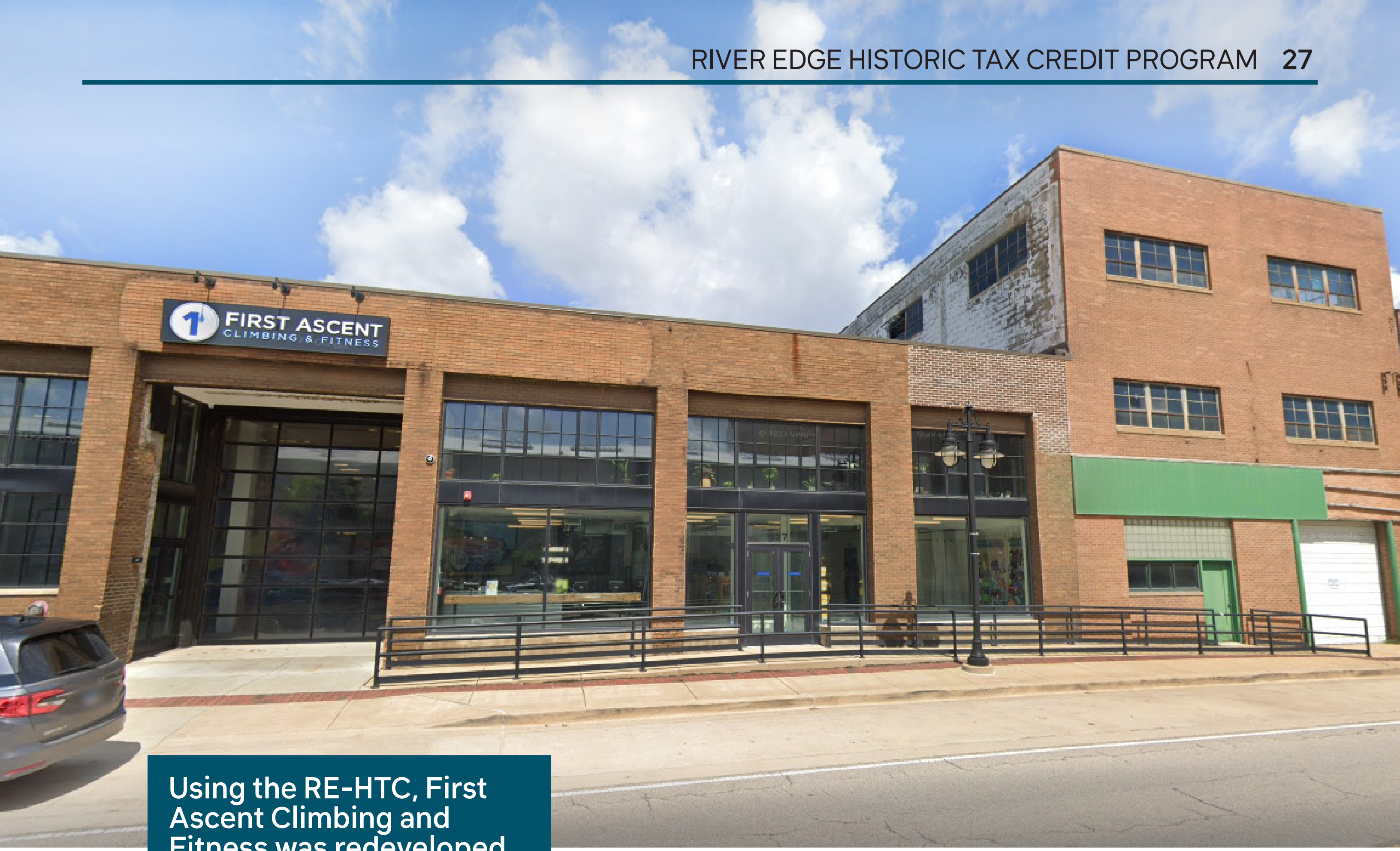


The Elgin Commerce Building is being rehabilitated using the RE-HTC. This project includes 4,500 square feet of ground floor commercial space and 40 market-rate apartments units.

On a city-by-city basis, historic districts within Aurora and Peoria's RERZs outperformed the rest of their respective cities. However, Rockford does not follow that same trend. While retail sales in NRHP historic districts in the RERZ increased, it was less than the increase Rockford as a whole enjoyed.

CHANGE IN RETAIL SALES (2012-2023)





Using the RE-HTC, First Ascent Climbing and Fitness was redeveloped in 2019 at 927 SW Washington Street, Peoria.

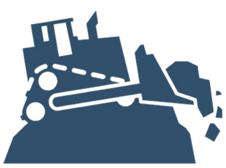
RE-HTC ENVIRONMENTAL IMPACTS

While the RE-HTC program has had a positive effect on housing production and jobs/labor income, it has also had beneficial environmental impacts. In the US, construction and demolition debris accounts for approximately 30% of all solid waste, most of which goes to landfills.[15] Because of this, rehabilitating existing buildings helps keep material in use and out of landfills. It also decreases the amount of new construction materials that must be manufactured and shipped, both of which carry a carbon burden. Certified RE-HTC projects have saved and rehabilitated 2,009,623 square feet of enclosed space. Here are estimates of how much material these projects have kept out of landfills:

10,078,190
bricks

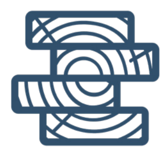
29,395 tons
of concrete/ asphalt

2,100 tons
of drywall

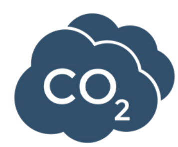


162,721 tons
of construction and demolition debris

3,149 tons
of metal



7,768,605
board feet of lumber



21,000 metric tons
of GHG avoided

equivalent to

6,528 cars
off the road for a year

One of the many environmental benefits of retaining and reusing existing buildings is that the 41 certified RE-HTC projects retained an estimated 7.8 million board-feet of lumber, which store roughly 10,000 metric tons of carbon. By keeping this lumber in the rehabilitated buildings, the RE-HTC has helped avoid 21,000 metric tons of CO_2 emissions, which is the equivalent of taking 6,528 cars off the road for one year or providing enough energy to operate 3,261 homes for one year.[16]

15 Construction and Demolition Debris Recycling, Chicago Department of Public Health, https://www.chicago.gov/city/en/depts/cdph/provdrs/environmental_health/svcs/site-clean-up-hazardous-material-disposal.html#recycling
16 WoodWorks, Carbon Calculator, https://www.woodworks.org

RE-HTC CONCLUSION:

River Edge communities are seeing increased private investment through historic tax credits, creating jobs and revenue for local municipalities and the State.

The RE-HTC program will statutorily end on December 31, 2026. If the Illinois Legislature does not authorize an extension, the recently added RERZ cities of East Moline, Joliet, Kankakee, LaSalle, Moline, Ottawa, Peru, Quincy, and Rock Island will not be able to take full advantage of the program.

These findings demonstrate that the RE-HTC program is a powerful catalyst for commercial reinvestment and offers strong returns on public investment. Not only does the RE-HTC preserve the state's architectural heritage, but it also provides an engine for economic growth, returning more than the cost of its tax credits in the form of property-tax and sales-tax revenues. Because the RE-HTC is uncapped and by-right, RERZ communities have enjoyed a magnified impact measurable in job creation, labor income, property- and sales-tax revenue, and community revitalization.

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 $263 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 certified rehabilitation'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 IL-HTC program, a project must 1) substantially rehabilitate a certified historic structure, 2) result in an income-producing use, 3) have the NPS certify the completed rehabilitation, 4) have post-1/1/2019 QREs[17] 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 legislation caps the annual credit allocation at $25 million for a total of $125 million over five years.[18] Program legislation requires a competitive process to distribute the limited allocation amount among eligible applicants. Two allocation rounds are held each year. The IL-HTC program will need to be reauthorized in 2028. To apply for an IL-HTC allocation, a project must have its F-HTC Part 2 certified by the National Park Service (NPS) by the date of the Part S-1 workshop, which starts each allocation round. Allocations are awarded through a process that sorts projects based on these five priorities, outlined on the next page.

THE IL-HTC HAS BEEN AN IMPORTANT TOOL FOR THE CREATION OF AFFORDABLE HOUSING IN ILLINOIS.

17 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.

18 Public Act 103-0009, signed into law by Governor Pritzker on June 7, 2023, increased the annual program allocation cap from $15 million to $25 million as of January 1, 2024, and extended the program until December 31, 2028. The IL-HTC program currently must be reauthorized every 5 years. Advocates continue to push for an annual-cap increase to $75 million.

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 fewer 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 IL-HTC application.

The allocation application has three mandatory parts: S-1, S-2, and S-3. Part S-1 is attendance at a virtual workshop, during which SHPO staff explain the program, its allocation process and application updates. Workshop attendance 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 allocation amount.

This report classifies IL-HTC projects as either "allocated" or "certified." **"Allocated"** refers to projects that have been assigned an IL-HTC allocation but not yet an IL-HTC Certificate. **"Certified"** refers to completed projects that have received an IL-HTC Certificate.

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 received first. It proceeds in descending order until the available allocation amount has been assigned. If the remaining allocation amount 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 in subsequent IL-HTC rounds for the balance of the requested allocation.

When the NPS certifies a project's F-HTC Part 3, the applicant submits the IL-HTC Certification of QREs, in which the applicant certifies the project's QREs. Upon acceptance of the QRE certification, the SHPO establishes the final amount of eligible credit and invoices the applicant for the statutorily established issuance fee. Once the applicant pays the fee, the SHPO issues an IL-HTC Certificate in the amount of the eligible credit.

UPDATE SINCE 2022 STUDY:

INCREASED PROGRAM CAP AND CHANGES TO THE IL-HTC COMPETITIVE PROCESS

Public Act 103-0009, signed into law by Governor Pritzker on June 7, 2023, increased the annual IL-HTC program allocation cap from $15 million to $25 million as of January 1, 2024, and extended the program until December 31, 2028. The IL-HTC program currently must be reauthorized every 5 years. Since the first application round for an IL-HTC allocation took place in 2019, SHPO architecture staff has made the following improvements to the competitive allocation process:

- Eliminated partial allocations from Round 1, so that the last project receiving an allocation will receive its full requested amount rather than a partial amount (anticipated enactment in 2026, Round 1)
- Ensured six-month spacing between each allocation round with S-1 workshops in February and August, instead of in February and September (enacted 2025, Round 1)
- Shortened the duration of each application round by reducing the SHPO review time between steps (enacted 2024, Round 1)
- Provided applicants with Priority 1, 3, and 5 assertions, instead of relying on applicants to locate and submit already known information (enacted 2022, Round 2)
- Established an Errors and Omissions process for S-3s to allow applicants to correct any mistakes on their S-3 submissions, rather than rejecting a S-3 as incomplete (enacted 2021, Round 1)
- Switched from in-person S-1 workshops to fully digital events (enacted 2020, Round 2)
- Simplified Priority 4 assertions by requiring affidavits instead of full development agreements (enacted 2020, Round 1)
- Transitioned from paper-based to fully digital application process (enacted 2020, Round 1)
- Changed the division of allocation distribution between Rounds 1 and Round 2 from 65%/35% to a 50%/50% division (enacted 2020, Round 1)

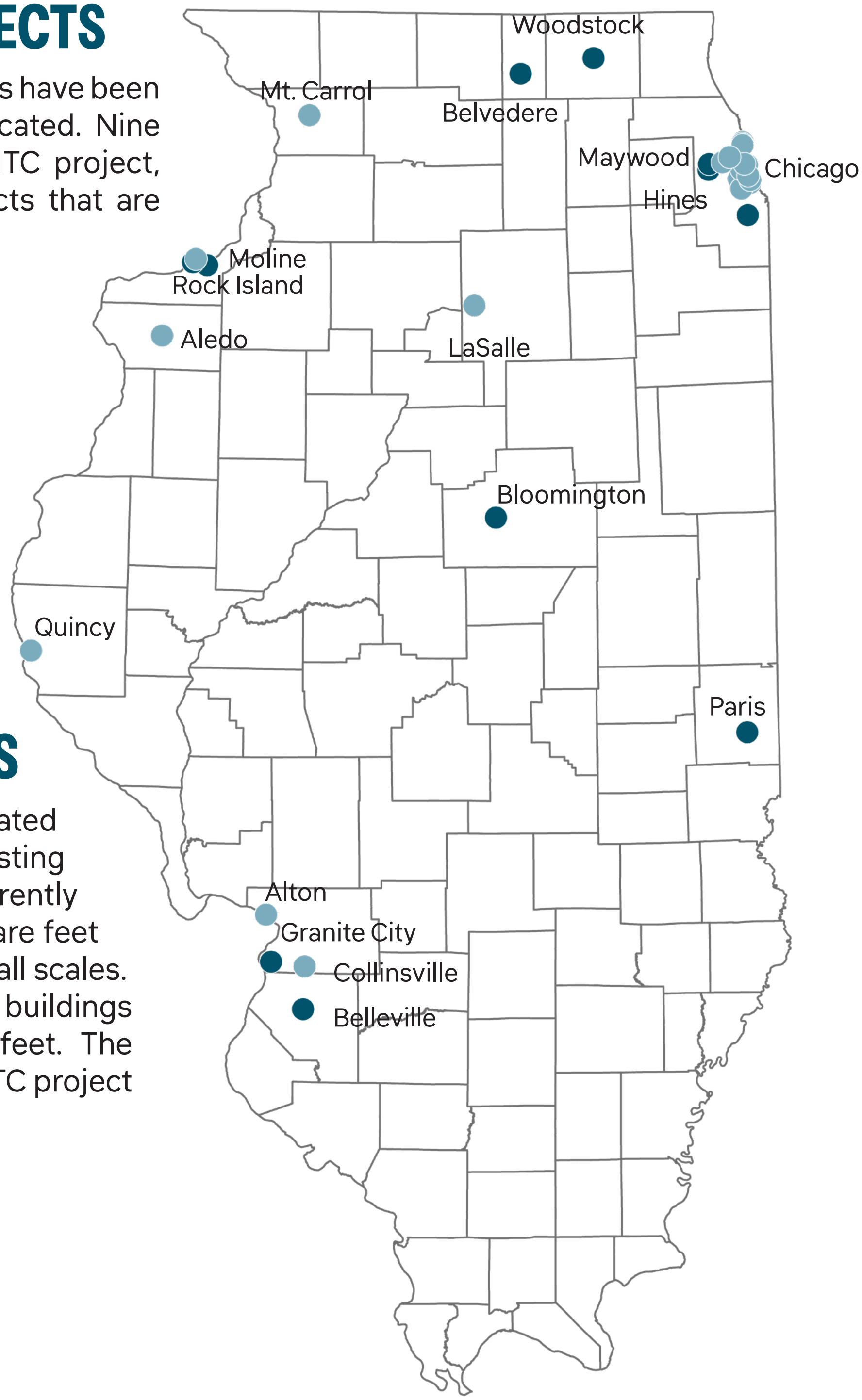
NUMBER OF IL-HTC PROJECTS

Since the creation of the IL-HTC, 14 projects have been certified and another 26 have been allocated. Nine counties have at least one certified IL-HTC project, and 7 more counties have IL-HTC projects that are underway.

IL-HTC Certification Year	Count
2020	2
2021	4
2022	3
2023	1
2024	4
Allocated	17
TOTAL	26

SIZE OF IL-HTC PROJECTS

Certified IL-HTC projects have rehabilitated almost 1,262,800 square feet of existing space. Allocated IL-HTC projects are currently rehabilitating an additional 2.2 million square feet of space. The IL-HTC supports projects at all scales. Half of certified IL-HTC projects rehabbed buildings that were smaller than 50,000 square feet. The average square footage of a certified IL-HTC project is 90,199 square feet.

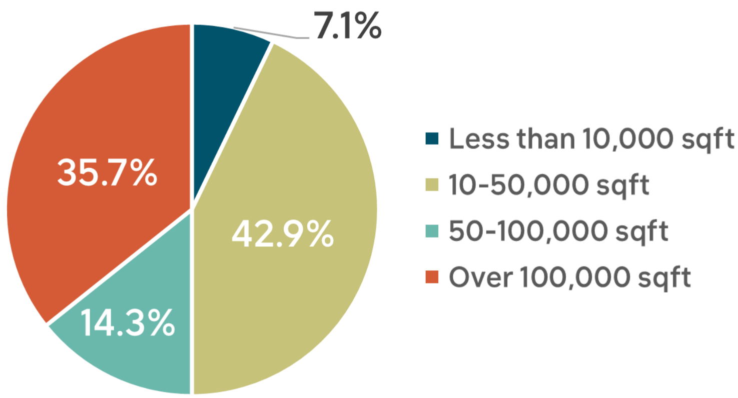


Map of IL- HTC Projects (2019-2024)

IL-HTC Certified

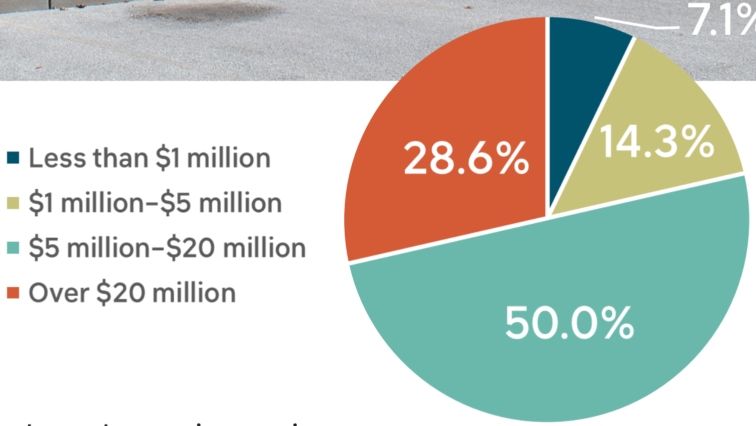
IL-HTC Allocated

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



Garfield School Senior Residences, Moline
IL-HTC Project

SHARE OF PROJECTS BY QRES (CERTIFIED IL-HTC)



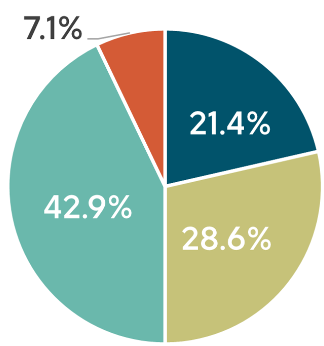
QUALIFIED REHABILITATION EXPENDITURES

Historic tax credits are not calculated on the entire project cost but on the project's Qualified Rehabilitation Expenditures (QREs). As 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, constructing a new addition to a historic structure, and site improvements, such as sidewalks, landscaping, and parking. The 14 certified IL-HTC projects represent over $263 million in total private investment, which includes nearly $199 million in qualified rehabilitation expenditures. An estimated $597 million in qualified rehabilitation expenditures is underway in allocated projects. The IL-HTC has helped projects of all sizes, with QREs of less than $1 million to over $100 million. Overall, 21% of certified IL-HTC projects had QREs of less than $5 million.

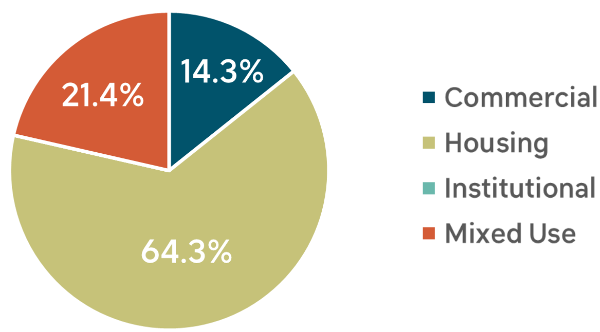
PRE- VS POST- REHAB TYPOLOGICAL USE

Priority #2 gives preference to structures that were previously owned by a federal, state, or local governmental entity for no fewer than six months. This priority recognizes the relative difficulty institutional buildings can pose when considered for rehabilitation. Libraries, schools, and courthouses have wide corridors and primary spaces that can be challenging to retain. Buildings that were privately built but have since fallen into governmental ownership may have done so because of abandonment, deterioration, and code violations, all requiring additional rehab costs to correct. It may be unsurprising that 78% of certified IL-HTC projects were former municipal buildings. After rehabilitation, 64.3% of these were residential in use, and 21.4% were mixed use, meaning nearly 85.7% 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



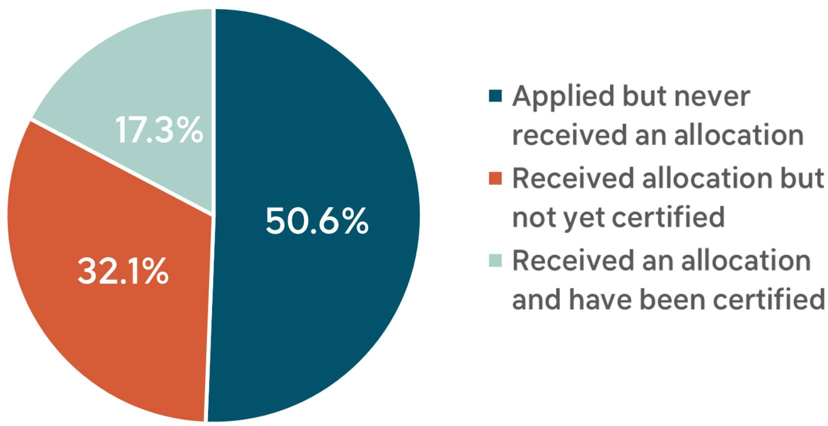
PRE-REHAB VACANCY

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. Additionally, vacant buildings represent a huge cost to local governments in terms of policing, underutilized or unused connections to existing utilities, the required maintenance of streets, alleys, and sidewalks that front vacant buildings, etc. When a commercial building sits vacant, at least one fewer business is operating than could, there are no paychecks being issued to employees, and no sales tax being collected. Moreover, property taxes collected on a vacant building are much lower than if it were rehabilitated and occupied. The IL-HTC is an important tool to put buildings back into productive use. Of the 14 certified IL-HTC projects, 11 were in buildings that were vacant before the rehab began. All of them are now occupied and contribute to the local economy.

IL-HTC APPLICATIONS, ALLOCATIONS, AND CERTIFICATIONS

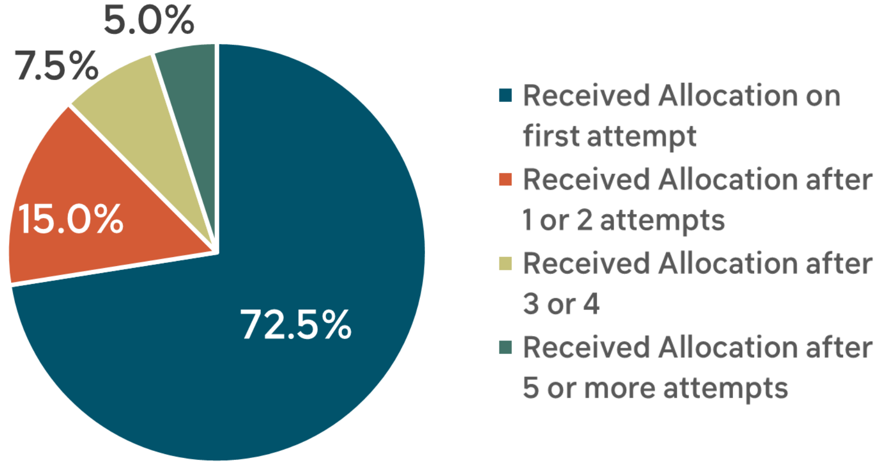
The IL-HTC is a competitive process, so many applicants apply in multiple rounds in hopes of receiving an allocation. Eighty-one projects have applied for the IL-HTC. As of Round 2, 2024, just over 50% of applicants have not yet received an allocation. Of the 40 projects that have received an IL-HTC allocation, 35% have since been certified.

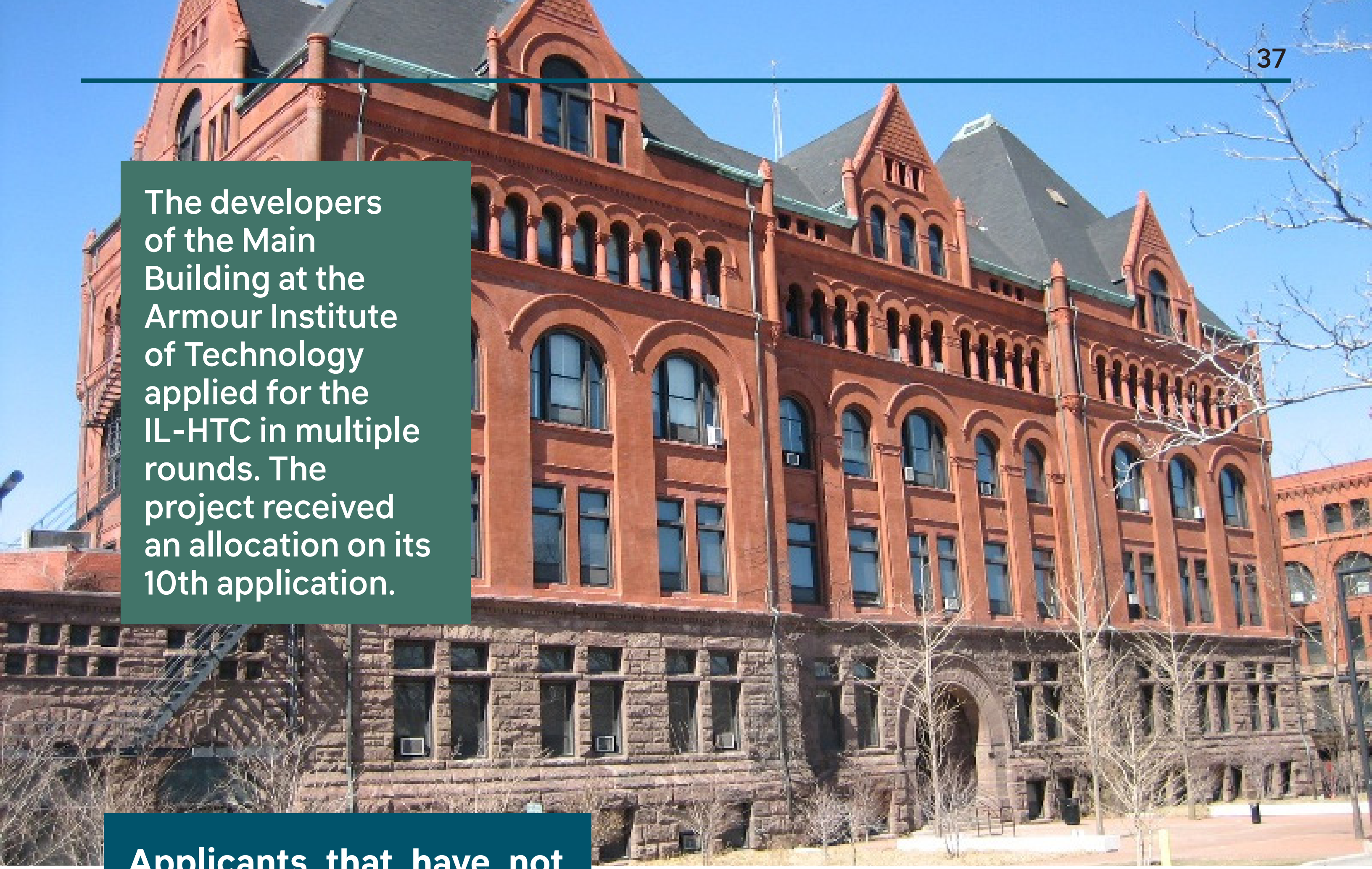
OUTCOME OF ALL IL-HTC APPLICATIONS



Of the 40 projects that have received IL-HTC allocations, almost 73% did so on their first application because those projects tended to have more priorities than other applicants in that round.

NUMBER OF ROUNDS PROJECT APPLIED BEFORE RECEIVING FIRST ALLOCATION



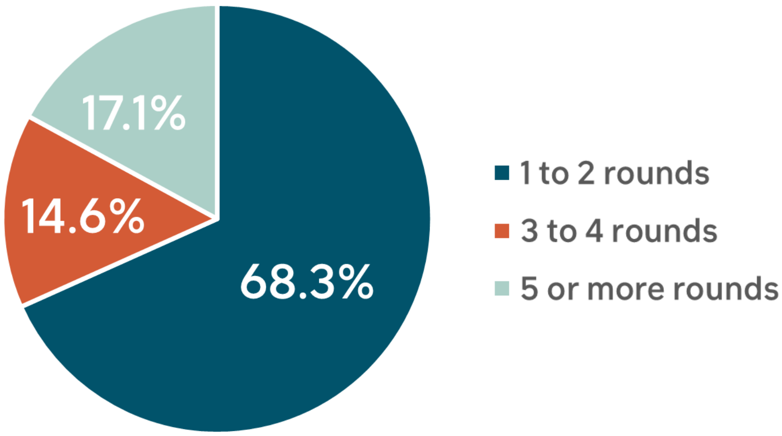


The developers of the Main Building at the Armour Institute of Technology applied for the IL-HTC in multiple rounds. The project received an allocation on its 10th application.

Applicants that have not yet received an allocation have applied an average of 2.4 times.

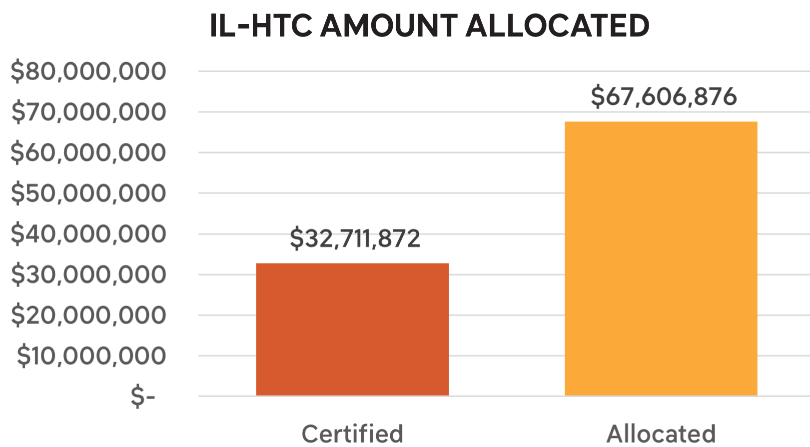
There are projects that have applied for the IL-HTC but have never received an allocation. While the majority of these unallocated projects have applied only once or twice, some have applied multiple times without receiving an allocation. These projects have applied an average of 2.4 times. One project in particular, Main Building at the Armour Institute of Technology, applied in all 10 application rounds and finally received an allocation on its 10th attempt.

NUMBER OF ROUNDS PROJECT APPLIED WITHOUT RECEIVING AN ALLOCATION

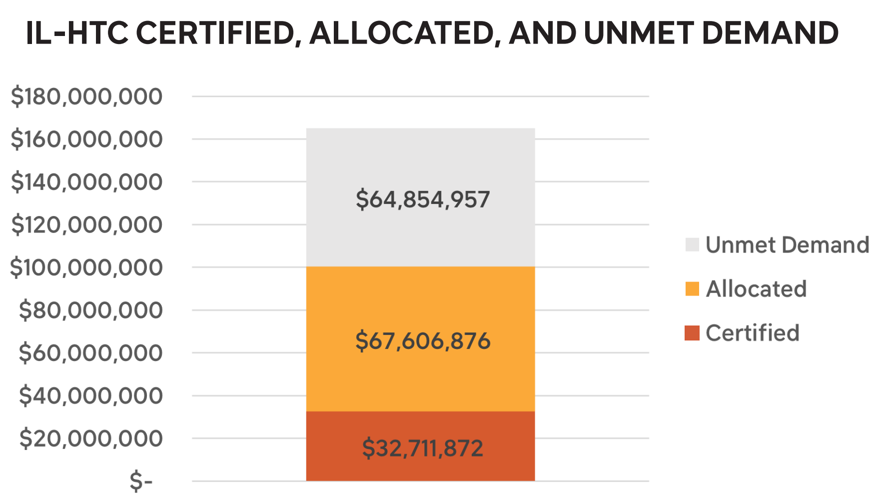


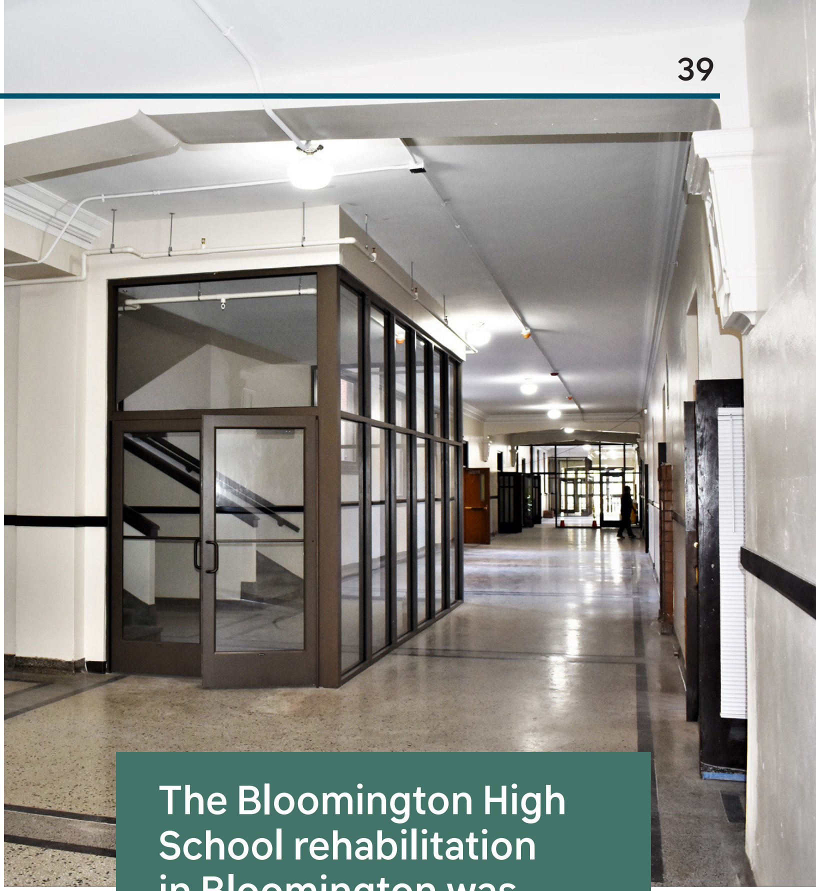
CREDIT SOUGHT, ALLOCATED, AND ISSUED RELATIVE TO PROJECTS' TOTAL QRES

Through the end of 2024, nearly $33 million in state tax credits have been issued to certified IL-HTC projects, and another $68 million has been allocated to IL-HTC projects that are still 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.



In addition to over $100 million in credits that the IL SHPO has allocated or issued in the first six years of the IL-HTC program, another $65 million in credits were sought by projects that either 1) applied but never received an allocation, or 2) did not receive the full allocation for which they were eligible. This means that applicants, whether or not they received an allocation, sought over $160 million in state income-tax credits. Additionally, this $65 million in "unmet demand" does not accurately capture the actual demand from eligible projects that chose not to apply because of the competitive nature of the allocation process.





The Bloomington High School rehabilitation in Bloomington was completed in 2021 using the IL-HTC. The project created 57 senior affordable housing units.

Unlike the F-HTC and the RE-HTC, which are both by-right credits without a programmatic or per-project cap, the IL-HTC is a 25% tax 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. For example, a project with $5 million 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 credit of $3 million (i.e., a 2.4% credit).

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 project QREs. However, of the 40 projects that have received either final certification or allocation, 68% had QREs higher than $12 million, the QRE amount above which the IL-HTC credit is 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	7	7	50.0%
Allocated	6	20	23.1%

Data Source: Illinois Department of Natural Resources

Wedge Innovation Center, Alton
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 significant, beneficial effects on local economies. On average, certified IL-HTC projects have generated 245.6 direct jobs and an additional 197.9 indirect and induced jobs each year. The direct workers on these projects received more than $17.8 million in wages, while indirect and induced workers received nearly $13.9 million in labor income on average each year.[19]

On average, certified IL-HTC projects have generated

245.6
direct jobs

and an additional

197.9
indirect and induced jobs <u>each year.</u>

The resulting paychecks from those jobs represented, on average,

$17,839,859
in direct labor income

and an additional

$13,884,804
in indirect and induced labor income <u>each year</u>.

19 A "direct job" is created by the project. In historic rehabilitation, that would include a carpenter, plumber, electrician, etc. "Indirect jobs" are not created by the project but are supported by it, such as a salesperson at the lumberyard or the truck driver who delivered materials to the job site. An "induced" job is one that is supported by direct and indirect employees' personal spending on goods and services using wages earned through direct and indirect jobs.

ALTON BANK & TRUST, ELFGEN, JACOBY ART CENTER

ALTON, IL-HTC

At its height, the Mississippi River town of Alton boasted a population of 45,000, but over the last half century, with the loss of manufacturing and agricultural shipping, that number has dwindled to 25,000. John Simmons, Alton native and partner at a leading national law firm, had a simple idea: he wanted his hometown to be a place where his grandkids would want to live, work, and stay. He understood that a significant amount of strategic investment would be needed to invigorate the downtown market. To propel downtown's redevelopment, Simmons assembled a dream team of architects, investors, and advisors to focus on the east end of Alton's sprawling downtown. He founded AltonWorks, a social-impact redevelopment company that manages a portfolio of 36 properties destined for rehabilitation.

AltonWorks' initial projects include turning the long-vacant Alton Bank & Trust and Elfgen Buildings into the Wedge Innovation Center (WIC), a 55,000-square-foot, social-impact research lab, think tank, digital library, and coworking space. The WIC is also a digital hub for the new $20 million AltonWorks Fibernet project that will build a fiber-optic network to provide symmetrical, 10 gigabit-speed internet service to both residents and businesses throughout Alton. "Broadband changes lives," said Kiku Obata of Kiku Obata & Company, the firm commissioned to create a strategic vision for revitalizing historic downtown Alton. "If you can learn just one new digital skill," she continued, "you can increase your salary." The WIC will be anchored by two tenants, Midwest AI Network and the Center for Healthy Communities, and will provide a locus for job training and apprenticeships. The Alton Bank and Elfgen Buildings received a combined allocation of $4,739,250 from the state's competitive Illinois Historic Preservation Tax Credit program.

The next rehabilitation projects for AltonWorks projects are Lucas Row at 601 to 611 E. Broadway, which will be turned into 12 apartments and retail storefronts, and the 1905 Jacoby Arts Center Building to be rehabilitated into 18 apartments, retail spaces, and a restaurant.

Alderman Raymond Strebel said, "Projects like the Wedge wouldn't happen without the HTC. Those buildings would have stayed vacant." These projects will be a catalyst for higher-paying jobs in the region with tangible benefits, including free Wi-Fi, job training, apprenticeships, and digital-literacy education through a partnership with Southern Illinois University Edwardsville. Greg Caffey, Building and Zoning Director with the City of Alton, said "There is a feeling of optimism since the Wedge, there is excitement to be back downtown."

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

Every $100 that the State of Illinois provides in historic tax credits spurs $467.60 in additional direct private expenditures and an additional $375.33 in indirect and induced economic activity.

SINCE 2019, THE IL-HTC HAS AWARDED $32.4 MILLION IN TAX CREDITS FOR 14 PROJECTS. THESE PROJECTS LEVERAGED OVER

$263 MILLION

IN TOTAL PRIVATE INVESTMENT.

Historic tax credits are very effective at leveraging private investment because not all of the expenditures necessary to complete a typical rehabilitation project are eligible for the tax credit. Only Qualified Rehabilitation Expenditures (QREs) are eligible for the credit and do not include, for example, newly constructed additions, the building's purchase price, site and landscape improvements, furnishings and equipment, or tenant buildout paid for by the tenant. For every $100 in QREs (i.e., expenses eligible for tax credit), certified IL-HTC projects have generated an additional $32.28 of investment in non-QRE expenses. These non-QREs receive no state or federal credit but still generate new jobs, labor income, and tax revenues for the State and local governments. These non-qualified rehabilitation expenditures increase the leveraging power of the historic tax credits. Every $100 that the State of Illinois provides in historic tax credits spurs an additional $467.60 in direct private investment. Beyond the project, local economies see $375.33 in indirect and induced economic activity for every $100 in historic tax credits.[20]

20 These numbers were 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. These data represent the impact of ANY investment in historic rehabilitation. Therefore, $100 dollars invested in historic rehabilitation will produce roughly $468 in direct private investment, regardless of which historic tax credit program is applied. These numbers would be true in Illinois for the RE-HTC, the IL-HTC, and the F-HTC.

With the addition of Quincy to the River Edge Redevelopment Zone legislation, the Friends of the Washington Theater in Quincy have begun a capital campaign to rehabilitate the beloved local landmark.

RETURNS TO ILLINOIS AND ITS COMMUNITIES

$39.03 OF TAXES HAVE BEEN PAID BEFORE $100 OF HISTORIC TAX CREDITS ARE EVEN ISSUED.

For owners to be able to access the state tax credit, their projects must be completed, the NPS must certify the completed work, and the IL SHPO must accept the final expenses. However, the owners are paying taxes on materials, labor, and construction profits while planning and construction are underway. As a result, by the time the State issues $100 of state tax credits for a certified project, the project's owner will have already paid $22.38 in taxes to the Illinois Treasury and $16.65 in taxes to the local government. In other words, $39.03 of taxes have been paid before $100 of state tax credits are even issued.

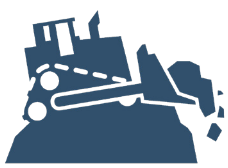
IL-HTC ENVIRONMENTAL IMPACTS

While the IL-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 and demolition debris accounts for approximately 30% of all solid waste, most of which goes to landfills.[21] Because of this, rehabilitating existing buildings helps keep material in use and out of landfills. It also decreases the amount of new construction materials that must be manufactured and shipped, both of which carry a carbon burden. A total of 1,262,789 square feet has been rehabilitated and saved in certified IL-HTC projects. Here are estimates of how much material these projects have kept out of the landfill:

6,061,387
bricks

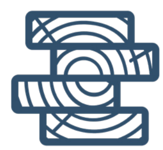
17,679 tons
of concrete/asphalt

1,263 tons
of drywall

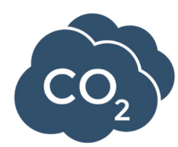


97,866 tons
of construction and demolition debris

1,894 tons
of metal



4,672,319
board feet of lumber



12,629 metric tons
of GHG avoided

equivalent to

3,926 cars
off the road for a year

As but one example of the many environmental benefits of retaining and reusing existing buildings, the 14 certified IL-HTC projects contain an estimated 4.7 million board-feet of lumber, which store roughly 6,000 metric tons of carbon. By keeping this lumber in the rehabilitated buildings, the IL-HTC has helped avoid 12,629 metric tons of CO_2 emissions, which is the equivalent of taking 3,926 cars off the road for one year or providing enough energy to operate 1,961 homes for one year.[22]

21 Construction and Demolition Debris Recycling, Chicago Department of Public Health, https://www.chicago.gov/city/en/depts/cdph/provdrs/environmental_health/svcs/site-clean-up-hazardous-material-disposal.html#recycling
22 WoodWorks, Carbon Calculator, https://www.woodworks.org

MCHENRY COUNTY COURTHOUSE (OLD COURTHOUSE CENTER)

WOODSTOCK, IL-HTC

The McHenry County Courthouse was designed in 1855 by John Mills Van Osdel (1811-1892), considered to be Chicago's first professional architect. Listed on the National Register of Historic Places in 1974, it transitioned to private ownership in the early 1970s after the McHenry County government moved into new quarters. In 2011, the City of Woodstock bought the building out of foreclosure with no plans other than to ensure its preservation. The City utilized TIF funds to stabilize its iconic dome, then worked to make the building weathertight. A Friends of the Courthouse group was established in 2017 to foster an appreciation for the building in the community.

With guidance from preservation architect Gary Anderson of Studio GWA on how the City might use historic tax credits, the Woodstock City Council voted in 2018 to redevelop the building with the Federal-Historic Tax Credit and the state's competitive IL-Historic Tax Credit by partnering with PNC Bank. The building's ownership and management were transferred to a for-profit LLC to which the City belongs, thereby opening the door to over $5 million in state and federal Historic Tax Credits. It hired Studio GWA to design the rehabilitation, which created fully accessible multi-use spaces, offices for the Woodstock Area Chamber of Commerce, restaurants, and an event space in the former courtroom. The City of Woodstock held a ribbon cutting on August 17, 2023, to celebrate the newly renovated Courthouse and adjoining 1887 Sheriff's House and Jail, now collectively called Old Courthouse Center.

The Courthouse Center project has received several honors, including a 2024 Landmarks Illinois Richard H. Driehaus Foundation Preservation Award for Adaptive Reuse. The project was recognized by the International Economic Development Council as a 2024 Excellence Award Gold Winner in the Innovative Financing Category, as well as a Best in Show Nominee.

Woodstock 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 to Woodstock's historic downtown square cannot be overstated. As City Planner Darrel Moore said, "What is the price of identity?"

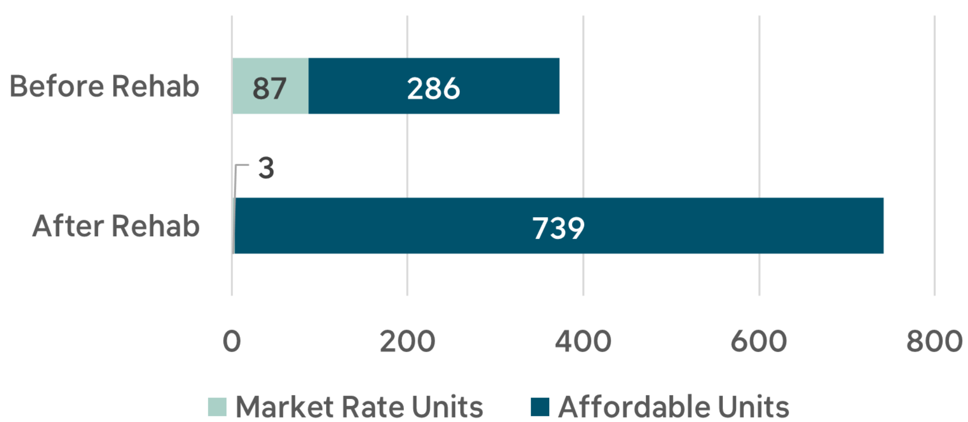
Upon completion, the Lucas Row in Alton will feature 12 apartments and retail storefronts.

HOUSING AND AFFORDABILITY

SINCE 2019, UNDER THE IL-HTC, 369 NET NEW UNITS HAVE BEEN CREATED, 99.6% OF WHICH WERE AFFORDABLE.

Of the 40 IL-HTC projects that have been certified or received an allocation, 25 have a housing component. Twenty-two of those 25 have an affordable-housing component. Most IL-HTC projects added more living units than were previously onsite, while some projects reduced the number of units from the pre-rehab total, most often because the historic sizes of those units were smaller than today's standards permit. In other words, these projects also improved the livability of the units that existed before their respective rehabs began. Since 2019, IL-HTC certified projects have created 369 net new housing units, representing a 98.9% increase in the number of total housing units overall. IL-HTC projects have also created affordable housing where none previously existed–99.6% of new housing units created by the IL-HTC have been affordable.

MARKET RATE AND AFFORDABLE HOUSING IN CERTIFIED IL-HTC CERTIFIED PROJECTS



IL-HTC AFFORDABLE HOUSING PROJECTS

Maywood Supportive Living, located 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 beginning 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."

Emily and Tyler Nevius
Owners of the Ramova

THE RAMOVA THEATER
CHICAGO, IL-HTC

Located in the Bridgeport neighborhood on the South Side of Chicago, the Ramova Theater opened in 1929 and was the community's hub of entertainment activity until its closure in 1986. Despite a new roof and new gutters installed by the "Friends of the Ramova Theatre," the vacant theater continued to decline. The famous Ramova Grill closed in 2012, hastening the building's deterioration.

Emily and Tyler Nevius lived in Brooklyn but wanted to return home to Chicago. Tyler, who works in the entertainment industry, saw exciting developments in the NYC music-venue scene and wanted to bring that innovation to Chicago. The husband-and-wife team realized that there were very few opportunities for South Siders to enjoy local live music and breweries. They knew the vacant Ramova Theater could rectify that disparity.

The Neviuses bought the Ramova in 2017 from the City of Chicago for $1 under a purchase agreement that required Chicago Landmark designation. They assembled a funding stack that included TIF and CDBG grants, Commercial Property Assessed Clean Energy (CPACE) financing, Federal Historic Tax Credits, and the competitive Illinois Historic Preservation Tax Credit. The Ramova project also has several high-profile investors, including Chance the Rapper, Jennifer Hudson, and Quincy Jones. But making this $38 million project happen took a community effort. About 75% of the investors are from Chicago, and 50% of them live in the Bridgeport neighborhood. Emily Nevius said, "When we moved back home, we got very involved in the community. I run into investors when I'm walking around the neighborhood with my kids–there's always a local touch."

"We were fortunate in that a lot of really talented people just believed in the project," said Dan O'Riley, a family friend and former Associate Director at Skidmore, Owings & Merrill, who took on the Ramova as a passion project. Charcoalblue, renowned theater and acoustics consultant, worked on the project, as did Elliott Little, lighting designer for Chance the Rapper and Jennifer Hudson.

The project combined three contiguous historic commercial buildings to include an atmospheric theater for up to 1,800 patrons, a 10-barrel brewery, a grill (run by a 6th-generation Bridgeporter), a taproom, and indoor and outdoor community spaces. In its first year, the Ramova hosted over 100 free events, including its monthly community market featuring local growers, artists, makers, and small businesses. "We see it as a real responsibility to give back to the community when we receive state and federal money," said Tyler.

The Ramova Theater venue and its reopened Ramova Grill and Taproom have had a ripple effect on the South Halsted Street commercial node, which had not enjoyed significant reinvestment in quite some time. Stussy's Diner, a woman-owned and Black-owned business next door, has opened, as have several other Black-owned businesses. The Ramova garners significant tax returns for the City–a 10.5% entertainment tax plus a tax on every gallon of beer its taproom sells.

ILLINOIS STATE BANK OF QUINCY

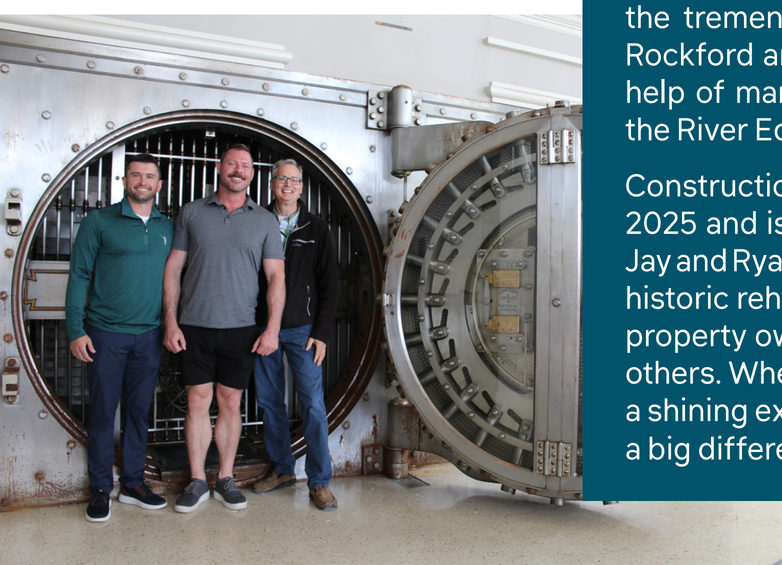
IL-HTC (ANTICIPATED RE-HTC)

In Tulsa, Oklahoma, developers Jay Krottinger and Ryan Jude Tanner of Tanninger Companies cut their teeth on rehabilitation projects that paired Federal and State Historic Tax Credits. They saw firsthand the transformative power these types of projects have on their communities. So, when Krottinger and Tanner wanted to expand their portfolio, they looked to Quincy, where Tanner grew up.

A report commissioned by the City of Quincy revealed a shortage of about 150 hotel rooms. After purchasing and rehabbing a residential building in Quincy, Krottinger and Tanner decided that a larger-scale hotel project in the downtown would be the perfect next step for their firm. In 2021, Tanninger purchased the 43,000 square-foot former Illinois State Bank of Quincy and planned a $15 million rehabilitation to transform the vacant, though well-mothballed, building into a hotel. The firm partnered with Iowa-based Built to Suit, Inc., and benefited from early and on-going support from Chuck Bevelheimer, Quincy's Director of Planning & Development, and other City staff, as well as from Quincy's current and former mayors.

Every incentive is crucial for a project like this. "This project hinges on every possible federal, state, and city incentive to work," Jay said. He quickly added that "the IL-HTC allocation was monumental–we literally would have had to put the building up for sale if we didn't get it." Though the project received the maximum per-project IL-HTC allocation of $3 million, Quincy's recent inclusion in the River Edge Redevelopment Zone legislation means that RE-HTCs could have an even greater impact on the project.

Representative Kyle Moore, President of Great River Economic Development Foundation and former Quincy Mayor, saw the tremendously positive effects of the RE-HTC program in Rockford and Peoria and wanted to bring it to Quincy. With the help of many others, in 2024 he successfully added Quincy to the River Edge legislation.



Construction of the hotel conversion is scheduled to begin in early 2025 and is estimated to be completed in the summer of 2026. Jay and Ryan are keen to share their knowledge and experience of historic rehabilitation, especially the use of the HTCs, with other property owners, including the nearby Washington Theater and others. When completed, the Illinois State Bank of Quincy will be a shining example of how these important incentives are making a big difference in cities across the state.

IL-HTC CONCLUSION:

The Illinois Historic Tax Credit Program has certainly helped the projects that have received allocations, and particularly impactful in the creation of affordable housing.

The Illinois Historic Preservation Tax Credit (IL-HTC) program has proven its value in the revitalization of historic buildings, encouraging private investment, and creating affordable housing. While the program has contributed meaningfully to economic development and community renewal, its overall impact has been limited by a relatively low annual programmatic cap, first demonstrated in the inaugural 2023 Economic Impact Report. The original legislation–which went into effect on January 1st, 2019 and was set to expire on December 31st, 2023–had an annual program cap of $15 million with a $3 million per project cap. The Illinois Legislature recognized the program's limitations and increased the program's cap to allow for broader participation, greater economic activity, and increased benefits to local communities and governments. New legislation (taking effect on January 1st, 2024 through December 31st, 2028) increased the cap to $25 million and kept the $3 million project cap. Despite the fact the annual program cap was increased, the demand still outweighs the supply of credit. Because projects often have to apply many times without the guarantee of an allocation, the credits are not treated as a reliable financial source in the capital stack.

Under its current cap, the IL-HTC credit still cannot reach its full potential in stimulating additional private investment. 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, meaning the credit can only have a minimal impact on increasing the overall amount of historic preservation activity in the state. Every year Senator Halpin has introduced legislation to increase the IL-HTC program cap to $75 million, but the per project cap of $3 million has remained. The 2023 EIR found that if the IL-HTC programmatic cap were raised to $75 million, each year Illinois would see an additional $122,076,000 in private rehabilitation expenditure, 1,450 additional jobs each year, $41 million in additional labor income each year, and an additional $115,211,271 in economic activity.

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. While recent changes to the IL-HTC are positive improvements, there is still room to make the program even more effective.

Jacoby Arts Center, Alton
IL-HTC Project

FINAL CONCLUSION

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

The Illinois Historic Preservation Tax Credit (IL-HTC) and the River Edge Historic Tax Credit (RE-HTC) programs are powerful catalysts for economic revitalization, job creation, housing production, and community development across the state. By incentivizing the rehabilitation of historic structures, these programs have attracted substantial private investment, breathed new life into underutilized buildings, and stimulated local economies. The recent extension and expansion of the IL-HTC program through 2028, with an increased annual allotment of $25 million, reflect the state's commitment to preserving its rich architectural legacy while fostering sustainable economic development. In conclusion, the IL-HTC and RE-HTC programs are not merely preservation tools but strategic investments in Illinois' future. Their continued support and promotion are essential for sustaining the momentum of economic growth, job creation, and community enrichment across the state.

RE-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Credit Amount
Brew House (Prairie Street Brewing Co.)	200 Prairie St.	Rockford	2015	$16,817,864	$2,289,031	$4,204,466
Kickapoo Building	726 W. Main St.	Peoria	2016	$1,272,321	$108,238	$318,080
324-330 E. State	324-330 E. State St.	Rockford	2016	$3,021,611	$142,619	$755,403
Metropolitan Hall	410 E. State St.	Rockford	2016	$2,684,291	$431,414	$671,073
222 7th St.	222 7th St.	Rockford	2016	$87,064	$7,225	$21,766
214 Pecan St. (Cooperage)	214 Pecan St.	Peoria	2017	$5,787,938	$530,554	$1,446,985
CMF Building	115 7th St.	Rockford	2017	$877,683	$61,990	$219,421
Lehman-Stern Knitting Mill	1028 SW Adams St.	Peoria	2017	$4,814,874	$1,431,065	$1,203,718
St. Charles Hospital (St. Charles Senior Living)	400 E. New York St.	Aurora	2017	$17,848,681	$5,290,609	$4,462,170
Obed & Isaac's Microbrewery	321 NE Madison Ave.	Peoria	2017	$1,858,088	$739,447	$464,522
Stuber Building	100 SW Walnut St.	Peoria	2017	$12,703,426	$1,560,650	$3,175,857
Midtown Lofts	409-411 S. 7th St.	Rockford	2017	$768,339	$16,428	$192,085
Winkler Building	733 SW Washington St.	Peoria	2018	$3,261,607	$576,478	$815,402
Elgin Tower Building	100 E. Chicago St.	Elgin	2018	$16,738,455	$1,669,188	$4,184,614
212 State St.	212 State St.	Rockford	2018	$1,018,148	$228,107	$254,537

RE-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Credit Amount
Turner School	1410 Broadway	Rockford	2018	$9,768,114	$1,266,935	$2,442,028
International Harvester (Company 251)	251 S. River St.	Aurora	2018	$3,594,673	$354,189	$898,668
Midtown Westtown Lofts	401-403 S. 7th St.	Rockford	2018	$1,696,606	$28,191	$424,151
Midtown Westtown Lofts	407 S. 7th St.	Rockford	2018	$1,487,659	$21,336	$152,221
Rockford Trust Building	202 W. State St.	Rockford	2019	$11,855,869	$2,726,176	$2,963,967
Block & Kuhl Building (John C. Dunham Aurora Arts Center)	5 E. Galena Blvd.	Aurora	2019	$14,626,486	$4,517,843	$3,656,622
Stanley Building (John C. Dunham Aurora Arts Center)	14-20 S. Stolp Ave.	Aurora	2019	$9,351,604	$3,012,119	$2,337,901
Valencia Apartments	608 Fisher Ave.	Rockford	2019	$6,172,414	$293,558	$1,543,103
927 SW Washington	927 SW Washington St.	Peoria	2019	$2,295,589	$1,577,315	$573,897
Ziock Building	416 S. Main St.	Rockford	2020	$60,041,606	$7,445,012	$15,010,402
Rockford Indoor Market	116 N. Madison St.	Rockford	2020	$7,041,474	$1,068,406	$1,760,368
Marquette Apartments	701 Main St.	Peoria	2020	$4,095,421	$94,265	$1,023,855
Talcott Building	321 W. State St.	Rockford	2021	$26,360,563	$3,928,244	$6,590,141
CA Flats	327 W. Jefferson St.	Rockford	2021	$10,031,507	$67,454	$2,507,877

RE-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Credit Amount
Pop-A-Shot	918 SW Adams / 921 May St.	Peoria	2021	$1,181,281	$12,570	$295,320
709 SW Washington	709 SW Washington St.	Peoria	2021	$1,458,143	$104,962	$364,536
723 SW Washington	723 SW Washington St.	Peoria	2021	$3,158,766	$191,781	$789,692
Keystone Apartments	30 S. Stolp Ave.	Aurora	2021	$13,010,119	$1,473,854	$3,252,530
Copley Hospital	506-532 S. Lincoln Ave. / 301 Weston Ave.	Aurora	2023	$126,926,723	$20,630,623	$31,731,681
Schipper & Block Dept. Store	124 SW Adams St.	Peoria	2023	$137,572,701	$1,281,634	$34,393,175
Super A&P Market Building	187 SW Washington St.	Peoria	2023	$5,588,566	$0	$1,397,142
Hotel Arthur (Lofts on Broadway)	2 N. Broadway	Aurora	2023	$12,328,721	$384,074	$3,082,180
Nailon Plumbing Supply	101 Liberty St.	Peoria	2024	$1,470,473	$266,339	$367,618
Midtown Faust	1005 5th Ave.	Rockford	2024	$568,153	$53,230	$142,038
Mary A. Todd School	100 Oak Ave.	Aurora	2025	$6,823,562	$304,157	$1,705,891
Abraham Lincoln School	641 S. Lake St.	Aurora	2025	$8,684,534	$387,109	$2,171,134
American Insurance Company Building	304 N. Main St.	Rockford	Ongoing	$4,751,913	$290,633	$1,187,978
Wilson Electric Co.	113 S. Madison St.	Rockford	Ongoing	$97,434	$0	$24,359

RE-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Credit Amount
International Harvester Warehouse & Showroom	6-12 N. River St.	Aurora	Ongoing	$7,028,538	$582,709	$1,757,135
Hobbs Building	2 N. River St.	Aurora	Ongoing	$6,589,229	$546,287	$1,647,307
Rockford Brass Works (Water Power Lofts)	700 S. Main St.	Rockford	2023/ Ongoing	$26,514,558	$1,042,771	$6,628,639
Federal Warehouse	800-808 SW Adams St.	Peoria	Ongoing	$16,660,000	TBD	TBD
Barber Colman Co. Complex	102 Loomis St.	Rockford	Underway	$53,400,000	TBD	TBD
Rockford Elk's Lodge #64	210 W. Jefferson St.	Rockford	Underway	TBD	TBD	TBD
Nu-State Building	119 N. Church St.	Rockford	Underway	$11,985,183	TBD	TBD
Wilson Electric Co.	111 S. Madison St.	Rockford	Underway	$100,000	TBD	TBD
Wilson Electric Co.	115-117 S. Madison St.	Rockford	Underway	$70,000	TBD	TBD
Emerson House	420 N. Main St.	Rockford	Underway	TBD	TBD	TBD
Chic Manufacturing Building	1001 SW Adams St.	Peoria	Underway	$4,000,000	TBD	TBD
Elgin Commerce Building	18 S. Spring St.	Elgin	Underway	$10,052,551	TBD	TBD
Rockford YWCA (Hotel Kate)	220 S. Madison St.	Rockford	Underway	$10,000,000	TBD	TBD
Broadview Hotel	411 E. Broadway	East St. Louis	Underway	$33,942,870	TBD	TBD

RE-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Credit Amount
Valentine's Transfer & Storage Company	110 Cross St.	Aurora	Underway	$3,000,000	TBD	TBD
Churchill Drug Company Bldg.	812 SW Washington St.	Peoria	Underway	$25,000,000	TBD	TBD
International Harvester	1301-1309 SW Washington St.	Peoria	Underway	$12,721,965	TBD	TBD
Lafayette Hotel	200-204 N. Church St.	Rockford	Underway	$14,200,000	TBD	TBD
43 E. Galena	43 E. Galena Blvd.	Aurora	Underway	$6,200,000	TBD	TBD
11 Water St.	11 Water St.	Aurora	Underway	$200,000	TBD	TBD
212 1/2-214 1/2 DuPage St.	212 1/2 and 214 1/2 DuPage St.	Elgin	Underway	$800,000	TBD	TBD
Ingersoll Milling Machine Company	325 S. Madison St.	Rockford	Underway	$5,700,000	TBD	TBD
Rockford Register Star Building	99 E. State St.	Rockford	Underway	$24,000,000	TBD	TBD
Galena Hotel	116 W. Galena Blvd.	Aurora	Underway	$7,000,000	TBD	TBD
Wilson Grocery Co. Building	800 SW Washington St.	Peoria	Underway	$21,721,203	TBD	TBD
Jobst-Bethard Co. Building	801 SW Washington St.	Peoria	Underway	$17,116,847	TBD	TBD
62 S. Broadway	62 S. Broadway	Aurora	Underway	TBD	TBD	TBD
Brady Block	11 N. Broadway	Aurora	Underway	TBD	TBD	TBD
Columbia Hotel	112 E. Galena Blvd.	Aurora	Underway	TBD	TBD	TBD
Aurora National Bank	1 N. Constitution Dr.	Aurora	Underway	TBD	TBD	TBD

IL-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Amount Allocated	Final Credit Amount
Cook County Hospital Administration Building	1835 W. Harrison St.	Chicago	2020	$24,470,966	$1,373,562	$3,000,000	$3,000,000
Garfield Elementary School (Garfield School Senior Residences)	1518 25th Ave.	Moline	2020	$2,805,761	$6,735,490	$701,440	$701,440
Bloomington High School (Washington Senior Apartments)	510 E. Washington St.	Bloomington	2021	$14,738,170	$2,752,196	$3,000,000	$3,000,000
Mercer Carnegie Library	200 N. College Ave.	Aledo	2021	$637,600	$68,787	$150,000	$150,000
Paris High School (Tiger Senior Apartments)	309 S. Main St.	Paris	2021	$11,080,529	$2,827,767	$2,832,967	$2,770,132
West Pullman Elementary School (West Pullman Senior Community)	11941 S. Parnell Ave.	Chicago	2021	$11,303,620	$3,407,686	$3,000,000	$2,825,905
Edward Hines, Jr., VA Hospital Building #14	5000 S. 5th Ave.	Hines	2022	$4,831,538	$1,158,671	$917,033	$917,033
Granite City YMCA (Edison Avenue Lofts)	2001 Edison Ave.	Granite City	2022	$9,635,762	$1,085,567	$2,408,941	$2,408,941
Hotel Belleville (Lofts on the Square)	16 S. Illinois St.	Belleville	2022	$12,360,099	$1,959,120	$3,000,000	$3,000,000
Baptist Retirement Home (Maywood Supportive Living)	316 Randolph St.	Maywood	2023	$40,707,002	$1,539,903	$3,000,000	$3,000,000
Arsenal Courts (Century Woods Apartments)	1400 5th St.	Rock Island	2024	$21,206,977	$22,203,119	$3,000,000	$3,000,000
Belvidere High School	520 Pearl St.	Belvidere	2024	$6,478,692	$4,083,265	$1,701,491	$1,619,673
McHenry County Courthouse & Jail (Courthouse Center)	101 N. Johnson St.	Woodstock	2024	$16,125,206	$5,164,748	$3,000,000	$3,000,000

IL-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Amount Allocated	Final Credit Amount
Ramova Theater	3508-3518 S. Halsted St.	Chicago	2024	$22,541,330	$9,848,232	$3,000,000	$3,000,000
4130 N. Kenmore Ave.	4130 N. Kenmore Ave.	Chicago	TBD	$3,000,000	TBD	$750,000	TBD
4431-4441 N. Clifton Ave.	4431-4441 N. Clifton Ave.	Chicago	TBD	$4,000,000	TBD	$1,000,000	TBD
Albert Pick & Co. Building	2159 W. Pershing Rd.	Chicago	TBD	$38,600,000	TBD	$3,000,000	TBD
Aledo Public High & Grade School	205 N. College Ave.	Aledo	TBD	$12,001,683	TBD	$3,000,000	TBD
Alton Banking & Trust Building	620 E. Broadway	Alton	TBD	$8,910,000	TBD	$2,227,500	TBD
Anthony Overton Elementary School	221 E. 49th St.	Chicago	TBD	$9,830,000	TBD	$2,457,500	TBD
Best Building	1701-1703 2nd Ave.	Rock Island	TBD	$15,162,463	TBD	$2,520,989	TBD
C.J. Jacoby and Company Building	627-629 E. Broadway	Alton	TBD	$16,000,000	TBD	$3,000,000	TBD
Charles Warrington Earle School	6121 S. Hermitage Ave.	Chicago	TBD	$15,247,990	TBD	$3,000,000	TBD
Chicago and Northwestern Railway Building	226 W. Jackson Blvd.	Chicago	TBD	$102,387,667	$48,755,720	$2,110,568	TBD
Collinsville Township High School	1203 Vandalia St.	Collinsville	TBD	$24,000,000	TBD	$3,000,000	TBD
Congress Theater	2135 N. Milwaukee Ave.	Chicago	TBD	$40,000,000	TBD	$3,000,000	TBD
E.B. Job Building (Lucas Row)	601-611 E. Broadway	Alton	TBD	$9,416,045	TBD	$2,354,011	TBD
Elfgen Building	600-606 E. Broadway	Alton	TBD	$10,047,000	TBD	$2,511,750	TBD

IL-HTC Project Name	Address	City	Cert Year	QREs	Non-QREs	Amount Allocated	Final Credit Amount
Francis Scott Key School	517 N. Parkside Ave.	Chicago	TBD	$14,649,060	TBD	$3,000,000	TBD
ICA GreenRise Learning Laboratory	4750 N. Sheridan Rd.	Chicago	TBD	$15,846,842	TBD	$3,000,000	TBD
Illinois State Bank of Quincy	531 Hampshire St.	Quincy	TBD	$14,600,000	TBD	$3,000,000	TBD
Julia C. Lathrop Homes (South Campus)	2759 N. Hoyne Ave.	Chicago	TBD	$40,000,000	TBD	$3,000,000	TBD
Kaskaskia Hotel	217 Marquette St.	LaSalle	TBD	$28,000,000	TBD	$674,558	TBD
Laramie State Bank	5200 W. Chicago Ave.	Chicago	TBD	$13,973,842	TBD	$3,000,000	TBD
Main Building (AIT)	3300 S. Federal St.	Chicago	TBD	$24,581,000	TBD	$3,000,000	TBD
Mid-City Trust and Savings Bank	801 W. Madison St.	Chicago	TBD	$30,000,000	TBD	$3,000,000	TBD
Otis Elevator Company Foundry	1600 S. Laflin St.	Chicago	TBD	$14,000,000	TBD	$3,000,000	TBD
Pioneer Savings and Trust Building	4000 W. North Ave.	Chicago	TBD	$18,270,000	TBD	$3,000,000	TBD
Shimer College	IL 64 and IL 78	Mt. Carroll	TBD	$60,000,000	TBD	$3,000,000	TBD
The Forum/Forum Hall	318-328 E. 43rd St.	Chicago	TBD	$16,546,528	TBD	$3,000,000	TBD

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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.

This report was prepared and written by Donovan Rypkema, Rodney Swink, Katlyn Cotton, and Alyssa Frystak. Rypkema is principal and founder of PlaceEconomics. Frystak is the Director of Research and Data Analytics at PlaceEconomics and handled data collection, research methodologies, and analysis. Cotton is the Director of Communications and Design at PlaceEconomics and handled graphic design, as well as data analysis. Site visits were conducted by Cotton, Frystak, and Swink, Senior Associate for Planning and Development.

THE IMPACT OF
HISTORIC TAX CREDIT INVESTMENT
IN ILLINOIS

2012-2024

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

PlaceEconomics