

# Rhode Island Historic Tax Credits: A Proven Economic Engine

2024 Status Report



## State Historic Tax Credits Economic Impact: 2002 - 2024



### Addressing Critical RI Housing Needs

State Historic Tax Credits are a significant generator of much needed housing, creating more than **6,557 new units** since 2002. Data from 2013 to date show that rehabilitation projects accomplished through state Historic Tax Credits have produced approximately **20% of all new housing units** in Rhode Island and 20% of all new affordable housing units.



### Investment in Rhode Island

**322 historic buildings** have been rehabilitated, turning blighted areas into neighborhood assets, since 2002 when state Historic Tax Credits were first available. The \$443.8 million of state Historic Tax Credits issued over that period catalyzed over **\$2.18 billion in investment in RI communities.**

A study by PlaceEconomics found that 50¢ of every \$1 was returned to the state through sales, income and corporate taxes paid before the credit is even awarded. Further, the same study found that every \$1 dollar in tax credits leverages more than 10 times that amount in economic activity.

*Built in 1898, Paragon Mill in Olneyville was a textile and manufacturing facility. By 2018, its blighted condition put it on Providence's Most Endangered Properties list. Completed in 2023, a \$32 million project used \$4.3 million state Historic Tax Credits to convert into 101 low- and middle-income apartments and commercial space.*



# Rhode Island Historic Tax Credits 2024: Where Do We Go From Here?

## 2024 Status

**Projects Underway:** As of October of 2023, there are 30 projects underway, representing more than \$490 million in total project investment that would use \$85.6 million in Historic Tax Credits. Importantly, these projects would create 1,671 housing units, including 301 affordable units.

**Projects in Queue:** There are 54 applications in the queue seeking \$90 million in credits that would generate total projects estimated to be \$467 million. These projects are stalled: there is not enough unallocated credit to fund the next project in line. Four new applications were filed between May 2024 and November 2024. (Data as of the November 2024 Revenue Estimating Conference)

*Copley Chambers was built in 1913 as a rooming house. By 2020 the building was vacant and had severe structural issues. This \$6 million rehabilitation leveraged \$955k in state Historic Tax Credits to create 26 furnished apartments and support services for young adults who have aged out of the foster care system.*



## CALL TO ACTION

- **Extend the “sunset” to five-year intervals.** Remove the uncertainty for new projects.
- Replenish funding.
- **Fix obstacles in the administration of the program.** Reduce the processing fee; allow for better transparency on the queue status; provide flexibility on project construction time frame.
- **Make housing creation a priority.** Provide a 25% credit for housing projects, instead of disadvantaging housing projects by the current lower 20% award.
- **Revisit the prevailing wage requirement for projects with costs over \$10 million.**