Many communities across America are experiencing housing shortages, especially shortages of affordable housing. Cumulatively this problem has grown to crisis proportions. Tackling this challenge requires a multi-pronged effort, of which rehabilitation of historic buildings is a critically important component. Recognizing that rehabilitations can help boost housing supply, meet sustainability goals, and utilize community assets more effectively, the Advisory Council on Historic Preservation (ACHP) has developed this policy statement to encourage both rehabilitation of historic housing (including historic public housing) and adaptation of historic buildings not originally built for housing. This statement articulates principles to guide public-serving institutions in promoting and accelerating the rehabilitation of historic buildings for housing and to guide a wide array of public and private entities seeking to harmonize historic preservation and housing goals. The ACHP will integrate these principles into its oversight of the federal Section 106 review process and into the advice it provides to federal agencies, state and local governments, and the general public.

SCOPE OF THE ISSUE

Estimates vary among studies quantifying the scope of the current housing shortage, but the overall conclusion is the same–America is facing a significant deficit in housing supply versus demand. This, in turn, drives up costs. A 2023 report by the Joint Center for Housing Studies of Harvard University, The State of the Nation’s Housing 2023, succinctly summarizes what many other studies have found:

*Millions of households are now priced out of homeownership, grappling with housing cost burdens, or lacking shelter altogether, including a disproportionate share of people of color, increasing the need for policies to address the national housing shortfall at the root of the affordability crisis.*

While discussing the need to construct new units, the report also concludes that:

*In addition to expanding the supply of new homes, improving the existing housing supply is critical. Substantial investment will be needed to preserve the aging stock and respond to climate change. At 43 years of age, the median home in 2021 was the oldest it has ever been . . .*

Rehabilitating and reusing existing buildings must be integral to addressing the housing shortage, which is not a problem America can build its way out of solely through new construction.

Because approximately 40 percent of America’s current building stock is at least 50 years old, rehabilitation of historic and older buildings must play an important role in addressing the housing crisis. In towns, counties, and cities, and on Tribal lands throughout the country, historic buildings can be reused as housing. Given that the cost of rehabilitation on a per-square-foot basis tends to be less than new construction, historic buildings are an important source of so-called “naturally occurring” affordable housing. The opportunities for housing creation and retention are immense.
This policy statement pertains primarily to historic properties—buildings, sites, districts, structures, and objects—which are included in or eligible for inclusion in the National Register of Historic Places, and principally to individual historic buildings and buildings within historic districts. However, it is important to recognize that many older buildings that could qualify for historic designation have not yet been designated. Others are not yet 50 years old—the usual age threshold that must be reached to be considered eligible for National Register designation. The ACHP acknowledges that many of the strategies and suggestions offered in this policy statement can apply to older buildings generally, not just those formally designated historic.

Projects to rehabilitate historic buildings for housing or build new housing may be subject to historic preservation review at the federal, state, and/or local levels. The existence of these processes sometimes gives rise to an assumption that historic preservation reviews will complicate or be a barrier to housing development, particularly of affordable housing. This need not be the case, and when fully integrated into regular project planning and scheduling, such reviews can benefit project development without causing delay or increasing project costs. However, such reviews do need to be grounded in a flexible and consistent approach to ensure that housing can be developed expeditiously while still preserving the historic qualities of affected historic properties. This policy statement is grounded in encouraging such flexibility.

**ROLE OF THE FEDERAL GOVERNMENT**

The federal government plays a role in establishing and implementing both historic preservation policy and housing policy. It also directly funds both historic preservation projects and housing projects, undertaken by public and private actors alike. And finally, it sets forth standards for the treatment of historic properties that are, in turn, interpreted and applied by state, Tribal, and local governments and private parties. Thus, the federal government has a significant role to play in the way that buildings are updated or repurposed for housing.

A key player regarding historic preservation is the ACHP, an independent federal agency created by the National Historic Preservation Act (NHPA). It works to promote the preservation, enhancement, and sustainable use of our nation’s diverse historic resources. It is the ACHP’s responsibility to “advise the President and Congress on matters relating to historic preservation, recommend measures to coordinate activities of federal, state, and local agencies and private institutions and individuals related to historic preservation, and advise on the dissemination of information pertaining to those activities.”\(^1\) The ACHP has developed this policy statement in keeping with this mandate.

Across the federal government, agencies are responsible for directly managing and caring for historic properties under their control, and for fostering both nonfederal, governmental, and private preservation activities. Section 110 of the NHPA sets out these broad historic preservation responsibilities of federal agencies and is intended to ensure that historic preservation is fully integrated into their ongoing programs.\(^2\) Federal agencies with responsibilities regarding housing must consider historic properties as part of their program planning, addressing the role historic buildings can play in providing housing and the potential impacts of housing projects and programs on historic properties of all types.

The federal government has a mandate to consider the effects of projects they carry out, approve, or fund on historic properties. This requirement has been enshrined in Section 106 of the NHPA.\(^3\) The ACHP issues the regulations (36 C.F.R. Part 800) that guide federal agencies in completing review of federal projects under Section 106. Section 106 applies both to housing built directly by federal agencies and to

\(^1\) 54 U.S.C. § 304102.

\(^2\) 54 U.S.C. §§ 306101-306107; 306109-306114.

\(^3\) 54 U.S.C § 306108.
housing funded by federal agencies. Several federal agencies, including the Department of Defense and the Department of the Interior, build housing for their staff and for other purposes. In addition, some federal agencies, notably the Department of Agriculture Rural Housing Service and the Department of Housing and Urban Development (HUD), provide funding to public housing authorities, state and local governments, and private entities for the creation of housing. These federal agencies (and funding recipients that have assumed HUD’s environmental review requirements by statute) must comply with Section 106.4

Influencing the physical nature and form of both public and private projects, whether subject to the Section 106 review process or not, are standards for the treatment of historic properties set forth by the Department of the Interior, including the Secretary of the Interior’s Standards for Rehabilitation (Secretary’s Standards). These standards have been adopted by state and local governments and also influence private action.

It is within this context of the federal government’s role at the intersection of housing and historic preservation that this policy statement has been drafted.

INTENDED AUDIENCE

Given the leadership role of the federal government in addressing both housing and historic preservation, the following policy principles seek to promote informed federal decision making and responsible stewardship of historic properties. The ACHP also has designed this policy statement to assist Tribal, state, and local governments; community groups; and nonprofit organizations (collectively, along with federal agencies, “public-serving institutions”); developers, and others in the private sector as they seek to maximize reuse of historic buildings for housing as a strategy to address the housing crisis.

It is important to note that a wide variety of nonprofit organizations can play a role in rehabilitation of historic buildings for housing. Among these are nonprofit housing corporations, community development corporations, land banks, and heritage conservancies. The ACHP encourages both nonprofits and the for-profit private sector to explore the opportunities inherent in reusing historic buildings for housing.

POLICY PRINCIPLES

Gathering Information

1. Public-serving institutions should work collaboratively to research and share information with each other, the private sector, and the public about the costs, benefits, incentives, and disincentives associated with rehabilitating historic buildings for housing. Recommended areas for study and dissemination of information include the following:

   - Assemble information about the location, size, condition, and occupancy of historic buildings in localities and correlate this information with local housing needs.

   - Study the costs of rehabilitating historic buildings for housing, relative to new construction. Such cost comparisons should consider intangible and environmental costs and benefits in

4 This statement incorporates provisions of a 2006 ACHP Policy Statement on Affordable Housing and Historic Preservation (a replacement for a previous 1995 policy statement), which was designed to serve as a guide for federal agencies and other stakeholders when making decisions about affordable housing projects during Section 106 review. In recognition that the federal government engages in undertakings triggering Section 106 review for both affordable housing and other types of housing, this policy statement removes the word “affordable” from text that previously appeared in the 2006 policy statement.
addition to monetary cost. It also is important that cost analyses not conflate rehabilitation and adaptive use with restoration. Accurately restoring a building to its appearance at a particular point in time generally is more expensive and is not necessary for effective reuse of the building.

- Evaluate the links between historic designation and housing affordability in multi-family housing and rural housing, and historic designation and displacement of underserved and low-income residents.

- Survey financial incentives available at the federal, state, Tribal, and local levels for rehabilitation of historic buildings for housing and assess the impact of such incentives on housing supply, housing affordability, and equitably distributed development.

- Study how rehabilitation of historic buildings for housing also can help to address climate impacts in terms of decarbonization, improved operational energy efficiency, and climate resilience.

- Survey laws at the federal, state, Tribal, and local levels affecting the rehabilitation of historic buildings for housing; assess the impact of such laws on using rehabilitation of historic buildings to improve housing supply, housing affordability, and equitably distributed development; and determine if such laws are applied and interpreted in a flexible manner allowing for housing construction.

**Reuse Historic Buildings**

2. **Federal and state governments should promote development of historic tax incentives and easier ways to pair those incentives with housing tax incentives.** The existing federal Historic Tax Credit provides a 20 percent income tax credit for the rehabilitation of historic, income-producing buildings. As of June 2023, 39 states also have adopted state historic tax credits. Retaining and enhancing these credits and developing new historic tax incentives is vitally important to scaling up rehabilitation of historic buildings for housing. Policymakers should consider increasing historic tax credit percentages for rehabilitation projects that create housing, particularly affordable housing, as well as setting aside a portion of tax credit benefits for housing creation in states where the state historic tax credit has a monetary program cap.

   The effectiveness of federal and state historic tax credits could be further leveraged if it were easier to couple them with other tax incentives, notably the Low-Income Housing Tax Credit. Legislative and/or administrative fixes should be explored to reconcile conflicts or disconnects that inhibit such pairing. Finally, expanding homeowner historic tax credits should be considered. Rehabilitation of owner-occupied historic housing does not qualify for all state credits or the federal Historic Tax Credit. Homeowner rehabilitation tax credits would encourage preservation of existing historic housing by helping to support maintenance, rehabilitation, weatherization, and energy retrofits of historic homes.

3. **Public-serving institutions should support and develop robust programs that assist lower- and middle-income homeowners in maintaining, repairing, and weatherizing their historic homes, and reducing their energy costs through renewable energy installation.** While homeowner historic tax credits are one vehicle to help preserve historic homes, homeowners need other forms of assistance. Support is particularly critical in the case of low- and middle-income housing. Financial constraints of owners can lead to a spiral of deferred maintenance and an inability to lower utility costs through weatherization and energy retrofitting, potentially leading to eventual vacancy and demolition of buildings. Types of assistance that should be considered include the following: grants
and low-cost loans for repairs and hazard mitigation (remediation of lead-based paint, asbestos, mold, etc.); do-it-yourself support through materials warehouses, tool sharing programs, and training workshops; free or low-cost energy audits; and job training programs focused on historic home repair.

4. **Public-serving institutions should promote zoning codes that encourage greater density of housing in tandem with preserving historic buildings and legalize housing in historic buildings in areas where it is now prohibited.** Many zoning codes were put into place at a time when urban density was all too often a negative, something to be legislated against. Today, increasing density in existing residential neighborhoods—including historic neighborhoods and historic districts—is a potential solution to help address the shortfall in housing supply, and changes to zoning should be seriously explored.

Consideration should be given to allowing and incentivizing “density without demolition” through: conversion of historic single-family dwellings to multi-family dwellings; creation of accessory dwelling units, either in rehabilitated historic structures or through compatible new construction; creation or restoration of housing in the upper stories of historic commercial buildings; removal or reduction of minimum parking requirements in historic neighborhoods; and compatible infill construction of multi-family housing on vacant parcels in historic districts. More guidelines, pattern books, best practices, and other resources are needed to help assist local governments and developers in implementing additional density in a manner most compatible with a community’s historic buildings.

Similarly, many zoning codes prohibit historic buildings from being converted into housing. There is a significant need to rezone neighborhoods filled with office buildings for residential use, especially given that so many companies have adopted liberal work-from-home policies that have turned thriving downtowns into near-ghost towns. In addition, large-scale historic industrial buildings, like New England mill buildings, are often zoned for industrial purposes, even in locations where manufacturing seems unlikely to return. And finally, public-serving institutions should consider zoning for historic Main Streets, which organically developed with housing mixed with (and usually above) shops but which are too often now subject to prohibitions on residential uses enacted through ever-stricter zoning codes. The mix of uses, including residential uses, that proved to enrich small towns and larger cities alike should be legalized again through zoning.

5. **Public-serving institutions should advocate for changes in building codes and interpretations of the Americans with Disabilities Act to create more flexible standards (especially for small-scale housing of four units or fewer); to facilitate conversion of nonresidential historic buildings to residential use; to prioritize design solutions for historic housing that foster access and inclusion of disabled residents and visitors; and to encourage training of building inspectors regarding options in applying building codes to historic building rehabilitation.** Traditional building codes tend to focus on new construction to the detriment of rehabilitation of historic buildings, particularly for affordable housing. Property owners wishing to undertake renovations, regardless of their scope, are often confronted with requirements to bring a historic building into full compliance with the building code requirements for new construction. Cities and states should consider adoption of performance-based rehabilitation building codes (such as the International Existing Building Code) or other building code changes to provide needed flexibility and better relate building code requirements to the scale of projects. This also would facilitate new approaches to housing development, such as conversion of underused office and retail buildings—including those that are historic—for use as housing. When such flexibilities are available, it also is imperative that building inspectors have the training and resources they need to understand the code enforcement options available for the rehabilitation of historic buildings for housing.
Relatedly, interpretations of the Americans with Disabilities Act made by public officials should prioritize the need to provide accessible environments to all users of housing in historic buildings. Collecting successful examples of projects that promoted both preservation ideals and accessibility could be useful to many different actors.

6. **Federal, state, Tribal, and local governments should lead by example through disposition or outleasing of excess or underutilized historic government buildings for housing development.** Government building inventories often include structures that are no longer needed to facilitate agency missions and that are vacant or underutilized. Enhanced use of telework and remote work, sparked by the COVID pandemic, has further increased the amount of government office space that is underused. Governments at all levels should examine the opportunities inherent in excess and underutilized government buildings—including those that are historic—to create housing through office-to-housing conversions and other adaptive use. Strategic disposal (with protective covenants) and leasing to nongovernmental partners should be considered. Section 111 of the NHPA and other agency-specific authorities allow federal property-managing agencies to outlease historic buildings (or portions thereof) to nonfederal parties. Federal agencies should identify and remove impediments to outleasing their historic buildings, with consideration given to the recommendations of the ACHP’s 2021 report, *Leveraging Federal Historic Buildings.*

7. **The federal government should expand upon its guidance regarding reuse and rehabilitation of historic properties for housing and should encourage flexible yet consistent application of such guidance.** Federal standards and guidelines significantly influence the rehabilitation of historic properties, public and private alike, because they are often adopted or adapted by state and local governments. The federal government should add to and flexibly apply its guidance on the treatment of historic properties in ways that will incentivize housing development, particularly of affordable housing. The federal government, notably agencies that fund housing development, also should accelerate the development of guidance on the benefits of rehabilitating historic housing (including historic public housing) and of adapting historic commercial buildings for use as housing. Enhanced recommendations and training are needed to encourage reuse of historic buildings and promote project planning and review that are adaptable yet consistent.

**Accelerate Project Permitting and Environmental Review**

8. **Federal, state, Tribal, and local governments should expedite development of housing projects through efficient and effective permitting processes and environmental reviews while still ensuring full consideration of potential impacts to historic properties.** Addressing the problem of insufficient housing supply will require widespread large-scale and small-scale projects, both for new construction and for rehabilitation of historic and other existing buildings. Environmental reviews and permitting processes for such projects, especially small-scale projects with limited impacts, should be managed in such a way as to proceed expeditiously. However, potential adverse effects to historic properties must be carefully addressed, whether they be physical or visual impacts to historic properties from new housing construction or effects to the historic qualities of historic buildings that are being rehabilitated.

The housing crisis poses complex challenges that need to be addressed on an increasingly accelerated timeline, and it is important that environmental reviews be rooted in flexibility and creativity. During Section 106 review of housing projects, federal agencies should explore use of program alternatives to tailor and expedite the review process while at the same time ensuring the consultation process is accessible, meaningful, and transparent to the wide variety of consulting parties and stakeholders. Policy Principle #9 offers further recommendations on flexibly proceeding through Section 106 review for housing projects.
9. All participants in Section 106 review of housing projects should approach the review flexibly in keeping with the following principles.

   - **Review of effects in historic districts should focus on exterior features.** Section 106 review of effects focuses on the characteristics that qualify a property for listing in the National Register. The significance of historic districts is typically associated with exterior features. Accordingly, unless a building is listed or considered eligible for listing in the National Register as an individual property or specific interior elements contribute to maintaining a district’s character, review under Section 106 should focus on proposed changes to the exterior. In all cases, identifying the features that qualify a property for inclusion in the National Register defines the scope of Section 106 review.

   - **Consultation should consider the overall preservation and housing goals of the community.** When assessing, and negotiating the resolution of, the effects of housing projects on historic properties, consultation should focus not simply on individual buildings but on the historic preservation goals of the broader neighborhood or community. If the affected historic property is a historic district, the agency official should assess effects on the historic district as a whole. Proposals to demolish historic properties for new replacement housing should be based on background documentation that addresses the broader context of the historic district and evaluates the economic and structural feasibility of rehabilitation that advances housing.

   - **When possible and practical, plans and specifications should adhere to the Secretary’s Standards.** When the Standards are being applied to projects involving housing, the most flexible interpretation of the Secretary's Standards should be used, and assessments of compliance with the Secretary’s Standards should focus on exterior features. The Secretary’s Standards outline a consistent national approach to the treatment of historic properties that can be applied flexibly in a way that relates to local character and needs. Plans and specifications for rehabilitation, new construction, and abatement of hazardous conditions in housing projects associated with historic properties should adhere to the recommended approaches in the Secretary’s Standards when possible and practical. When assessing application of the Secretary’s Standards during Section 106 review, the focus should be on the building’s exterior, especially for conversions of manufacturing or office buildings to housing. Projects taking advantage of the Historic Rehabilitation Tax Credit must be reviewed by the National Park Service for adherence to the Secretary’s Standards in a separate and distinct process that benefits from early coordination. The ACHP recognizes that there are instances when the Secretary’s Standards cannot be followed and that Section 106 allows for the negotiation of other outcomes.

   - **Section 106 consultation should emphasize consensus building.** Section 106 review strives to build consensus with affected communities in all phases of the process. Consultation with affected communities should be on a scale appropriate to that of the undertaking. Various stakeholders, including community members and neighborhood residents, should be included in the Section 106 review process as consulting parties so that the full range of issues can be addressed in developing a balance between historic preservation and housing goals.

   - **The ACHP encourages streamlining the Section 106 process to respond to local conditions.** The ACHP encourages participants to seek innovative and practical ways to streamline the Section 106 process that respond to unique local conditions related to the delivery of housing. Programmatic Agreements often delegate the Section 106 review role of the State Historic Preservation Officer to local governments, particularly where local preservation ordinances exist and/or where qualified preservation professionals are employed to improve the efficiency of historic preservation reviews. Such agreements may also target the Section 106
review process to local circumstances that warrant the creation of exempt categories for routine activities, the adoption of “treatment and design protocols” for rehabilitation and new infill construction, and the development of design guidelines tailored to a specific historic district and/or neighborhood.

- The need for archeological investigations should be avoided for rehabilitation projects with limited ground disturbance. Archaeological investigations should be avoided for housing projects limited to rehabilitation and requiring minimal ground disturbance. For all other projects, archaeological investigation may be needed, as determined in consultation with State and/or Tribal Historic Preservation Officers. Inadvertent discoveries related to any housing project once construction has begun should be addressed in accordance with the Section 106 regulations and the ACHP’s Policy Statement on Burial Sites, Human Remains, and Funerary Objects.

10. **During planning, permitting, and environmental reviews (including Section 106 reviews) for housing projects, federal, state, and local governments should consult—beginning early in the process—with Indian Tribes, Native Hawaiian organizations (NHOs), people with disabilities, and disadvantaged and underserved communities, and should explore capacity building options for supporting their participation in consultation.** The Section 106 process under the NHPA already requires federal agency consultation with Indian Tribes, NHOs, and other consulting parties regarding the impact of projects on historic properties. Here, the ACHP would like to emphasize the importance of consultation—whether or not Section 106 applies—with Indian Tribes, NHOs, people with disabilities, and disadvantaged and underserved communities, all of whom are disproportionately impacted by the housing crisis. Soliciting and considering their views on reuse of historic buildings for housing and the impacts of housing projects on historic properties should be done proactively, early in planning, and throughout environmental reviews and permitting processes.

In some cases, limited resources may constrain the active participation of disadvantaged and underserved communities in consultation. Federal, state, and local government entities should consider options for strategic financial investments or other assistance to help with needed capacity development. The ACHP previously has recommended capacity-building support for consulting parties pursuant to the agency’s “Guidance on Assistance to Consulting Parties in the Section 106 Review Process.” Since many Indian Tribes have been incorporating consideration of housing issues into their environmental reviews and permitting processes for decades, housing-related project planning should seek to adopt or align with existing practices and standards, where feasible. On trust land, Tribes should control how housing is developed and its location, whether as new construction or rehabilitation.

**Education**

11. **Public-serving institutions should educate policymakers, housing advocates, developers, the media, and the public about the benefits of reusing historic buildings in housing development and debunk misperceptions regarding historic preservation as a barrier to addressing the housing crisis.** With increasing attention being paid to reusing existing buildings to help address the housing shortage, consciousness raising efforts are needed regarding the role historic buildings can play. Outreach is needed to explain: why historic building rehabilitation for housing is a sound financial investment and what incentives are available; how modern housing needs (including accessibility for people with disabilities) can be accommodated in historic buildings without sacrificing their historic qualities; and how rehabilitation of historic buildings for housing also has intangible and environmental benefits for communities.
Countering misperceptions of historic preservation review as a barrier to addressing the housing crisis also is critical. Preservation regulations that require review of housing projects affecting historic properties help to preserve what makes the properties historically significant and give local citizens a voice in project planning. However, such review can be—and should be—approached flexibly, consistently, and expeditiously. Public-serving institutions overseeing preservation reviews should embrace this imperative and actively work to educate all stakeholders, the media, and the public on how the historic preservation review process balances consideration of housing needs and preservation of the community’s historic places.

**Collaboration**

12. **Public-serving institutions and the private sector should cooperate and form partnerships across agencies, between levels of government, and within communities to enhance the implementation of each of the principles discussed above.** The impacts of America’s housing crisis are so wide-ranging that collaboration among public-serving institutions, developers, financial institutions, philanthropic organizations, and others in the private sector is essential. Cooperation and forging of partnerships will enhance implementation of each of the principles discussed above. Federal agencies can take a leadership role in this regard through their own collaborative work and by encouraging such work through funding and technical assistance.