Historic Preservation Tax Credits
Introduction

Federal Historic Preservation Tax Incentives program (HPTC) provides “historic rehabilitation credit” in connection with “qualified rehabilitation expenses” for renovations of “certified historic structures.” IRS Code 38, 47.
The Historic Tax Credits Program, Generally

- Program administered by US Department of the Interior (National Park Service (NPS)) and US Department of the Treasury
- Tax credits equal to 20% of “qualified expenditures” in the renovation of “certified historic structures”
Certified Historic Structures

Defined as:

(a) buildings listed on the National Register of Historic Places; or

(b) buildings that contribute to a National Register Historic District or another qualifying local historic district.

Treas. Reg. 1.48-12(d).
Qualifications to Rehabilitation

- Rehabilitation work must be consistent with the historic character of the structure and/or applicable historic district.

- Proposed rehabilitation work must be certified by the Secretary of the Interior through the NPS, in conjunction with the State Historic Preservation Officer.
Qualified Expenditures

- Can include:
  - Construction costs
  - Developer fees
  - Consultant fees (legal, architectural, engineering)

- Cannot include:
  - Property acquisition costs
  - New additions to the historic structure

*See Treas. Reg. 1.48-12(c) and IRC 47(c)(2)(B) for explicit definitions.
Qualified Building Uses

- The building must be income-producing or used in a business
- Rental housing, commercial and industrial uses also qualify
- Condominium housing units must be held for income or used in business or trade
Further Restrictions

- HTC's must be claimed in the taxable year the rehabilitation work is completed such that a certificate of occupancy is issued.
- HTC's cannot be “sold” without selling the corresponding real estate interest.
- An owner claiming HTC's must retain ownership of the property for at least five years or HTC's will be subject to recapture.
Efrem Levy
elevy@renocavanaugh.com
202-349-2476