



Federal Rehabilitation Tax Credit Program

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Program Basics

Federal Rehabilitation Tax Credit Program

- Program is administered by the National Park Service (NPS) and the Internal Revenue Service in partnership with the State Historic Preservation Offices (SHPO)s.
- The program offers a 20% federal income tax credit for qualified historic rehabilitation projects.
- Since 1976 the program has leveraged over \$100B in private investment to preserve over 45,000 historic properties.

*Woolson Block, Springfield
Credit: Sally McCay Photography*



Federal Rehabilitation Tax Credit Program

State Historic Preservation Office

- *Provide technical assistance*
- *Accept and review applications to forward to NPS for final review*
- *Provide certification recommendations*

National Park Service

- *Review applications for conformance with preservation standards*
- *Issue certification for qualified projects*

Internal Revenue Service

- *Issue income tax credits*
- *Publish financial regulations*
- *Conduct taxpayer audits*

Federal Rehabilitation Tax Credit Program

To Qualify, a property must be:

- Listed in the National Register of Historic Places
- Be income producing
- Investment must be substantial (exceed adjusted basis of building)
- Work must meet the Secretary of the Interior “Standards for Rehabilitation”



Brandon, Vermont

Federal Rehabilitation Tax Credit Program

- Three quarters of federal tax projects in Vermont involve housing component
- Almost 900 units of housing were rehabbed/created in the past 10 years, much of that in partnership with non-profit housing groups

Putnam Block, Bennington



Frequently Asked Questions



Qualified Rehabilitation Expenditures

- Expenses eligible for the 20% tax credit
- Hard costs: frame, walls, floors, ceilings, permanent coverings, windows, doors, HVAC systems, electrical systems and wiring, plumbing and plumbing fixtures, stairs, elevators, sprinkler systems
- Soft costs: period interest and taxes, architect and engineering fees, construction management costs, developer fees, other fees normally charged to a capital account



What costs are not eligible?

- Acquisition costs
- Enlargement costs (additions that increase the volume of a building)
- Site work such as paving, sidewalks and landscaping
- Demolition costs (removal of a building/addition on the property)
- Porches, decks etc. not part of the original building
- Furniture, appliances etc.



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Can a tax credit be claimed for expenses associated with a non-historic addition?

- Yes, if the addition was constructed before commencement of the tax credit project, costs associated with its rehabilitation are eligible for the 20% tax credit.*
- The cost of new additions is not eligible for the credit, but they are still reviewed and must meet preservation standards.*



Project Phasing

- *Expands the QRE period from 24-60 months*
- *Phases must be defined in Part II submission*
- *Advisory Review of phases as they are completed must align with initial phase descriptions*



Functionally Related Complexes

- *Campus, Farmstead, Military Base etc. Buildings that were historically under single ownership and served a unified purpose.*
- *Multiple owners, applicant is not responsible for actions of others.*
- *For especially large complexes, subgroupings may be possible for the purposes of the RITC application.*
- *Scattered site housing projects are NOT functionally-related complexes.*

The Application



Part I

- Properties listed as contributing structures in district *or with multiple buildings* must be re-evaluated
- For buildings with minimal documentation, early research to identify character-defining features is recommended



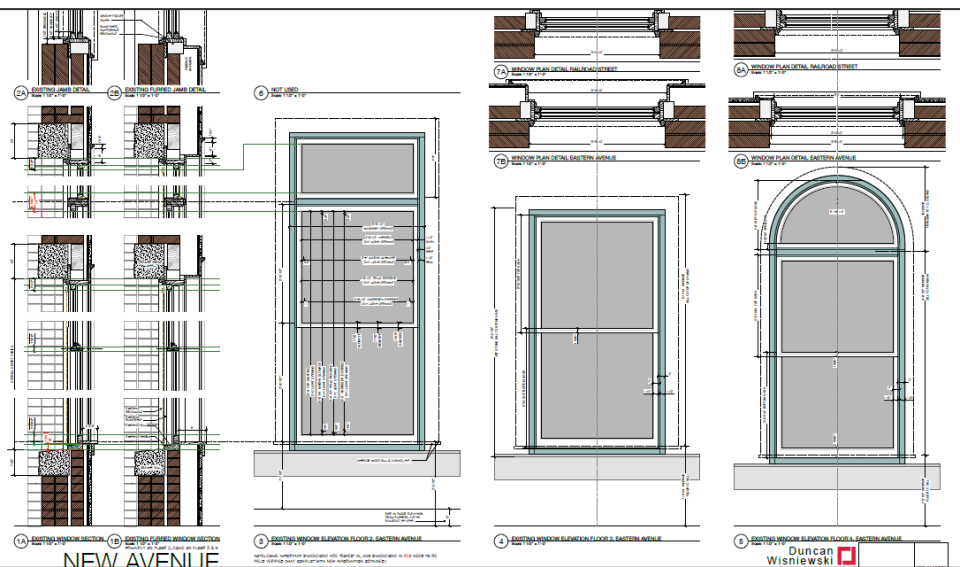
Part I

- Applicants must submit a *DRAFT National Register nomination* as the Part 1 for properties not already listed.
- Properties not already listed must complete their listing process within 30 months of Part 3 certification
- In most cases, properties should be listed as part of a district, not individually



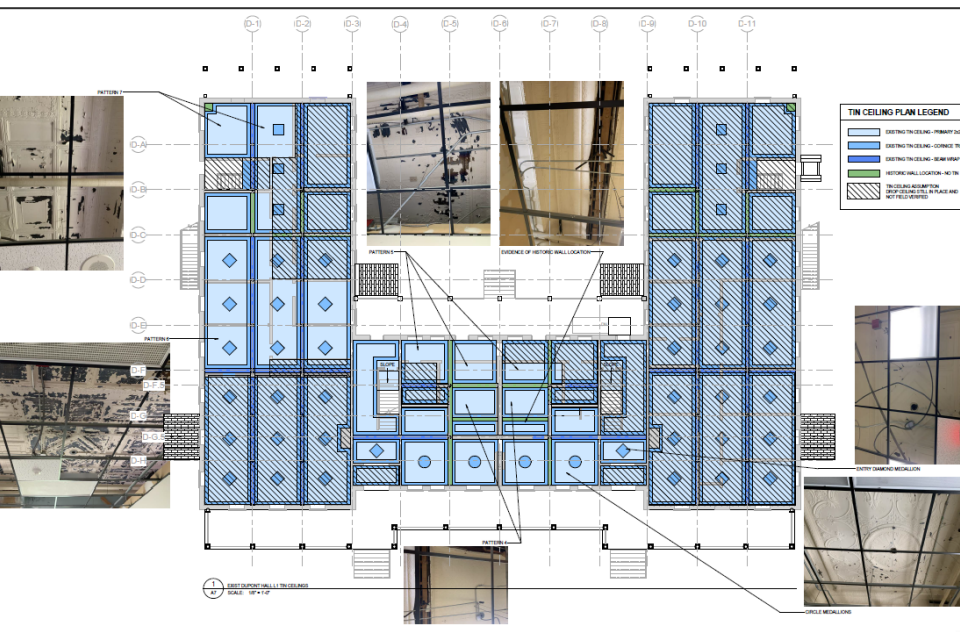
Part II

- Every building and project is considered on its own merits. There are no “precedents”



Part II

- In the past two years the level of detail sought by NPS from applicants has increased
- Providing detail up front helps to avoid “conditional approvals” which may cause project delays
- Budgeting to spend enough money up front for planning/architectural fees will help to avoid approval/construction delays

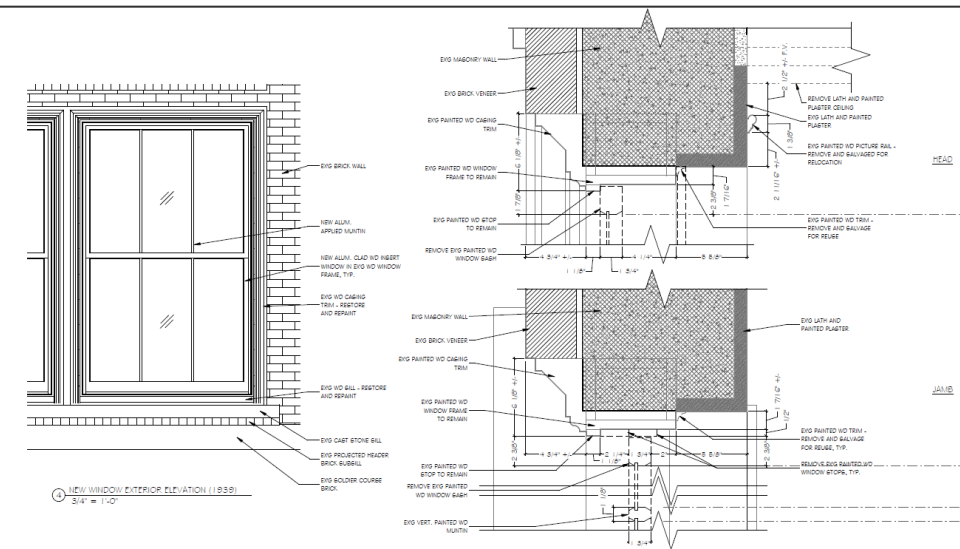




Part II

Achieving Balance – projects must weigh:

- Costs (up front and over time)
- Program requirements (users)
- Code requirements
- Efficiency upgrades cost/benefit



- **AND Historic Preservation**

Consider the Cumulative impact of ALL changes



Amendments

- Administrative amendments to update basic information
- Response to approval conditions (when is this required and when is it optional)
- Minor project changes vs. major changes



Preliminary Consultations

- SHPO requests NPS review a Preliminary Determination
- A preliminary consultation focuses on one or several specific issues; it is not a review of the entire project
- Preliminary consultations are **ONLY** Advisory
- NPS conveys an oral response directly to the SHPO

Submission Process

Submissions are now Digital!

- *All applications components must be electronic.*
- *To share files with SHPO, use the new submittal portal – GlobalScape Drop Off*



makeameme.org

<https://gs.anr.vermont.gov/messageportal/#/dropoff>

Submission are now Digital!

Electronic Submission of Certification Applications

Technical Preservation Services, NPS transitioned to all-electronic submission and review of Historic Preservation Certification Applications on August 15, 2023. Hard-copy applications are not accepted.

All applications must use the current [application forms and instructions dated "Rev. 6/2023"](#).

All applications must follow the NPS file- and photo-naming conventions and instructions on organizing files for electronic submission. The naming conventions and instructions are provided in a PDF format for easy download and reference.

- [Applicant and Project Contact Electronic Submission Workflow](#)
- [Electronic File Format Standards and File Naming Conventions](#) (*updated April 3, 2024, with additional information on naming conventions*)
- [Photo Naming Conventions, JPEG Requirements and Photo Sheet Examples](#)
- [Transmittal Log Examples](#)
- [Responding to NPS Holds and Uploading Files to the HPCA Submission Site](#)

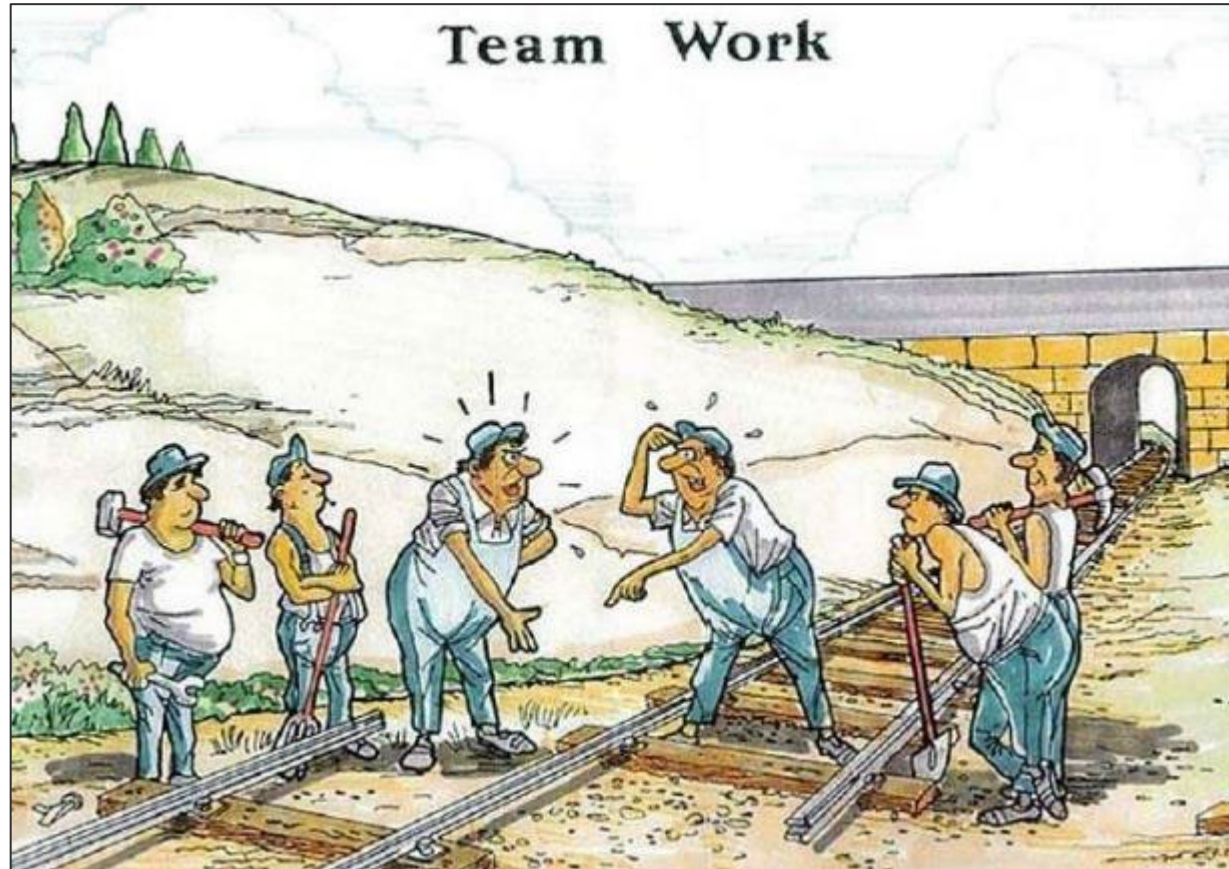
Submission are now Digital!

- Formatting photos
- Photo keys ... are key
- What drawings to include/not include
 - Drawings that show where work will impact historic features – YES
 - Drawings that show new bathroom layouts - NO



Tips for Success

Communication



Coordination

- Identify red flags as early as possible
- Gather and submit **COMPLETE** application materials
- Coordinate approvals to keep a project moving forward
- Continue to check-in throughout the project



Timelines

- *During normal operations, SHPO office and NPS office each have a 30-day review period. THIS IS NOT GUARANTEED.*
- *Consider your project deadlines and build in lots of extra time to get through the regulatory process*
- *It is never TOO early to start*



Success Stories

Recently Certified Projects



New Avenue House,
St. Johnsbury

\$15 Million Project

**\$2.4+ Million in Federal RITC
\$572,497 - 10% State
Historic Credits**

**\$3 Million - Total Tax
Credits**

Recently Certified Projects



Julius Norton House,
Bennington

\$3.8 Million Project

\$434,000 RITC Credits

Recently Certified Projects



Immaculate Heart of Mary
School, Rutland

\$6.5 Million Project

\$1,025,000 in RITC Credits

Recently Certified Projects



East Calais General Store

\$2.7 Million Project

\$441K Federal RITC
\$75,000 – State Code and Façade
Credits

\$516,000 - Total Tax Credits

Photo Credit: Ryan Edwards

Questions?