

FEDERAL HISTORIC TAX CREDIT

What is it?

A 20% FEDERAL INCOME TAX CREDIT ON THE QUALIFIED AMOUNT OF PRIVATE INVESTMENT SPENT ON CERTIFIED REHABILITATION OF A NATIONAL REGISTER LISTED HISTORIC BUILDING.

The Federal Historic Tax Credit Program (a.k.a. Investment Tax Credits or Rehabilitation Tax Credits) is one of the most useful incentives for encouraging the preservation of the state's historic resources. It is a proven, effective tool for **COMMUNITY REVITALIZATION, JOB CREATION**, aids in **DISASTER RELIEF AND PREPAREDNESS**, and is inherently **SUSTAINABLE**. Since 1977, over 275 properties in Washington state totaling more than \$1.08 billion dollars have been completed using the Federal Historic Tax Credit Program. Applications have averaged approximately 15 per year, with total qualified rehabilitation expenditures per year ranging from several million dollars to more than \$60 million. The smallest project ever certified was \$14,000, while the largest ever certified was nearly \$40 million.

How do I qualify?

There are four threshold requirements for a project to become certified (*further explanation on back*):

1. Must be listed on the **National Register of Historic Places**.
2. Property must be **income producing**.
3. Project must be **substantial**.
4. Rehabilitation work must meet the *Secretary of the Interior's Standards for Rehabilitation (Standards)*.

The Federal Historic Tax Credit program is jointly administered by:

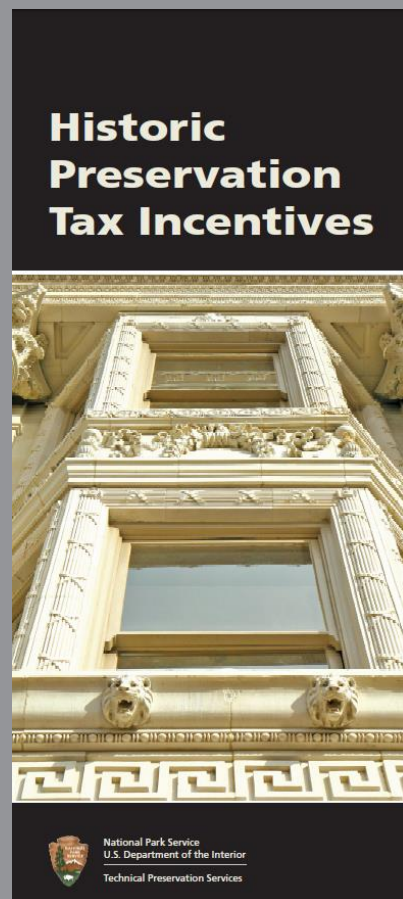


SIERR Building at McKinstry Station
Certified 2012 | Spokane, WA



image courtesy of McKinstry

There is a plethora of information and guidance for the program. Click the image below to download the brochure. You can also find technical guidance on the DAHP and NPS websites (see links below).



← Click the image to download the Federal Historic Tax Credit brochure

Or visit one of the following websites for more info:

www.nps.gov/tps
www.dahp.wa.gov

Application Forms can be here:
[Instructions](#)

[Part 1 Evaluation of Significance](#)

[Part 2 Description of Proposed Work](#)

[Part 3 Certification of Completed Work](#)

National Park Service
U.S. Department of the Interior
Technical Preservation Services

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How do I qualify? (continued from front)

1. Building must be listed in the **National Register of Historic Places**, either individually or as a contributing property to a district.

If you're unsure about the status of your building, visit our online database of historic properties ([WISAARD](#)) to find out! You can also use our website to find out more information on how to become listed in the [National Register of Historic Places](#).

2. Property must be **income producing** for at least five years following rehabilitation. This may include but not be limited to proposed uses such as hotel, restaurant or bar, retail, office, rental residential, industrial, or agricultural. Owner-occupied residential properties thus do not qualify.
3. The project must be **substantial**. This means the amount spent on "Qualified Rehabilitation Expenditures"* (QREs) must equal or be greater than the "Adjusted Basis" value** of the property.

**Qualified Rehabilitation Expenditures (QREs) can be soft or hard project development costs, and not necessarily reserved for historic character defining features of a property.*

***Adjusted Basis value is an IRS term to determine the "value" of a historic property using this basic formula:*

$A - B - C + D = \text{adjusted basis}$, whereas:

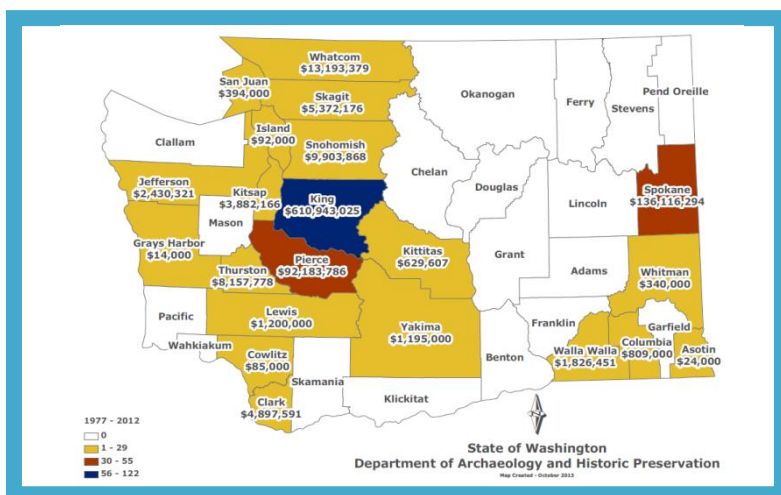
A = purchase price of the property (building and land)

B = cost of land at time of purchase

C = depreciation taken for an income-producing property

D = cost of any capital improvements made since purchase

4. The rehabilitation work must be done according to the **Secretary of the Interior's Standards for Rehabilitation (Standards)**. For further information on how to interpret these Standards, please [contact our office](#), visit the [NPS website](#), or hire a qualified architect or historic preservation consultant.



"MY PROJECT COULD NOT HAVE HAPPENED WITHOUT THE FEDERAL HISTORIC TAX CREDIT... NO TAX CREDITS, NO PROJECT..."

Ron Wells, Developer
Wells and Company



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CERTIFIED REHAB PROJECTS & TOTALS BY COUNTY 1977-2012

Since 1977, over 275 properties in Washington state totaling over \$1.08 billion dollars in qualified rehabilitation expenditures have been certified.