



An Introduction to County and State Historic Preservation Tax Credits

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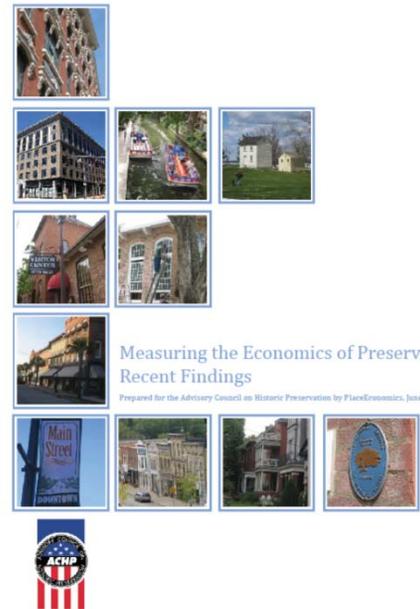
Presentation Goals

- Raise awareness about historic preservation tax credits;
- Overview of the county and state historic preservation tax credit programs;
- Leave with a general understanding of the application process and eligibility requirements of the county and state tax credit programs & where to find additional information.

I have really good news for you!

25%

*“More than 75% of the economic benefits of historic rehabs stay local.”
National Trust for Historic Preservation*



What is the Montgomery County Historic Preservation Tax Credit?

5% tax credit of documented expenses for exterior maintenance, restoration, or preservation work exceeding \$1,000.

Credit is applied against County real property taxes.

Eligibility Requirements

- Work must be exterior in nature only;
*Interior work is **NOT** eligible!*
- Work must be performed by a licensed contractor;
- Work must be certified by the Historic Preservation Commission (HPC) as contributing to the restoration or preservation of sites and districts on the Master Plan for Historic Preservation:
 - Work requiring a Historic Area Work Permit (HAWP) must have received approval from the HPC
 - Work entailing ordinary maintenance must exceed \$1,000 in expense.

Application Process

- 1: Complete Application Form and Receipts Transmittal Form;
- 2: Describe the work that was done:
 - General property description
 - Explain what rehabilitation/maintenance problems your trying to resolve;
- 3: Provide Proof of Payment;
- 4: Provide Before- and After-Photos.

Timing and Deadlines

allowed for the county tax year (July 1 – June 30) immediately following the calendar year the work or any distinct portion thereof is completed.

Applications are due to the Historic Preservation Office on **April** following the year in which the work was completed.

Applications are reviewed by the HPC during the following Spring/Summer of that calendar year.

Approved tax credits are applied to tax bills issued to property owners later in the year.

Unused portions of the tax credit can be carried forward 5 yrs.

complete county historic preservation tax credit application includes...

A complete Application Form and Receipts

Transmittal Form (always provide 2 copies);

proof of payment;

itemized receipts that are clearly marked and

separated from any non-eligible exterior

expenses;

before- and After-Photos

(Always include a front elevation photo of your property).

So what's allowed anyhow?

Examples of eligible projects (but not limited to):

Exterior painting

Window rehabilitation

Roof repairs or compatible replacement

Repairing architectural trim or ornamentation

Repairing outbuildings (garages)

Original siding rehabilitation

Repointing brick or stone foundations or chimneys

Professional services, such as design fees and structural reports

What's not allowed?

Examples of ineligible projects (but not limited to):

New construction or a new addition

Repaving driveways

Work requiring an approved HAWP completed without the approval of the HPC

Interior work

The value of labor unless performed by a licensed contractor

Landscaping

Repairing mechanical equipment

Tool and equipment purchases

Big Gulps

Let's Do the Numbers

County-Wide Tax Credit Applications

Tax Credit Year	# of Applications	Total \$ Invested
2008	41	\$1,774,740 (@ 10% \$177,474)
2009	46	\$8,097,327 (@ 10% \$809,732)
2010	59	\$960,086 (@ 10% \$96,086)
2011	56	\$761,188 (@ 10% \$76,118)
2012	39	\$1,465,417 (@ 10% \$146,541)

Chevy Chase Village Historic District Tax Credit Applications

Year	# of Applications	Total \$ Approved
2008	4	\$54,404 (@ 10% \$5,440)
2009	10	\$133,035 (@ 10% \$13,303)
2010	11	\$185,882 (@ 10% \$18,588)
2011	8	\$113,976 (@ 10% \$11,398)
2012	5	\$190,109 (@ 10% \$19,011)

Maryland Sustainable Communities Tax Credit Program

- Program incentivizes private investment in the repair and restoration of Maryland's historic resources;
- Administered by the Maryland Historical Trust (MHT);
- Program provides eligible income tax credits based on a percentage of approved costs in the rehabilitation of a structure;
- Rehabilitation expenditures must exceed \$5,000 in a 24-month period;* *For owner-occupied residential properties
- Credit can be applied for both interior/exterior work.

Eligibility Requirements

Property must be either individually listed on the National Register of Historic Places or located in a historic district that is listed in the National Register; or

Property is designated historic under local law and determined by the Director of the MHT to be eligible for listing in the National Register of Historic Places; or

Property contributes to a local historic district that the Director of the MHT determines is eligible for listing in the National Register of Historic Places.*

*Must be certified as contributing to the significance of the district.

Maryland Sustainable Communities Tax Credit Program

- **20% credit for owner-occupied, single-family residences**
- 20% credit for income-producing buildings

Application Process

Application for homeowners is a 3-part process:

- 1: Certifies that a building is either a contributing resource to a historic district or is individually eligible;
- 2: Certifies that a given scope of work meets the Secretary of Interiors *Standards for Rehabilitation*;
- 3: Certifies that the actual completed work has met the *Standards*.

Approval of all plans must be received prior to starting work**

“The combination of the two credits makes renovating a house like ours financially feasible.”

Takoma Park Historic District homeowner (2013)

“I wanted to thank you for taking the time to acquaint us with the preservationist window options and documents (including informing us about the new tax deduction, which has turned out to be a major factor for us) in rehabilitating our windows.”

Chevy Chase Village Historic District homeowner (2013)

Application Process

	County	State
Administered by	HPC	MHT (independent of local review)
Fee	No cost	3% of project expense
Application reviewed	At conclusion of project	Before initiating project
Application deadline	April 1 after completion	Rolling
Eligible work	Exterior	Exterior/Interior
Eligible work	Routine maintenance	“Substantial”
Credit amount	25%	20%
Min project cost	\$1,000/yr	\$5,000 in 24 mo
Credit cap	None	\$50,000 (project: \$250,000)
Qualified properties	Listed in MPHP	MPHP + NR-eligible

Resources

Montgomery County:

<http://www.montgomeryplanning.org/historic>

Maryland Historical Trust:

<http://mht.maryland.gov/taxCredits.shtml>

National Park Service:

<http://www.nps.gov/tps/tax-incentives.htm>

National Trust for Historic Preservation:

<http://www.preservationnation.org>

Questions and information:

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