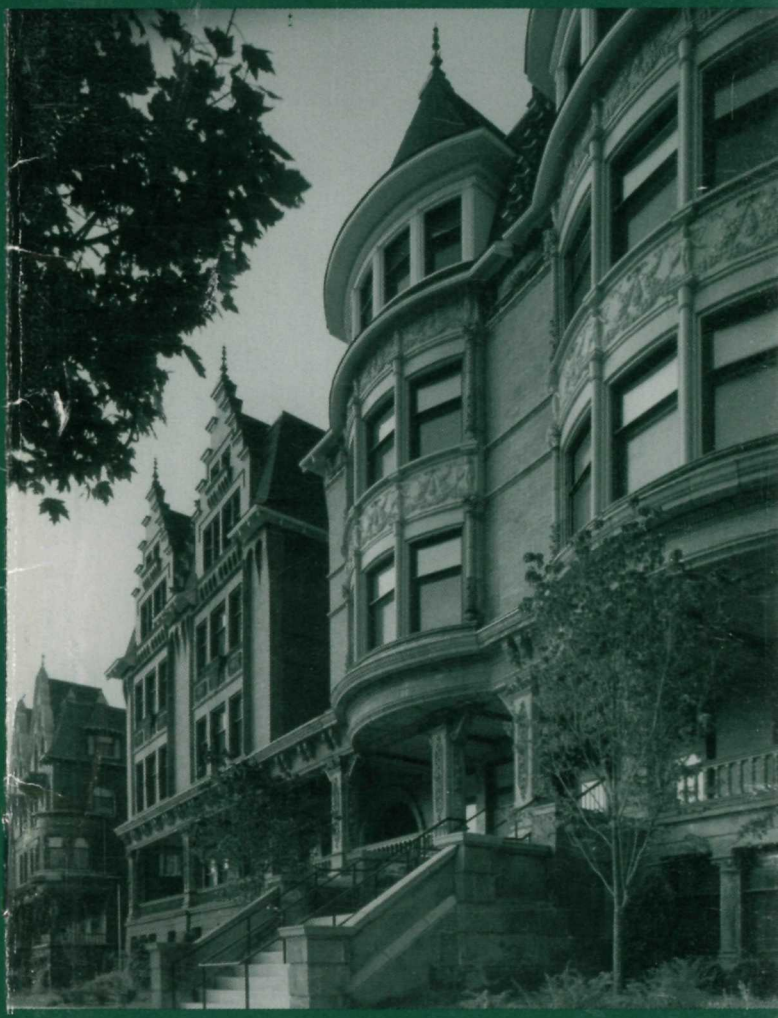
Preservation Tax Incentives for Historic Buildings



U.S. Department of the Interior
National Park Service
Cultural Resources

Heritage Preservation Services

This booklet describes the Federal Historic Preservation Tax Incentives program in general terms only. For more detailed information, including copies of application forms, regulations, and other program information, contact one of the offices listed on pages 25–28. The Tax Reform Act of 1986, as amended, is complex. Readers should consult an accountant, tax attorney, or other professional tax advisor, legal counsel, or the Internal Revenue Service for help in determining the tax and other financial implications of any matter discussed here.

Department of the Interior regulations governing the procedures for obtaining historic preservation certifications are more fully explained in Title 36 of the Code of Federal Regulations, Part 67. The Internal Revenue Service regulations governing the tax credits for rehabilitation are contained in Treasury Regulation Section 1.48-12. These sets of regulations take precedence in the event of any inconsistency with this booklet.

Prepared by Michael J. Auer
Heritage Preservation Services
National Park Service
1996

Cover photo: The Brentwood, Philadelphia, Pennsylvania (1905). After undergoing rehabilitation for 43 units of affordable housing. Courtesy Brentwood Parkside Associates, a joint venture of Pennrose Properties, Inc. and the Parkside Historic Preservation Corporation.

Table of Contents

Preservation Tax Incentives

Historic buildings are tangible links with the past. They help give a community a sense of identity, stability and orientation. The Federal government encourages the preservation of historic buildings through various means. One of these is the program of Federal tax incentives to support the rehabilitation of historic and older buildings. The Federal Historic Preservation Tax Incentives program is one of the Federal government's most successful and cost-effective community revitalization programs. The Preservation Tax Incentives reward private investment in rehabilitating historic properties such as offices, rental housing, and retail stores.

Since 1976, the National Park Service has administered the program in partnership with the Internal Revenue Service and with State Historic Preservation Officers. The tax incentives have spurred the rehabilitation of historic structures of every period, size, style and type. They have been instrumental in preserving the historic places that give cities, towns and rural areas their special character. The tax incentives for preservation attract new private investment to the historic cores of cities and towns. They also generate jobs, enhance property values, and augment revenues for State and local governments through increased property, business and income taxes. The Preservation Tax Incentives also help create moderate and low-income housing in historic buildings. Through this program, abandoned or underused schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices throughout the country have been restored to life in a manner that maintains their historic character.

Current tax incentives for preservation, established by the Tax Reform Act of 1986 (PL 99-514; Internal Revenue Code Section 47 [formerly Section 48(g)]) include:

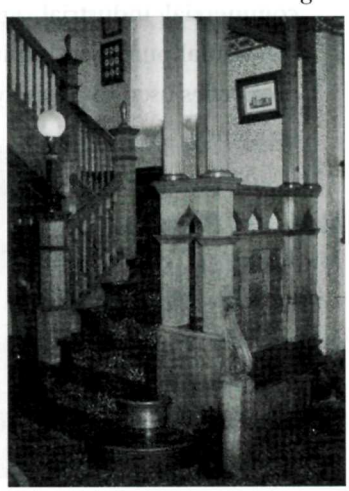
- a 20% tax credit for the *certified rehabilitation* of *certified historic structures.*
- a 10% tax credit for the rehabilitation of *non-historic, non-residential* buildings built before 1936.

For both credits, the rehabilitation must be a *substantial* one and must involve a *depreciable* building. (These terms will be explained later.)

What Is a Tax Credit?

A tax credit differs from an income tax deduction. An income tax deduction lowers the amount of income subject to taxation. A tax credit, however, lowers the amount of tax owed. In general, a dollar of tax credit reduces the amount of income tax owed by one dollar.

- The 20% rehabilitation tax credit equals 20% of the amount spent in a *certified rehabilitation* of a *certified historic structure.*
- The 10% rehabilitation tax credit equals 10% of the amount spent to rehabilitate a *non-historic building* built before 1936.



Amon Clarence Thomas House, New Harmony, Indiana (1899). Courtesy C. Scott McDonald.

20% Rehabilitation Tax Credit

The Federal historic preservation tax incentives program (the 20% credit) is jointly administered by the U.S. Department of the Interior and the Department of the Treasury. The National Park Service (NPS) acts on behalf of the Secretary of the Interior, in partnership with the State Historic Preservation Officer (SHPO) in each State. The Internal Revenue Service (IRS) acts on behalf of the Secretary of the Treasury. Certification requests (requests for approval for a taxpayer to receive these benefits) are made to the National Park Service through the appropriate State Historic Preservation Officer (SHPO). Comments by the SHPO on certification requests are fully considered by the NPS. However, approval of projects undertaken for the 20% tax credit is conveyed *only in writing* by duly authorized officials of the National Park Service. For a description of the roles of the NPS, the IRS and the SHPO, see "Tax Credits: Who Does What?" on pages 12–13.

The 20% rehabilitation tax credit applies to any project that the Secretary of the Interior designates a *certified rehabilitation* of a *certified historic structure.* The 20% credit is available for properties rehabilitated for commercial, industrial, agricultural, or rental residential purposes, but it is not available for properties used exclusively as the owner's private residence.

431 Union Avenue, SE, Grand Rapids, Michigan (ca. 1880). After rehabilitation for continued residential use. Courtesy Donald Smalligan.

What is a "certified historic structure?"

A *certified historic structure* is a building that is listed individually in the National Register of Historic Places —OR— a building that is located in a *registered historic district* and certified by the National Park Service as contributing to the historic significance of that district. The "structure" must be a building—not a bridge, ship, railroad car, or dam. (A *registered historic district* is any district listed in the National Register of Historic Places. A State or local historic district may also qualify as a *registered historic district* if the district and the enabling statute are certified by the Secretary of the Interior.)

Obtaining Certified Historic Structure Status

Owners of buildings within historic districts must complete Part 1 of the Historic Preservation Certification Application—Evaluation of Significance. The owner submits this application to the SHPO. The SHPO reviews the application and forwards it to the NPS with a recommendation for approving or denying the request. The NPS then determines whether the building contributes to the historic district. If so, the building then becomes a "certified historic structure." The NPS bases its decision on the Secretary of the Interior's "Standards for Evaluating Significance within Registered Historic Districts," which appear on page 21.

Buildings individually listed in the National Register of Historic Places are already certified historic structures. Owners of these buildings need not complete the Part 1 application.

Property owners unsure if their building is listed in the National Register or if it is located in a National Register or certified State or local historic district should contact their SHPO.

What if my building is not yet listed in the National Register?

Owners of buildings that are not yet listed individually in the National Register of Historic Places or located in districts that are not yet registered historic districts may use the Historic Preservation Certification Application, Part 1, to request a *preliminary determination of significance* from the National Park Service. Such a determination may also be obtained for a building located in a registered historic district but that is outside the period or area of significance of the district. A preliminary determination of significance allows the owner to proceed with the rehabilitation project while the process of nominating a building or a district continues. Preliminary determinations, however, are not binding. They become final only when the building or the historic district is listed in the National Register or when the district documentation is amended to include additional periods of areas of significance.

What is a "certified rehabilitation?"

The National Park Service must approve, or "certify," all rehabilitation projects seeking the 20% rehabilitation tax credit. A *certified rehabilitation* is a rehabilitation of a *certified historic structure* that is approved by the NPS as being consistent with the historic character of the property and, where applicable, the district in which it is located. The NPS assumes that some alteration of the historic building will occur to provide for an efficient use. However, the project must not damage, destroy, or cover materials or features, whether interior or exterior, that help define the building's historic character.

Application Process

Owners seeking certification of rehabilitation work must complete Part 2 of the Historic Preservation Certification Application—Description of Rehabilitation. Long-term lessees may also apply if their lease is 27.5 years for residential property or 39 years for nonresidential property. The owner submits the application to the SHPO. The SHPO provides technical assistance and literature on appropriate rehabilitation treatments, advises owners on their applications, makes site visits when possible, and forwards the application to the NPS, with a recommendation.

The NPS reviews the rehabilitation project for conformance with the "Secretary of the Interior's Standards for Rehabilitation," and issues a certification decision. The entire project is reviewed, including related demolition and new construction, and is certified, or approved, only if the overall rehabilitation project meets the Standards. These Standards appear on pages 22–23. Both the NPS and the IRS strongly encourage owners to apply *before* they start work.

After the rehabilitation work is completed, the owner submits Part 3 of the Historic Preservation Certification Application—Request for Certification of Completed Work to the SHPO. The SHPO forwards the application to the NPS, with a recommendation as to certification. The NPS then evaluates the completed project against the work proposed in the Part 2—Description of Rehabilitation. Only completed projects that meet the Standards for Rehabilitation are approved as "certified rehabilitations" for purposes of the 20% rehabilitation tax credit.

Processing Fees

The NPS charges a fee for reviewing applications, except where the total rehabilitation cost is under $20,000. Fees are charged according to a two-tiered system: a preliminary fee and a final fee. The preliminary fee is $250. It covers NPS review of proposed rehabilitation work. The final fee covers NPS review of completed projects. The final fee amount depends on the cost of the rehabilitation, according to the fee schedule below. The preliminary fee is deducted from the final fee. Payment should not be sent until requested by the NPS. The NPS will not issue a certification decision until payment has been received.

Fee	*Cost of Rehabilitation*
$500	$20,000 to $99,999
$800	$100,000 to $499,999
$1,500	$500,000 to $999,999
$2,500	$1,000,000 or more

IRS Requirements

To be eligible for the 20% rehabilitation tax credit, a project must also meet the following basic tax requirements of the Internal Revenue Code:

- The building must be *depreciable.* That is, it must be used in a trade or business or held for the production of income. It may be used for offices, for commercial, industrial or agricultural enterprises, or for rental housing. It may not serve exclusively as the owner's private residence.
- The rehabilitation must be *substantial.* That is, during a 24-month period selected by the taxpayer, rehabilitation expenditures must exceed the greater of $5,000 or the adjusted basis of the building and its structural components. The adjusted basis is generally the purchase price, minus the cost of land, plus improvements already made, minus depreciation already taken. Once the substantial rehabilitation test is met, all qualified expenditures, including those incurred outside of the measuring period, qualify for the credit.
- If the rehabilitation is completed in phases, the same rules apply, except that a 60-month measuring period applies. This phase rule is available only if: (1) there is a set of architectural plans and specifications for all phases of the rehabilitation, and (2) it can reasonably be expected that all phases of the rehabilitation will be completed.
- The property must be placed in service (that is, returned to use). The rehabilitation tax credit is generally allowed in the taxable year the rehabilitated property is placed in service.
- The building must be a *certified historic structure* when it is placed in service; if it is not yet a *certified historic structure* when it is placed in service, the owner must have requested on or before the date that the building was placed in service a determination from the NPS that the building is a *certified historic structure,* and have a reasonable expectation that the determination will be granted. (This means, generally, for buildings not individually listed in the National Register of Historic Places, that Part 1 of the Historic Preservation Certification Application must have been filed before the building was placed in service.)
- Qualified rehabilitation expenditures include costs associated with the work undertaken on the historic building, as well as architectural and engineering fees, site survey fees, legal expenses, development fees, and other construction-related costs, if such costs are added to the basis of the property and are determined to be reasonable and related to the services performed. They do not include costs of acquiring or furnishing the building, new additions that expand the existing building, new building construction, or parking lots, sidewalks, landscaping, or other facilities related to the building.

Getting your project approved, or "certified"

Tens of thousands of projects have been approved for the historic preservation tax credit. Observing the following points will make approval of your project easier:

- *Apply as soon as possible—preferably before beginning work.* Consult with the SHPO as soon as you can. Read carefully the program application, regulations, and any other information the SHPO supplies. Submit your application early in the project planning. Wait until the project is approved in writing by the NPS before beginning work. Work undertaken prior to approval by the NPS may jeopardize certification. In the case of properties not yet designated *certified historic structures,* apply before the work is completed and the building placed in service.
- *Photograph the building inside and outside—before and after the project.* "Before" photographs are especially important. Without them, it may be impossible for the NPS to approve a project.
- *Read and follow the* "Secretary of the Interior's Standards for Rehabilitation" *and the* "Guidelines for Rehabilitating Historic Buildings." If you are unsure how they apply to your building, consult with the SHPO or the NPS.
- *Once you have applied, alert the SHPO and the NPS to any changes in the project.*

Claiming the 20% Rehabilitation Tax Credit

Generally, the tax credit is claimed on IRS form 3468 for the tax year in which the rehabilitated building is placed in service. For phased projects, the tax credit may be claimed before completion of the entire project provided that the substantial rehabilitation test has been met. If a building remains in service

throughout the rehabilitation, then the credit may be claimed when the substantial rehabilitation test has been met.

The IRS requires that the NPS certification of completed work (Application Part 3) be filed with the tax return claiming the tax credit. If final certification has not yet been received when the taxpayer files the tax return claiming the credit, a copy of the first page of the Historic Preservation Certification Application—Part 2 must be filed with the tax return. The copy of the application filed must show evidence that it has been received by either the SHPO or the NPS (date-stamped receipt or other notice is sufficient). If the taxpayer then fails to receive final certification within 30 months after claiming the credit, the taxpayer must agree to extend the period of assessment. If the NPS denies certification to a rehabilitation project, the credit will be disallowed.

Recapture of the Credit

The owner must hold the building for five full years after completing the rehabilitation, or pay back the credit. If the owner disposes of the building within a year after it is placed in service, 100% of the credit is recaptured. For properties held between one and five years, the tax credit recapture amount is reduced by 20% per year.

The NPS or the SHPO may inspect a rehabilitated property at any time during the five-year period. The NPS may revoke certification if work was not done as described in the Historic Preservation Certification Application, or if unapproved alterations were made for up to five years after certification of the rehabilitation. The NPS will notify the IRS of such revocations.

Depreciation

Rehabilitated property is depreciated using the straight-line method over 27.5 years for residential property and over 39 years for nonresidential property. The depreciable basis of the rehabilitated building must be reduced by the full amount of the tax credit claimed.

Rehabilitation Tax Credits: Who Does What?

The Federal historic preservation tax incentives program is a partnership among the National Park Service (NPS), the State Historic Preservation Officer (SHPO), and the Internal Revenue Service (IRS). Each plays an important role.

SHPO

- Serves as first point of contact for property owners.
- Provides application forms, regulations, and other program information.
- Maintains complete records of the State's buildings and districts listed in the National Register of Historic Places, as well as State and local districts that may qualify as registered historic districts.
- Assists anyone wishing to list a building or a district in the National Register of Historic Places.
- Provides technical assistance and literature on appropriate rehabilitation treatments.
- Advises owners on their applications and makes site visits on occasion to assist owners.
- Makes certification recommendations to the NPS.

NPS

- Reviews all applications for conformance to the *Secretary of the Interior's Standards for Rehabilitation.*

- Issues all certification decisions (approvals or denials) in writing.
- Transmits copies of all decisions to the IRS.
- Develops and publishes program regulations, the *Secretary of the Interior's Standards for Rehabilitation,* the Historic Preservation Certification Application, and information on rehabilitation treatments.

IRS

- Publishes regulations governing which rehabilitation expenses qualify, the time periods for incurring expenses, the tax consequences of certification decisions by NPS, and all other procedural and legal matters concerning both the 20% and the 10% rehabilitation tax credits.
- Answers public inquiries concerning legal and financial aspects of the Rehabilitation Tax Credit program, and publishes the audit guide, *Market Segment Specialization Program: Rehabilitation Tax Credit,* to assist owners.
- Insures that only parties eligible for the rehabilitation tax credits utilize them.

Pacific Hotel Apartments (historic name: Leamington Hotel and Apartments), Seattle, Washington (1915). Rehabilitated to provide 112 units of housing for low income and homeless people. Courtesy Stickney & Murphy. Photograph: Mike Romine.

10% Rehabilitation Tax Credit

The 10% rehabilitation tax credit is available for the rehabilitation of *non-historic buildings* built before 1936.

As with the 20% rehabilitation tax credit, the 10% credit applies only to buildings—not to ships, bridges or other structures. The rehabilitation must be *substantial,* exceeding either $5,000 or the adjusted basis of the property, whichever is greater. And the property must be *depreciable.*

The 10% credit applies only to buildings rehabilitated for *non-residential* uses. Rental housing would thus not qualify. Hotels, however, would qualify. They are considered to be in commercial use, not residential.

A building that has been moved is ineligible for the 10% rehabilitation credit. (A moved certified historic structure, however, can still be eligible for the 20% credit.) Furthermore, projects undertaken for the 10% credit must meet a specific physical test for retention of external walls and internal structural framework:

- at least 50% of the building's walls existing at the time the rehabilitation began must remain in place as external walls at the work's conclusion, and
- at least 75% of the building's existing external walls must remain in place as either external or internal walls, and
- at least 75% of the building's internal structural framework must remain in place.

Claiming the 10% Rehabilitation Tax Credit

The tax credit must be claimed on IRS form 3468 for the tax year in which the rehabilitated building is placed in service. There is no formal review process for rehabilitations of non-historic buildings.

The 10% or 20% Credit: Which One Applies?

The 10% rehabilitation tax credit applies only to non-historic, non-residential buildings built before 1936. The 20% rehabilitation tax credit applies only to certified historic structures, and may include buildings built after 1936. The two credits are mutually exclusive. Only one applies to a given project. Which credit applies depends on the building—not on the owner's preference.

Buildings listed in the National Register of Historic Places are not eligible for the 10% credit. Buildings located in National Register listed historic districts or certified State or local historic districts are presumed to be historic and are therefore not eligible for the 10% credit. Owners of buildings in these historic districts may claim the 10% credit *only* if they file Part 1 of the Historic Preservation Certification Application with the National Park Service and receive a determination that the building does *not* contribute to the district and is *not* a certified historic structure. Owners of historic buildings denied certification for the 20% credit may not claim the 10% credit.

Other Tax Provisions Affecting Use of Preservation Tax Incentives

A number of provisions in the Internal Revenue Code affect the way in which real estate investments are treated generally. These provisions include the *alternative minimum tax, the "at-risk" rules,* and, most importantly, the *passive activity limitation.* What these provisions mean, in practice, is that many taxpayers may not be able to use in one year all of the tax credits earned in a certified rehabilitation project.

A brief discussion of these matters follows. Readers should seek professional advice concerning the personal financial implications of these provisions.

Passive Activity Limitation

The passive activity limitation provides that losses and credits from "passive" income sources, such as real estate limited partnerships, cannot be used to offset tax liability from "active" sources such as salaries. This passive activity limitation does not apply to:

- Most regular corporations.
- Real estate professionals who materially participate in a real property trade or business and who satisfy eligibility requirements regarding the proportion and amount of time spent in such businesses.

For other taxpayers, two exceptions apply: a general exception and a specific exception for certified rehabilitations.

General Passive Loss Rules

Taxpayers with incomes less than $100,000 (generally, adjusted gross income with certain modifications) may take up to $25,000 in losses annually from rental

properties. This $25,000 annual limit on losses is reduced for individuals with incomes between $100,000 and $150,000 and eliminated for individuals with incomes over $150,000.

Passive Credit Exemption

Individuals, including limited partners, with adjusted gross incomes of less than $200,000 (and, subject to phase out, up to $250,000) investing in a rehabilitation credit project may use the tax credit to offset the tax owed on up to $25,000 of income. Thus, a taxpayer in the 36% tax bracket could use $9,000 of tax credits per year (36% x $25,000 = $9,000). Unused tax credits may be "carried forward" indefinitely until used up.

This $25,000 amount is first reduced by losses allowed under the general "passive loss" rule above for taxpayers with incomes less than $150,000.

At-Risk Rules

Under Internal Revenue Code Section 465, a taxpayer may deduct losses and obtain credits from a real estate investment only to the extent that the taxpayer is "at-risk" for the investment. The amount that a taxpayer is "at-risk" is generally the sum of cash or property contributions to the project plus any borrowed money for which the taxpayer is personally liable, including certain borrowed amounts secured by the property used in the project. In addition, in the case of the activity of holding real property, the amount "at-risk" includes qualified non-recourse financing borrowed from certain financial institutions or government entities.

Alternative Minimum Tax

Taxpayers who are not required to pay tax under the regular tax system may still be liable for tax under the alternative minimum tax laws. Alternative minimum taxable income is computed from regular taxable income with certain adjustments and the addition of all appropriate tax preference items.

Nonrefundable credits, such as the rehabilitation tax credit, may *not* be used to reduce the alternative minimum tax. If a taxpayer cannot use the tax credit because of the alternative minimum tax, the credit can be carried back or forward.

Rehabilitations Involving Governments and Other Tax-Exempt Entities

Property used by governmental bodies, nonprofit organizations, or other tax-exempt entities is not eligible for the rehabilitation tax credit if the tax-exempt entity enters into a disqualified lease (as the lessee) for more than 35% of the property. A disqualified lease occurs when:

- Part or all of the property was financed directly or indirectly by an obligation in which the interest is tax-exempt under Internal Revenue Code Section 103(a) and such entity (or related entity) participated in such financing; or,
- Under the lease there is a fixed or determinable price for purchase or an option to buy which involves such entity (or related entity); or,
- The lease term is in excess of 20 years; or,
- The lease occurs after a sale or lease of the property and the lessee used the property before the sale or lease.

Other Tax Incentives for Historic Preservation

Other Federal and State tax incentives exist for historic preservation. They may be combined with the rehabilitation tax credit.

Charitable Contributions for Historic Preservation Purposes

Internal Revenue Code Section 170(h) and Department of the Treasury Regulation Section 1.170A-14 provide for income and estate tax deductions for charitable contributions of partial interests in historic property (principally easements). The Tax Reform Act of 1986 retained these provisions. Generally, the IRS considers that a donation of a qualified real property interest to preserve a *historically important land area* or a *certified historic structure* meets the test of a charitable contribution for conservation purposes. For purposes of the charitable contribution provisions only, a *certified historic structure* need not be depreciable to qualify, may be a structure other than a building and may also be a portion of a building such as a facade, if that is all that remains, and may include the land area on which it is located.

The IRS definition of *historically important land areas* includes:

- independently significant land areas, including any related historic resources that meet National Register Criteria for Evaluation;
- land areas within registered historic districts, including buildings, that contribute to the significance of the historic district; and,
- land areas adjacent to a property individually listed in the National Register of Historic Places (but not within a historic district) where physical or

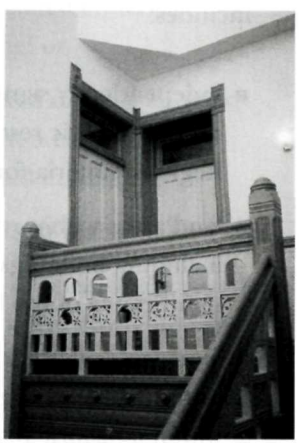
environmental features of the land area contribute to the historic or cultural integrity of the historic property.

State Tax Incentives

A number of States offer tax incentives for historic preservation. They include tax credits for rehabilitation, tax deductions for easement donations, and property tax abatements or moratoriums. The SHPO will have information on current State programs. Requirements for State incentives may differ from those outlined here.

Investment Tax Credit for Low Income Housing

The Tax Reform Act of 1986 (IRC Section 42) also established an investment tax credit for acquisition, construction, or rehabilitation of low income housing. The credit is approximately 9% per year for 10 years for each unit acquired, constructed, or rehabilitated without other Federal subsidies and approximately 4% for 10 years for units involving the 20% rehabilitation tax credit, Federal subsidies or tax-exempt bonds. Units must meet tests for cost per unit and number of units occupied by individuals with incomes below area median income. The law sets a 15-year compliance period. Credits are allocated by State Housing Credit Agencies.



Hotel St. Benedicts Flats, Chicago, Illinois (1882-1883). Courtesy L R Development Co.

The Secretary of the Interior's Standards for Evaluating Significance Within Registered Historic Districts

The following Standards govern whether buildings within a historic district contribute to the significance of the district. Owners of buildings that meet these Standards may apply for the 20% rehabilitation tax credit. Buildings within historic districts that meet these Standards *cannot* qualify for the 10% credit.

1. A building contributing to the historic significance of a district is one which by location, design, setting, materials, workmanship, feeling and association adds to the district's sense of time and place and historical development.
2. A building not contributing to the historic significance of a district is one which does not add to the district's sense of time and place and historical development; or one where the location, design, setting, materials, workmanship, feeling and association have been so altered or have so deteriorated that the overall integrity of the building has been irretrievably lost.
3. Ordinarily buildings that have been built within the past 50 years shall not be considered to contribute to the significance of a district unless a strong justification concerning their historical or architectural merit is given or the historical attributes of the district are considered to be less than 50 years old.

The Secretary of the Interior's Standards for Rehabilitation

Rehabilitation projects must meet the following Standards, as interpreted by the National Park Service, to qualify as "certified rehabilitations" eligible for the 20% rehabilitation tax credit. The Standards are applied to projects in a reasonable manner, taking into consideration economic and technical feasibility.

The Standards (36 CFR Part 67) apply to historic buildings of all periods, styles, types, materials, and sizes. They apply to both the exterior and the interior of historic buildings. The Standards also encompass related landscape features and the building's site and environment as well as attached, adjacent, or related new construction.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

For More Information

For more information on tax incentives for historic preservation, contact the NPS, the IRS, or one of the SHPOs listed below. Available information includes:

- A *Catalog* of NPS publications on appropriate methods to preserve historic buildings. These include *Guidelines for Rehabilitating Historic Buildings, Preservation Briefs,* and many others.
- The Historic Preservation Certification Application (a 3-part form: Part 1—Evaluation of Significance; Part 2—Description of Rehabilitation; Part 3—Request for Certification of Completed Work).
- Department of the Interior, National Park Service, regulations on "Historic Preservation Certifications." [36 CFR Part 67].
- Department of the Treasury, Internal Revenue Service, regulations on "Investment Tax Credit for Qualified Rehabilitation Expenditures." [Treasury Regulation Section 1.48-12].
- *Market Segment Specialization Program: Rehabilitation Tax Credit* (available only from the IRS).

Edward McGovern Tobacco Warehouse. Lancaster, Pennsylvania (ca. 1880). Rehabilitated for commercial use. Courtesy: Michael Oehrlein. Photograph: Historic Preservation Trust of Lancaster County.

National Park Service, Internal Revenue Service and State Historic Preservation Officers

National Park Service

Preservation Tax Incentives
Technical Preservation Services
Heritage Preservation Services-2255
National Park Service
1849 C Street, NW
Washington, D.C. 20240

202-343-9578

e-mail: hps-info@nps.gov
Internet: http://www.cr.nps.gov

Internal Revenue Service

Internal Revenue Service
Attention: E: REHAB/LIHC Compliance Unit
P.O. Box 12040
Philadelphia, PA 19105

Internet: http://www.irs.ustreas.gov

State Historic Preservation Officers

ALABAMA, Executive Director, Alabama Historical Commission, 468 South Perry Street, Montgomery, AL 36130-0900, 334-242-3184. **ALASKA**, Chief, History and Archeology, Department of Natural Resources, Division of Parks and Outdoor Recreation, 3601 C Street, Suite 1278, Anchorage, AK 99503-5921, 907-269-8721. **ARIZONA**, State Historic Preservation Officer, Office of Historic Preservation, Arizona State Parks, 1300 W. Washington, Phoenix, AZ 85007, 602-542-4009. **ARKANSAS,** Director, Arkansas Historic Preservation Program, 1500 Tower Building, 323 Center Street, Little Rock, AR 72201, 501-324-9880. **CALIFORNIA,** State Historic Preservation Officer, Office of Historic Preservation, Department of Parks and Recreation, PO Box 942896,

Sacramento, CA 94296-0001, 916-653-6624. **COLORADO,** President, Colorado Historical Society, Colorado History Museum, 1300 Broadway, Denver, CO 80203-2137, 303-866-3355. **CONNECTICUT**, Director, Connecticut Historical Commission, 59 South Prospect Street, Hartford, CT 06106, 860-566-3005. **DELAWARE**, Director, Division of Historical and Cultural Affairs, Hall of Records, PO Box 1401, Dover, DE 19901, 302-739-5313. **DISTRICT OF COLUMBIA,** Director, Department of Consumer and Regulatory Affairs, Suite 1120, 614 H Street NW, Washington, DC 20001, 202-727-7120. **FLORIDA**, Director, Division of Historical Resources, Department of State, R.A. Gray Building, 500 S. Bronough Street, Tallahassee, FL 32399-0250, 904-488-1480. **GEORGIA**, Director, Historic Preservation Division, Department of Natural Resources, 500 The Healey Building, 57 Forsyth Street, NW, Atlanta, GA 30303, 404-656-2840. **HAWAII**, State Historic Preservation Officer, Hawaii Historic Preservation Office, 1151 Punchbowl Street, Honolulu, HI 96813, 808-548-6550. **IDAHO**, State Historic Preservation Officer, 210 Main St., Boise, ID 83702-7264, 208-334-3861. **ILLINOIS**, Associate Director, Illinois Historic Preservation Agency, Preservation Services Division, One Old State Capitol Plaza, Springfield, IL 62701, 217-785-4512. **INDIANA**, Director, Department of Natural Resources, 402 West Washington Street, Room W 274, Indianapolis, IN 46204, 317-232-4020. **IOWA**, Administrator, State Historical Society of Iowa, 600 East Locust Street, Des Moines, IA 50319-0290, 515-281-8837. **KANSAS**, Executive Director, Kansas State Historical Society, Cultural Resources Division, 6425 Southwest 6th Avenue, Topeka, KS 66615-1099, 785-272-8681, ext. 216. **KENTUCKY,** Executive Director, Kentucky Heritage Council, 300 Washington Street, Frankfort, KY 40601, 502-564-7005. **LOUISIANA**, Assistant Secretary, Office of Cultural Development, PO Box 44247, Baton Rouge, LA 70804, 504-342-8200. **MAINE,** Director, Maine Historic Preservation Commission, 55 Capitol Street, Station 65, Augusta, ME 04333-0065, 207-287-2132. **MARYLAND,** Executive Director, Historical and Cultural Programs, Department of Housing and Community Development, Peoples Resource Center, 100 Community Place, 3rd floor, Crownsville, MD 21032-2023, 410-514-7600. **MASSACHUSETTS,** Executive Director, Massachusetts Historical Commission, Massachusetts Archives Facility, 220 Morrissey Boulevard, Boston, MA 02125, 617-727-8470. **MICHIGAN,** Supervisor, State Historic Preservation Office, Michigan Historical Center, 717 W. Allegan, Lansing, MI 48918-0001, 517-373-0511. **MINNESOTA**, Director, Minnesota Historical Society, State Historic Preservation Office, 345 Kellogg Boulevard West, St. Paul, MN 55102, 612-296-2747. **MISSISSIPPI,** Director, Department of Archives and History, PO Box 571, Jackson, MS 39205, 601-359-6850. **MISSOURI,** Director, Department of Natural Resources, PO Box 176, Jefferson City, MO 65102, 573-751-4732. **MONTANA,** State Historic Preservation Officer, Montana Historical Society, 1410 8th Avenue, PO Box 201202, Helena, MT 59620-1202, 406-444-7715. **NEBRASKA,** Director, Nebraska State Historical Society, 1500 R Street, PO Box 82554, Lincoln, NE 68501, 402-471-4787. **NEVADA**, State Historic Preservation Officer, Department of Museums, Library and Arts, 100 S. Stewart Street, Capitol Complex, Carson City, NV 89710, 702-687-6360. **NEW HAMPSHIRE,** Director, Division of Historical Resources, PO Box 2043, Concord, NH 03302-2043, 603-271-3483. **NEW JERSEY**, Commissioner, Department of Environmental Protection, CN 402, 401 East State Street, Trenton, NJ 08625, 609-292-2885. **NEW MEXICO,** Director, State Historic Preservation Division, Office of Cultural Affairs, Villa Rivera Building, 3rd floor, 228 E. Palace Avenue, Santa Fe, NM 87503, 505-827-6320. **NEW YORK,** Commissioner, Office of Parks, Recreation and Historic Preservation, Empire State Plaza, Agency Building 1, 20th Floor, Albany, NY 12238, 518-474-0443. **NORTH CAROLINA,** Director, Department of Cultural Resources, Division of Archives and History, 109 East Jones Street, Raleigh, NC 27601-2807, 919-733-7305. **NORTH DAKOTA**, Superintendent, State Historical Society of North Dakota, ND Heritage Center, 612 East Boulevard Ave., Bismarck, ND 58505, 701-328-2666. **OHIO,** State Historic Preservation Officer, Historic Preservation Office, Ohio Historical Society, 567 E. Hudson Street, Columbus, OH 43211-1030, 614-297-2470. **OKLAHOMA,** Executive Director, Oklahoma Historical Society, Wiley Post Historical Building, 2100 N. Lincoln Boulevard, Oklahoma City, OK 73105, 405-522-5202. **OREGON,** Director, Oregon Parks and Recreation Department, 1115 Commercial Street NE, Salem, OR 97310-1001, 503-378-5019. **PENNSYLVANIA,** State Historic Preservation Officer, Pennsylvania Historical and Museum Commission, PO Box 1026, Harrisburg, PA 17108-1026, 717-787-2891. **COMMONWEALTH OF PUERTO RICO,** State Historic Preservation Officer, La Fortaleza, PO Box 82, San Juan, PR 00901, 787-721-2676. **RHODE ISLAND**, State Historic

Preservation Officer, Rhode Island Historical Preservation and Heritage Commission, Old State House, 150 Benefit Street, Providence, RI 02903, 401-277-2678. **SOUTH CAROLINA,** Director, Department of Archives and History, PO Box 11669, Capitol Station, Columbia, SC 29211, 803-734-8592. **SOUTH DAKOTA**, Administrator, South Dakota State Historical Society, 900 Governors Drive, Pierre, SD 57501-2217, 605-773-3458. **TENNESSEE,** Deputy Commissioner, Department of Environment and Conservation, 2941 Lebanon Road, Nashville, TN 37243-0442, 615-532-0105. **TEXAS**, Executive Director, Texas Historical Commission, PO Box 12276, Austin, TX 78711-2276, 512-463-6100. **UTAH,** Director, Utah State Historical Society, 300 Rio Grande, Salt Lake City, UT 84101, 801-533-3551. **VERMONT,** Director, Agency of Commerce and Community Development, Vermont Division for Historic Preservation, 135 State Street, Drawer 33, Montpelier, VT 05633-1201, 802-828-3226. **VIRGIN ISLANDS,** Commissioner, Department of Planning and Natural Resources, Division of Archaeology & Historic Preservation, Foster Plaza, 396-1 Anna's Retreat, St. Thomas, VI 00802, 340-776-8605. **VIRGINIA**, Director, Department of Historic Resources, 221 Governor Street, Richmond, VA 23219, 804-786-3143. **WASHINGTON**, State Historic Preservation Officer, Office of Archaeology and Historic Preservation, Washington State Department of Community, Trade, & Economic Development, 111 West 21st Avenue, Box 48343, Olympia, Washington 98504-8343, 360-753-5010. **WEST VIRGINIA**, Commissioner, Division of Culture and History, 1900 Kanawha Boulevard East, Capitol Complex, Charleston, WV 25305, 304-558-0220. **WISCONSIN,** Director, Historic Preservation Division, State Historical Society, 816 State Street, Madison, WI 53706, 608-264-6500. **WYOMING,** State Historic Preservation Officer, Wyoming State Historic Preservation Office, Department of Commerce, 6101 Yellowstone, Cheyenne, WY 82002, 307-777-7697.

Back cover: The Brentwood, Philadelphia, Pennsylvania. Detail: After rehabilitation. Courtesy Brentwood Parkside Associates. © 1996 Don Pearse Photographer.