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Law Practice Concentrating in Affordable Housing and Community Development Law

OVERVIEW: FEDERAL HISTORIC PRESERVATION TAX INCENTIVES PROGRAM (“FHPTIP”)

• What is the FHPTIP?

- The program fosters private sector rehabilitation of historic buildings and promotes economic revitalization.
- The program provides a strong alternative to government ownership and management of such historic properties.
- The program is jointly managed by the National Park Service (“NPS”) and the Internal Revenue Service in partnership with State Historic Preservation Offices.

• What properties and projects are eligible for benefits under FHPTIP?

- The Federal Historic Preservation Tax Incentives are available for certified historic structures which are buildings that are National Historic Landmarks, that are listed in the National Register, and that contribute to National Register Historic Districts and certain local historic districts.
- Properties must be income-producing and must be rehabilitated according to standards set by the Secretary of the Interior.
- If a property is not currently in the National Register, the owner can apply for certification as a historical property.

• What is the amount of the tax credits under FHPTIP?

- Tax credits are available for 20% of the qualified costs of rehabilitation for certified historical structures and are taken the year the building is placed in service.
- A 10% credit is available for non-historical buildings built before 1936.
- These two credits are mutually exclusive; they cannot be combined.

• What is the application process for FHPTIP?

- The owner of a building is eligible to apply for historical tax credits.
- The Historic Preservation Certification application is a 2- or 3-part process, depending on whether the building is individually listed in the National Register of Historic Places.
- Each part requires approval or “certification” by the National Park Service. The application is always submitted in duplicate to the State Historic Preservation Officer (“SHPO”), which retains one copy and forwards the other to the NPS.
- Part 1 is the Evaluation of Significance of the property; note, properties individually listed in the National Register are already certified historic structures and may skip part 1.
- Part 2 is the description of rehabilitation work; The NPS reviews the description of the proposed rehabilitation for conformance with the Secretary of the Interior’s standards for rehabilitation, and issues a preliminary decision approving the work.
- Part 3 is the request for certification of completed work; the NPS evaluates the completed project and compares it with the work proposed in the Part 2 application form. If the work is acceptable, the NPS will approve the project as a certified rehabilitation eligible for 20% tax credits.

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