

## Financial Incentives for Historic Properties



## Colorado State Tax Credit- Residential

### State Tax Credits

- 20% credit on Qualified Rehabilitation Expenses (QREs)
- Property must be historically designated – National, State, or Local level
- Costs must exceed \$5,000
- Applications accepted year-round
- \$50,000 credit cap, but cap resets every ten years or upon change of owner
- Credit can be spread over ten years
- Project must be approved by Certified Local Government or State Historic Preservation Office and follow Secretary of Interior
- Fees vary by municipality, usually: \$250 to \$1,000



## Colorado State Tax Credit- Commercial

### State Tax Credits

- 25% credit for projects less than \$2,000,000
- 20% credit for Commercial projects over \$2,000,000
- Each building is limited to \$1 million in credits per calendar year
- Must be historically designated at local, state or national level
- Costs must exceed adjusted basis (25% of the purchase price minus current land value)
- Application accepted electronically, and annual caps are in place
- \$500 application fee, and 3% of tax credit amount upon award
- Owners may use, sell or transfer credits



## Colorado State Tax Credit

### State Tax Credit Allowable Costs

- Exterior repair
- Carpentry
- Sheetrock or plaster
- Painting of restored features
- Ceiling, doors and windows
- Insulation
- Roofing and flashing
- Masonry
- Windows
- Plumbing, electrical and HVAC
- Reconstruction of documented missing features



## Colorado State Tax Credit

### State Tax Credit Non-Qualifying Costs

- “Soft costs” such as appraisals, design, legal or realtor fees; building permit and inspection fees;
- Acquisition costs;
- New additions or enlargements (except as may be required to comply with building and safety codes).
- Repairs to additions made to a historic property after the property was officially designated



## Federal Tax Credits- 10% Credit

### Federal Tax Credits

- 10% credit
  - For properties that:
    - Built before 1936
    - Non-designated
    - Produce income
    - Non-residential use
  - For costs associated with restoration, rehabilitation, or preservation
  - Must be reviewed by IRS
  - No fees charged



## Federal Tax Credits- 20% Credit

### Federal Tax Credits

- 20% credit
  - For properties that:
    - Listed or eligible for listing on National Register – individually or contributing
    - Produce income
    - Not private residences
  - Must follow Secretary of Interior Standards for Rehabilitation
  - Must be approved by State Historic Preservation Office, National Park Service, and IRS.
  - Vary depending on the size of the project



## Federal Tax Credits

### Federal Tax Credits

- 10% and 20% credits
  - Must spend minimum of \$5000 on project
  - No maximum
  - Credits can be carried forward 20 years
  - Credits can be carried back 1 year



## Preservation Grants

### Colorado State Historical Fund Grants

- Funded by gaming tax revenues
- Primarily for designated community or civic buildings
- Eligible Projects:
  - Restoration and rehabilitation of historic buildings,
  - Architectural assessments
  - Designation and interpretation of historic places,
  - Preservation planning studies, and
  - Education and training programs.
- Competitive process twice a year.
- Projects must demonstrate strong public benefit
- Grants vary in size, from a few hundred dollars to amounts in excess of \$200,000.



## Preservation Easements

- Generally apply to the façade of a building
- Are donated to a qualified easement holder, either non-profit or governmental
- Provides perpetual protection and runs with the land
- Can involve a tax credit based on the property's valuation, but this only applies in some circumstances