Financial Incentives for Historic Properties



Colorado State Tax Credit- Residential

State Tax Credits

- o 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
- o \$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

- $\circ~25\%$ credit for projects less than \$2,000,000
- $\circ~$ 20% credit for Commercial projects over
- \$2,000,000 • Each building is limited to \$1 million in credits per calendar year
- o Must be historically designated at local, state or national level
- Costs must exceed adjusted basis (25% of the o Application accepted electronically, and annual
- $\circ~$ \$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
- o Insulation
- o Roofing and flashing
- o Masonry
- o Windows
- Plumbing, electrical and HVAC
- o 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

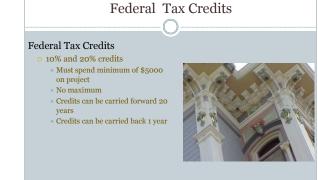
Federal Tax Credits- 10% Credit Federal Tax Credits • 10% credit • For properties that: • Built before 1936 • Non-designated • Produce income • Non-residential use • For costs associated with restoration, rehabilitation, or preservation • Must be reviewed by IRS • No fees charged

Federal Tax Credits- 20% Credit

Federal Tax Credits

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







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