

## **California Historic Tax Credit Components II**

### **Credit Variations**

- 25% for commercial and owner-occupied residential properties; 30% income tax credit for nonprofit owners (KS)
- Credit equal to 100% of federal credit for rehabilitation of a certified historic commercial property against taxes or grant equal to 90% of federal credit allowed (MN).
- 30% for historic homeowners, 20% for income producing, and 30-40% for mills (NC).
  
- 25% for projects with affordable housing (MA)
- 10% for non-historic “qualified rehabilitated structures”, commercial properties located in Main Street community, and after 2012 in a designated “sustainable” community (MD).
- 25% substantial rehabilitation credit for any rehabilitation that also qualifies for 20% federal credit; 25% small project rehabilitation credit for qualified rehabilitation expenditures between \$50,000 and \$250,000 (ME).
- 25% for eligible historic property part of a renaissance zone project (ND).
- 25% for facade improvement projects, limited to \$25,000 per project (VT) - must be in designated downtowns or village centers.

### **Bonus Variations**

- Affordable housing (CN): credit increased (from 25%) if
  - At least 20% of units are affordable rentals, or
  - At least 10% of units created are affordable homeownership units.
- Owner-occupied residences and income-producing additional 5% credit (GA) for residence located in a HUD target area.
- Additional 5% for high performance commercial buildings that achieve LEED gold rating or comparable rating from another rating system (MD).
- Increase of credits to 30% if 33% of the aggregate SF of the complete project creates new affordable housing (ME).

### **Minimum expenditure**

- Same as Federal credit
- Variables

### **Submittal Requirements**

- Application must be approved by SHPO before work begins (KS).
- Application must be made before the rehabilitation begins (MN).
- Only eligible costs accrued after the receipt of the completed application are eligible. (MO)
- Applicant must provide evidence that the credit is a major factor in the applicant’s decision to rehab (OH).
- Owners of income producing property approved to receive 20% Federal rehabilitation tax credits automatically qualify for additional state credit (NY).

## **California Historic Tax Credit Components II**

- Work completed prior to submitting a Part 1 eligible if there is adequate documentation and the work already completed meets the SOIS (CO).
  - NOTE: Those states that allow work to be submitted after completion, find that many of those projects do not fully comply with the Standards. Completed projects must be reviewed as either meeting the SOIS or not. Denied projects typically appealed. Appeals rarely overturn state review if state review is sufficiently defensible.

### **Fees**

- \$200 to \$2,000 based on total estimated qualifying expenses (KS)
- 3% for income producing and homeowners (MD).
- \$250 to \$4750 (MN).
- \$0 for homeowners w/income ≤\$60,000/\$25 to \$475 over, and \$100 to \$5,000 for commercial (NY) (+2%).

### **Distribution of Credits**

- If taxpayer's adjusted gross income is under \$60,000, homeowner credit is refundable; over \$60,000, unlimited carry forward (NY) \*must be in qualified census tract.
- Refundable
- Transferable

### **Recapture Period**

- Five years

### **Project Completion Time Frame**

#### **SHPO/Administration Components**

- Staff person(s)
- Database Coordination and Coding
- Website
- Program and Application form and instructions paperwork on
- Submittal requirements (including photographs)
- FAQs

#### **Tax/Administration Components**

- Code citation
- Administration

### **Cost Analysis**

- Cost-benefit analysis must be conducted by Economic Development Director to show whether project will result in a net revenue gain in state and local taxes (OH).

## **California Historic Tax Credit Components II**

### **Needs**

- Economic Study, Analysis, Modeling
- Show Value
- Coalition
  - Broad based support

### **Immediate contacts**

- Legislation Sponsorship
- Revenue & Tax Committee (Jan/Feb timing)
- CA Teacher's Association
- Urban Land Institute
- Preservation Developers

j:/tax/state tax credit component II 2013