



**PENNSYLVANIA BROWNFIELDS 2011:  
FINANCING 201**

Rehabilitation Investment Tax Credits

September 27, 2011

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**2 types of credits**

- 20% credit for historic buildings
- 10% credit for non-historic buildings built before 1936

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**Allowable rehabilitation costs include:**

- Construction costs
- Interim financing – loan fees and interest
- Property taxes and insurance during construction
- Architectural, engineering, and design fees
- Builder, contractor, and developer fees
- Appraisal fees

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Allowable rehabilitation costs **do not** include:

- Building acquisition
- Intangible assets, which include reserves, permanent loan fees, marketing expenses, and some legal and accounting
- Site work including parking lot, sidewalks and landscaping

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To qualify for the 20% credit:

- Listed on the National Register of Historic Places
  - Individually
  - Contributing to a *registered historic district*
    - Listed on the National Register of Historic Places
    - Designated under state or local statute which has been certified by the Secretary of the Interior

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To qualify for the 20% credit:

- Listed on the National Register of Historic Places
- Property must be used for income-producing purposes
  - Retail
  - Offices
  - Industrial
  - Rental housing
  - Bed and Breakfast

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### To qualify for the 20% credit:

- Listed on the National Register of Historic Places
- Property must be used for income-producing purposes
- **Property must meet the substantial rehabilitation test**

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### Substantial rehabilitation test

Amount of the property	\$125,000
■ Cost of the land	- 40,000
■ Cost of any depreciation	- 0
= Cost of the building	\$ 85,000

Need to spend more than \$85,000 within a **24-month** period to partake of the credit

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### To qualify for the 20% credit:

- Listed on the National Register of Historic Places
- Property must be used for income-producing purposes
- Property must meet the substantial rehabilitation test
- **Property must be owned for 5 years after the credit is taken – recapture period**

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## To qualify for the 20% credit:

- Listed on the National Register of Historic Places
- Property must be used for income-producing purposes
- Property must meet the substantial rehabilitation test
- Property must be owned for 5 years after the credit is taken
- Rehabilitation must meet the Secretary of the Interior's *Standards for Rehabilitation*  
[36 CFR Part 67.7]

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## Rehabilitation:

The act or process of making possible a compatible use for a property through repair, alterations, and additions, while preserving those portions or features which convey its historical, cultural, or architectural values.

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## Secretary of the Interior's *Standards for Rehabilitation*

- Apply to buildings of all types, sizes, uses, materials
- Apply to exteriors and interiors
- Extend to building, site, and environment – landscape and attached, adjacent related new construction
- All 10 Standards must be met



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**Joint program between:**



- State Historic Preservation Office  
Bureau for Historic Preservation of the  
Pennsylvania Historical & Museum Commission
- National Park Service  
Technical Preservation Services
- Internal Revenue Service

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**How does the process work?**

Applicant

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Submits application to  
State Historic Preservation Office (SHPO)

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National Park Service receives application from SHPO,  
makes final certification decision, notifies applicant

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**2 types of credits**

- 20% credit for historic buildings
- 10% credit for non-historic buildings  
built before 1936

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### To qualify for the 10% credit:

- Property must be built before 1936
- Property must be used for income-producing purposes and non-rental residential
- Property must meet the substantial rehabilitation test
- Property must be owned for 5 years after the credit is taken – recapture period

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### To qualify for the 10% credit:

- Built before 1936
- Property must be used for income-producing purposes
- Property must meet the substantial rehabilitation test
- Property must be owned for 5 years after the credit is taken
- **Must retain:**
  - 50% of the building's exterior walls must remain as exterior walls
  - 75% of the must remain as either external of internal walls
  - 75% of the buildings internal structural framework

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### Taking the credit

- Credit can not be taken until the work is completed
- Credit is taken on your Federal taxes using IRS form 3468
  - beginning and ending dates
  - adjusted basis
  - copy of NPS Part 3 application with NPS #

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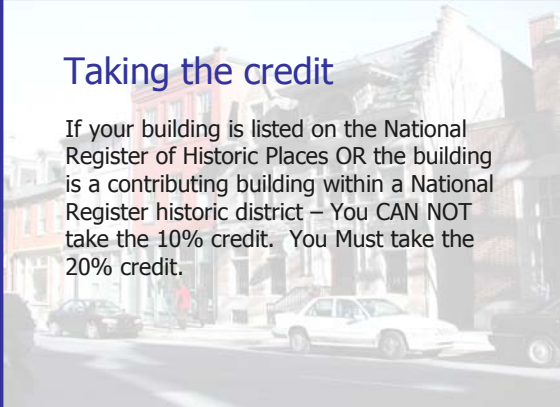
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## Taking the credit

If your building is listed on the National Register of Historic Places OR the building is a contributing building within a National Register historic district – You CAN NOT take the 10% credit. You Must take the 20% credit.



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## Historic Rehabilitation Tax Credit program:

- Preserves historic buildings
- Stimulates private investment
- Revitalizes communities



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## Preserves historic buildings



Saves buildings

McGovern Tobacco Warehouse  
302-304 N. Plum Street  
Lancaster, Lancaster County

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Columbia Gas Works, 201 Grant Street  
York, York County



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Offices of Barton Associates, Inc.



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## Preserves historic buildings

Builds partnerships



John DeHaven  
Tobacco Warehouses  
602 N. Charlotte Street  
Lancaster, Lancaster County

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## Preserves historic buildings

Saves more than  
a façade by  
preserving the  
entire building



235-237 Fort Pitt Blvd.  
Pittsburgh,  
Allegheny County



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## Stimulates private investment

Generates  
capital  
through  
private  
investment



Thomas A. Willson &  
Safety Products Co.  
201 Washington Street  
Reading, Berks County



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Philadelphia Naval Shipyard  
Building 12 - Urban Outfitters  
Headquarters



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Heinz Complex – Meat, Bean, Cereal, Shipping, & Reservoir Buildings Northside, Pittsburgh Allegheny County



Bean Building

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Cereal Building



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## Stimulates private investment

Generates capital  
through job creation



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## Revitalizes communities

Provides  
affordable  
housing



Columbus Property Management  
1710 North 16<sup>th</sup> Street  
Philadelphia

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McFarland Press, 200 Crescent Street  
Harrisburg Dauphin County



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Revitalizes communities

Stimulates  
community  
renewal



North Beaver Street  
Scattered Sites Housing,  
York, York County

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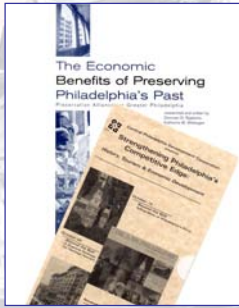
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## Revitalizes communities

Increases property values



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## Revitalizes communities

Promotes sustainability



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**For more information:**

[www.nps.gov/hps/tps/tax](http://www.nps.gov/hps/tps/tax)

[www.phmc.state.pa.us/bhp](http://www.phmc.state.pa.us/bhp)  
and click on Rehabilitation Investment Tax Credit  
on the left-hand bar



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