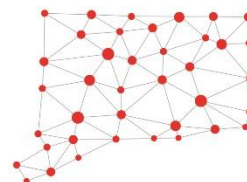


Historic Homes Rehabilitation Tax Credit

CT GENERAL STATUTE § 10-416



CONNECTICUT
STATE HISTORIC PRESERVATION OFFICE
INVESTING IN PRESERVATION SINCE 1955



Historic Homes Rehabilitation Tax Credit



1. The Basics
2. Application Process
3. Calculation
4. Qualifying Work

What is the State Historic Preservation Office?



- Started as the CT Historical Commission in 1955
- Became the State Historic Preservation Office in 1966 with the creation of the National Historic Preservation Act
- SHPOs in all 50 states, U.S. territories, and Washington, D.C.
- Purpose is to carry out the laws and regulations of the NHPA to avoid negative impacts on historic resources
- Administers State and National Register programs, grant programs, and three historic rehabilitation tax credits

Historic Homes Rehabilitation Tax Credit

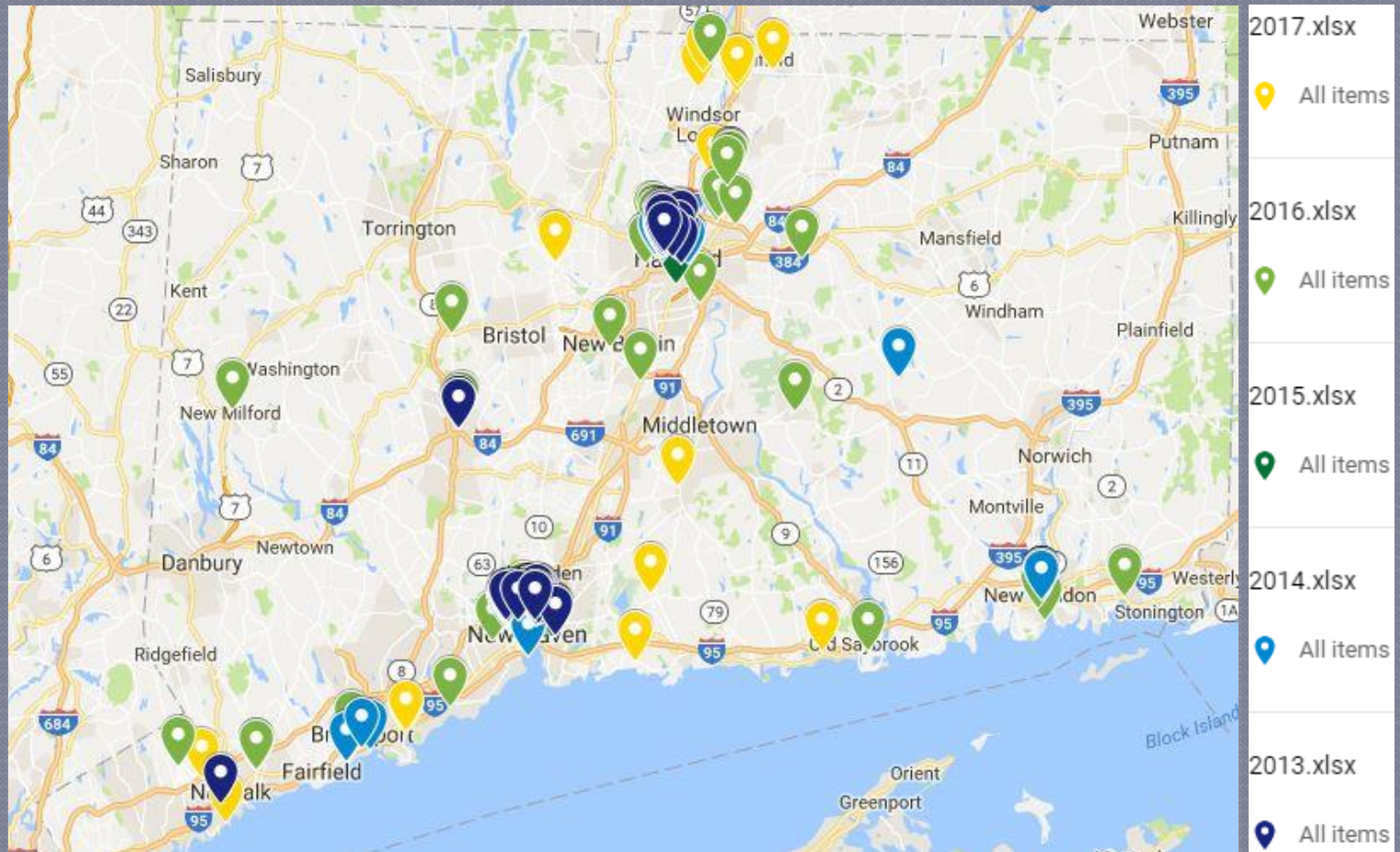


- Codified in the CT General Statutes (C.G.S. § 10-416)
- Established in 2000
- \$3 million dollars set aside each year
- Between 2013 and 2017:
 - **451** projects
 - **Over \$5.8M** in tax credits
 - **Over \$26.0M** in total project costs



Historic Homes Rehabilitation Tax Credit

Distribution
of projects
between
2013-2017



The Basics

Historic Homes Rehabilitation Tax Credit



- 30% tax credit on qualified rehabilitation expenditures
- \$15,000 minimum project cost
- Per project cap of \$30,000 per dwelling unit



Historic Homes Rehabilitation Tax Credit



Eligibility

- Connecticut taxpayer who possesses title, or prospective title, to an historic home
- Nonprofit corporation that possesses such title or prospective title
- Owner-occupied properties with 1 – 4 units
- Primary, not seasonal residences
- Properties listed on the State or National Register of Historic Places

Historic Homes Rehabilitation Tax Credit



How do you know if your property is listed on the State or National Register?

- Database of four coastal counties:

<http://www.cultureandtourism.org/cct/cwp/view.asp?a=3933&q=293858>

Historic Homes Rehabilitation Tax Credit



Who can use the Tax Credit?

- Not the individual homeowner
- Not the non-profit organization
- Only corporations paying taxes under C.G.S. Chapters 207-212

Application Process

Instructions and application forms available at
www.decd.org

Application Process - 4 Parts



Part 1-Request For Historic Property Determination

- Listed on the State or National Register of Historic Places individually or as part of an Historic District
- Photos of each elevation
- Streetscape photo
- Photos of outbuilding(s)

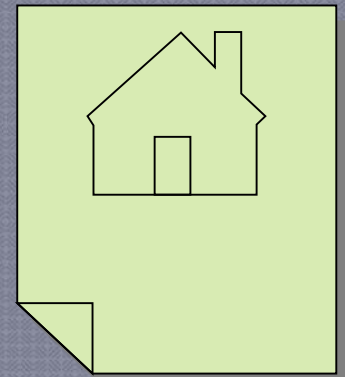
Instructions and application forms available at www.decd.org

Application Process - *Cont'd*



Part 2-Request for Certification of Proposed Rehabilitation Work

- Detailed work plan
- Photos
- Budget based on contractor estimates
- Drawings, material specifications, and other supplemental information

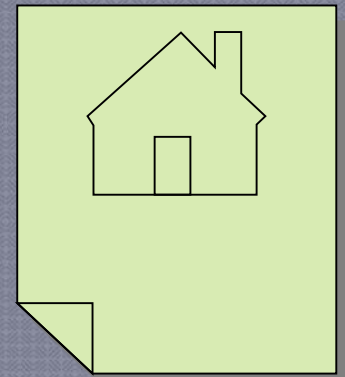


Application Process - *Cont'd*



Part 2-Request for Certification of Proposed Rehabilitation Work

- Detailed work plan
- Photos
- Budget based on contractor estimates
- Drawings, material specifications, and other supplemental information



Tax Credit Reservation is issued
Reservation valid for 5 years from date of issuance

Instructions and application forms available at www.decd.org

Application Process - *Cont'd*



Part 2-Amendment

- Detailed work plan for anything *not previously approved*
- To ensure ongoing compliance with the Standards for Rehabilitation
- Does not provide for increasing the Tax Credit Reservation

Application Process - *Cont'd*



Part 3-Request for Certification of Completed Rehabilitation Work

- Photos of completed work
 - Mirroring those included in your Part 2 application
- Financial documentation
 - Budget
 - Proof of payment (cancelled checks, credit card receipts, invoices)

Application Process - *Cont'd*



Part 4: Request for Issuance of Tax Credit Voucher

- RTC-4—Assignment of Tax Credit Voucher
- RTC-4-1—Owner-Occupancy Assurance Statement
- RTC-4-2—Contributing Taxpayer Statement of Funds Transactions
- RTC-4-3—Owner Certification of Taxpayer as Contributing

Application Process - *Cont'd*



Part 4: Request for Issuance of Tax Credit Voucher

- RTC-4—Assignment of Tax Credit Voucher
- RTC-4-1—Owner-Occupancy Assurance Statement
- RTC-4-2—Contributing Taxpayer Statement of Funds Transactions
- RTC-4-3—Owner Certification of Taxpayer as Contributing

Application Process - *Cont'd*



Part 4: Request for Issuance of Tax Credit Voucher

- RTC-4—Assignment of Tax Credit Voucher
- RTC-4-1—Owner-Occupancy Assurance Statement
- RTC-4-2—Contributing Taxpayer Statement of Funds Transactions
- RTC-4-3—Owner Certification of Taxpayer as Contributing

Tax Credit Voucher is issued

Instructions and application forms available at www.decd.org

Application Process - *Cont'd*



- 30-day review period for each application
- Parts 1 & 2 and Parts 3 & 4 can be submitted together
- Photos should be labeled and a min. of 4x6" in size
- No electronic submissions

Instructions and application forms available at www.decd.org

Tax Credit Calculation

Tax Credit Calculation



Single-Family Home

Rehab costs = \$150,000

Tax Credit Calculation



Single-Family Home

Rehab costs = \$150,000

$\$150,000 * 30\% = \$45,000$

Tax Credit Calculation



Single-Family Home

Rehab costs = \$150,000

$\$150,000 * 30\% = \$45,000$

Per project cap of \$30,000 per unit

Tax Credit Calculation



Single-Family Home

Rehab costs = \$150,000

~~\$150,000 * 30% = \$45,000~~

Per project cap of \$30,000 per unit

Tax Credit = \$30,000

Tax Credit Calculation



Duplex

Rehab costs of \$150,000

$\$150,000 * 30\% = \$45,000$

Per project cap of \$30,000 per unit * 2 units = \$60,000 max.

Tax Credit = \$45,000

**One unit
must be
owner-
occupied**

Tax Credit Calculation



Duplex

Rehab costs of \$150,000

$\$150,000 * 30\% = \$45,000$

Per project cap of \$30,000 per unit * 2 units = \$60,000 max.

Tax Credit = \$45,000

4-unit House

Rehab costs of \$400,000

$\$400,000 * 30\% = \$120,000$

Per project cap of \$30,000 per unit * 4 units = \$120,000 max.

Tax Credit = \$120,000

**One unit
must be
owner-
occupied**

Tax Credit Calculation



**Final tax credit is equal to the *lesser* of either
the reservation or 30% of final expenses**

Tax Credit Calculation



**Final tax credit is equal to the *lesser* of either
the reservation or 30% of final expenses**

Example A

Estimated Budget = \$75,000

Tax Credit Reservation = \$22,500

Tax Credit Calculation



**Final tax credit is equal to the *lesser* of either
the reservation or 30% of final expenses**

Example A

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500
Actual Expenses	= \$60,000
Tax Credit	= \$18,000

Tax Credit Calculation



Final tax credit is equal to the *lesser* of either
the reservation or 30% of final expenses

Example A

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500
Actual Expenses	= \$60,000
Tax Credit	= \$18,000

Tax Credit Calculation



Final tax credit is equal to the *lesser* of either
the reservation or 30% of final expenses

Example A

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500
Actual Expenses	= \$60,000
Tax Credit	= \$18,000

Example B

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500

Tax Credit Calculation



Final tax credit is equal to the *lesser* of either
the reservation or 30% of final expenses

Example A

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500
Actual Expenses	= \$60,000
Tax Credit	= \$18,000

Example B

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500
Actual Expenses	= \$100,000
30%	= \$30,000

Tax Credit Calculation



Final tax credit is equal to the *lesser* of either the reservation or 30% of final expenses

Example A

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500
Actual Expenses	= \$60,000
Tax Credit	= \$18,000

Example B

Estimated Budget	= \$75,000
Tax Credit Reservation	= \$22,500
Actual Expenses	= \$100,000
30%	= \$30,000
Tax Credit	= \$22,500

2015 Policy



In order to receive the full 30% tax credit allocation,
at least **65%** of the total qualifying rehabilitation
expenditures must include work directly attributable to the
long-term preservation of historic building fabric
and **character-defining features.**

(For all new applications received after April 15, 2015)

2015 Policy - Sample Calculation



A project contains the following components:

- | | | |
|----|---------------------|----------|
| 1. | New roof | \$15,000 |
| 2. | Chimney repointing | \$5,000 |
| 3. | Electrical upgrades | \$5,000 |
| 4. | Kitchen renovation | \$60,000 |

Total project cost	\$85,000
--------------------	----------

2015 Policy - Sample Calculation



A project contains the following components:

1. New roof \$15,000
2. Chimney repointing \$5,000
3. Electrical upgrades \$5,000
4. **Kitchen renovation \$60,000**

Total project cost \$85,000

2015 Policy - Sample Calculation



A project contains the following components:

1.	New roof	\$15,000	}	\$25,000 total preservation costs / <u>\$85,000</u> total project costs
2.	Chimney repointing	\$5,000		
3.	Electrical upgrades	\$5,000		
4.	Kitchen renovation	\$60,000		29%

Total project cost \$85,000

2015 Policy - Sample Calculation



A project contains the following components:

1.	New roof	\$15,000	} \$25,000 total preservation costs
2.	Chimney repointing	\$5,000	
3.	Electrical upgrades	\$5,000	
4.	Kitchen renovation	\$60,000	

Total project cost \$85,000

Preservation Related Costs:	\$25,000
	<u> </u> / 65%
	\$38,461.54

2015 Policy - Sample Calculation



A project contains the following components:

1.	New roof	\$15,000	} \$25,000 total preservation costs
2.	Chimney repointing	\$5,000	
3.	Electrical upgrades	\$5,000	
4.	Kitchen renovation	\$60,000	

Total project cost \$85,000

Preservation Related Costs:	\$25,000
	<u> / 65%</u>
	\$38,461.54

Total Eligible Expenditures:	\$38,461.54
	<u> * 30%</u>
Tax Credit Amount:	\$11,538.46

Qualifying Work

Secretary of Interior's Standards for Rehabilitation



A set of national standards that promote historic preservation best practices.

Technical Preservation Services

National Park Service
U.S. Department of the Interior



[About](#) [The Standards](#) [Tax Incentives](#) [How To Preserve](#) [Sustainability](#) [Historic Surplus Property](#) [Education & Training](#) [Hot Topics](#) ▼

[Home](#) > [The Standards](#) > Rehabilitation Standards and Guidelines



Rehabilitation Standards and Guidelines

The Secretary of the Interior's Standards for Rehabilitation, codified as 36 CFR 67, are regulatory for the [Historic Preservation Tax Incentives program](#). The Guidelines for Rehabilitating Historic Buildings and the Guidelines on Sustainability for Rehabilitating Historic Buildings, which assist in applying the Standards, are advisory.

Secretary's Standards for Rehabilitation

Rehabilitation projects must meet the following Standards, as interpreted by the National Park Service, to qualify as "certified rehabilitations" eligible for the 20% rehabilitation tax credit. The Standards are applied to projects in a reasonable manner, taking into consideration economic and technical feasibility.

The Standards apply to historic buildings of all periods, styles, types, materials, and sizes. They apply to both the exterior and the interior of historic buildings. The Standards also encompass related landscape features and the building's site and environment as well as attached, adjacent, or related new construction.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

Secretary of Interior's Standards for Rehabilitation



Highlights:

- Historic character shall be retained and preserved
- Distinctive features, finishes, and construction techniques shall be preserved
- Changes to the building over time can garner their own significance even if they are not original
- Deteriorated historic features shall be repaired rather than replaced.
- Chemical or physical treatments that cause damage to historic materials shall not be used
- When the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities, as well as material

www.nps.gov/tps/standards/four-treatments/treatment-rehabilitation

Qualified Rehabilitation Expenditures



Costs directly related to the repair or improvement of structural and architectural features of a historic building.

Exterior

- Foundation
- Porches and steps
- Windows
- Roof
- Gutters/downspouts
- Chimneys
- Siding

Mechanical systems

- HVAC
- Plumbing
- Electrical
- Solar panels

Interior

- Floors
- Walls
- Ceiling
- Staircases and stair halls
- Original decorative details
- Original built-in millwork

Ineligible Expenditures



- **Soft costs**
 - E.g. permits; fees; architectural, engineering, and design costs
- **Site work**
 - E.g. landscaping, driveways, fences
- **Appliances**
 - E.g. moveable laundry and kitchen appliances
- **Interior finishes**
 - E.g. blinds, shades, lamps
- **New Construction**
- **Personal labor**

Work Generally Not Approved



- Replacement windows
- Altering window and/or door placement
- Spray-foam insulation
- Replacing “Yankee” or built-in gutters
- Power-washing exterior
- Plastic/vinyl siding or trim

Only **10%** of heat loss occurs through windows

Work Generally Not Approved



- Replacement windows
- Altering window and/or door placement
- Spray-foam insulation
- Replacing “Yankee” or built-in gutters
- Power-washing exterior
- Plastic/vinyl siding or trim



Work Generally Not Approved



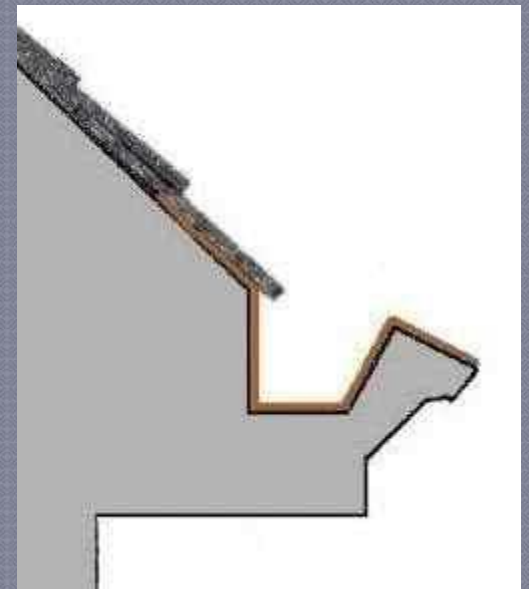
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- Plastic/vinyl siding or trim



All work carried out during the tax credit period must be reviewed for conformance with the Standards for Rehabilitation

Project Examples

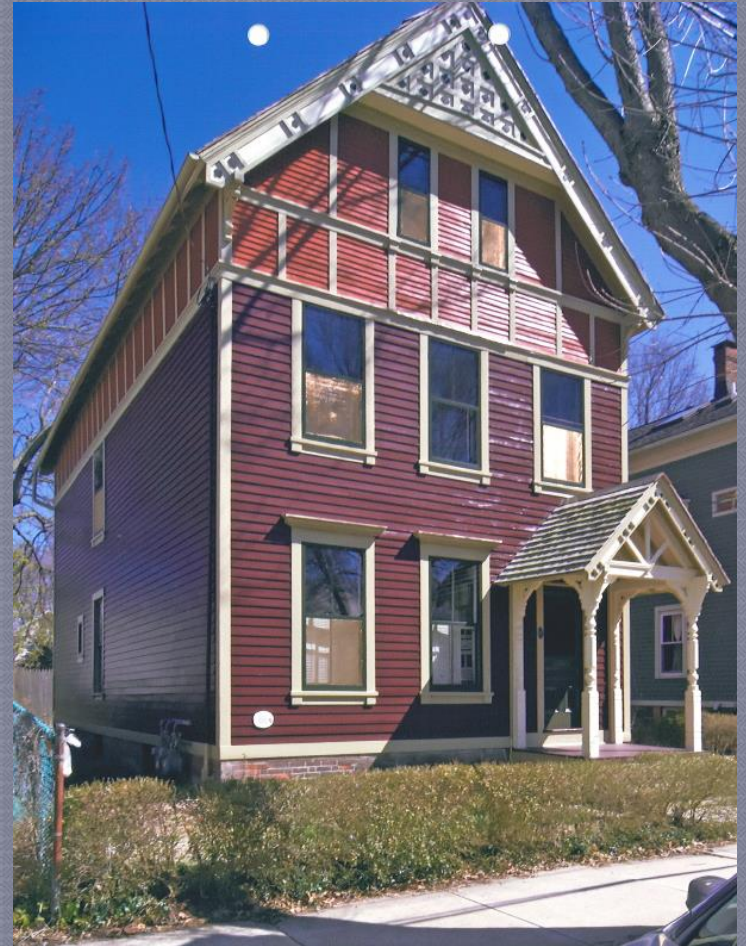
Exterior Painting and Carpentry Repairs



Before



After



Project Examples

Exterior Painting and Carpentry Repairs



Before

After



Project Examples

Window Restoration



Before



After



Before



After

Project Examples

Porch Repair and Restoration



Before



After



Before



After

Project Examples

Masonry Restoration



Before



After



Before



After

Project Examples

Roof Repair and Replacement



Before



After



Before



After

Project Examples

Interior Millwork Restoration



Before



After



Before



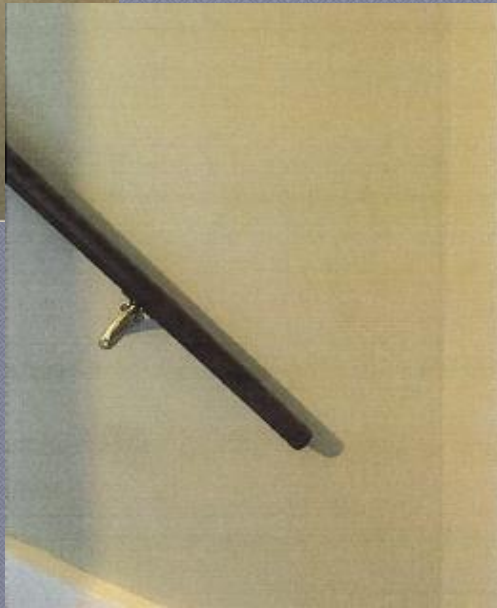
After

Project Examples

Interior Plaster Repairs



Before



After



Before



After

Project Examples

Outbuilding Restoration



Before



After

F.A.Q.s



- Can I remove the front porch to restore the original look of the house?
- My neighbor did it, why can't I?
- If I update my bathroom with “period-appropriate” finishes does that qualify as preserving the character-defining features of the home?
- What are “character-defining features”?



Tips for a Successful & Expedient Application Process



- Read the instructions and submit a complete application
- Get approval before starting work
- Keep a duplicate of your application
- Maintain detailed records of expenditures
- Don't wait until it's an emergency



Tips for a Successful & Expedient Application Process



- Program instructions and application templates:
https://portal.ct.gov/DECD/Content/Historic-Preservation/02_Review_Funding_Opportunities/Tax-Credits/Historic-Homes-Rehabilitation-Tax-Credit
- Database of four coastal counties:
https://portal.ct.gov/DECD/Content/Historic-Preservation/03_Technical_Assistance_Research/Research/Historic-Property-Database
- Standards for Rehabilitation:
www.nps.gov/tps/standards/rehabilitation.htm
- Common Historic Preservation Work:
www.nps.gov/tps/how-to-preserve/briefs.htm
- Case Studies in Historic Preservation:
www.nps.gov/tps/how-to-preserve/tech-notes.htm
- Sustainability and Historic Preservation:
www.nps.gov/tps/sustainability.htm

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