

**Historic tax credits are an essential and powerful tool to finance the rehabilitation of historic properties.**

At both the Federal and New York State levels, the program provides a 20 percent tax credit on qualified expenditures to property owners who rehabilitate eligible buildings while meeting historic preservation standards and adhering to strict legal and financial rules.

In the event property owners lack sufficient tax liability to claim the tax credits themselves, they create a legal partnership with a corporate entity that can use the tax credits. Through the partnership, the corporate entity invests equity into the project.

The pursuit of historic tax credits adds time to the schedule and costs to the budget, but the conclusion is generally that the effort is necessary; the gain in equity is often what renders the project financially viable.

## 3 PART PROCESS

A three-part application process is required to qualify for the 20% tax credit:



**PART 1** certifies that a building is a certified historic structure



**PART 2** certifies that the proposed project meets the Secretary of Interior's Standards for Rehabilitation



**PART 3** certifies that the completed project meets the Standards for Rehabilitation and the expenditures claimed are eligible for the tax credit

### Who administers the HTC program?

The program is administered by the New York State Historic Preservation Office (SHPO), the National Park Service (NPS) and the Internal Revenue Service (IRS). All parts of the application are submitted and reviewed by SHPO. The National Park Services (NPS) receives the application from SHPO and reviews all material and sends a decision to the owner stating if the project meets all the requirements for certification as a historic project.

## HOW VIP CAN HELP

VIP's integrated team of architects, engineers, construction professionals and real estate developers have decades of experience working with SHPO and NPS and understand how to successfully navigate a project through the HTC three-part process.

**As an HTC Financial Consultant** - Having used HTC on our own projects, we can assist clients with the creation and refinement of their projects' development proforma using HTC's. Our team has helped demystify the tax credits and guided clients through strategic decision making and cost benefit analysis.

**As an Architect** - Our architectural team has successfully completed the three-part SHPO/NPS application process for our clients. VIP's architects understand the preservation standards and how they are interpreted, and have successfully balanced the often-competing demands of the preservation standards, the client's intended program/function for the building, and the construction budget.

**As Construction Professionals** - We help clients estimate both the overall construction costs and the construction-related qualified rehabilitation expenditures upon which the financial value of the tax credits will be based. We make construction-related recommendations that will meet historic preservation requirements while containing project costs. We ensure all relevant preservation guidelines are met, during construction, so that final certification is obtained and tax credits are realized.