

TAX AND OTHER INCENTIVES FOR PRESERVING YOUR HISTORIC BUILDING:

INFORMATION FROM THE GREENFIELD HISTORICAL COMMISSION

What is an Historic Building? In general, a building at least fifty years old, (or in special cases, less) which embodies substantive information about local, state or national history. Historic buildings may be eligible for listing in the National Register of Historic Places, designation as national, state or local Landmarks, or within a Local Historic District designated under MGL Chap. 40C. Many, but not all, financial incentive programs for historic buildings apply to buildings listed in the Massachusetts State Register of Historic Places (see page 3). Most federal historic preservation programs are administered by the Massachusetts Historical Commission (MHC).

Federal Programs

20% Rehabilitation Tax Credit: applies to any project that the Secretary of the Interior designates a *certified rehabilitation* of a *certified historic structure*. It may be for commercial, industrial, agricultural, or rental residential purposes, but it is not available for properties used exclusively as the owner's private residence. The building must be listed individually in the National Register of Historic Places, or in a registered historic district (state or local) and certified as contributing to the district. The rehabilitation work must be certified by MHC as consistent with the historic character of the property or district. (A 10% Rehabilitation Tax Credit is available for the substantial rehabilitation of non-historic, depreciable buildings on their original site and built before 1936).

Charitable Contributions for Historic Preservation:

(may be combined with the rehabilitation tax credit) The Internal Revenue Code provides for income and estate tax deductions for charitable contributions of partial interests in historic property (principally easements or restrictions). Generally, the IRS considers that a donation of a qualified real property interest to preserve a *historically important land area or a certified historic structure* meets the test of a charitable contribution for conservation purposes. For this purpose, a certified historic structure need not be depreciable to qualify, may be a structure other than a building, may also be a portion of a building such as a facade if that is all that remains, and may include the land area on which it is located.

Investment Tax Credit for Low Income Housing

This credit is for the acquisition, construction, or rehabilitation of low income housing. The credit is approximately 9% per year for 10 years for each unit acquired, constructed, or rehabilitated without other Federal subsidies, and approximately 4% for 10 years for units involving the 20% rehabilitation tax credit, Federal subsidies or tax-exempt bonds.

Rehabilitation Mortgage Insurance (Section 203(k))

This section of the HUD program enables homebuyers and homeowners to finance both the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage - or to finance the rehabilitation of their existing home. This may apply to many historic homes, and may be combined with specific historic preservation incentives. See: <http://www.hud.gov/progdsc/203k>

"The Secretary of the Interior's Standards for the Treatment of Historic Properties" and additional information is at www2.cr.nps.gov/tps/secstan2.htm. The National Trust for Historic Preservation publishes "A Guide to Tax-Advantaged Rehabilitation" see www.preservationbooks.org and www.nationaltrust.org

State Programs

State Building Code: Section 34 Existing Buildings, Provisions for Historic Buildings This section of the state building code contains exemptions from the regular code for National Register listed and other Massachusetts Historical Commission designated structures. See the Greenfield Inspector of Buildings.

The Massachusetts Preservation Projects Fund: This state-funded matching grant program is available for the preservation of properties, landscapes and sites listed on the State or National Register of Historic Places. Applicants may be a municipality or a non-profit organization, and funds may be used for stabilization, protection, rehabilitation, restoration and acquisition. See www.state.ma.us/sec/mhc

Preservation Restrictions: MGL Chapter 59 Section 11, MGL Chap.184 Sec. 31-33) allows a property with a perpetual preservation restriction to be reassessed on January 1 of the year following the implementation of the restriction. Any property listed in the State Register of Historic Places qualifies, but such listing is not required. The property must be historically significant for its architecture, archaeology, or historic associations to be eligible.

Local Option Property Tax Assessment: MGL Chapter 59; Section 5J. Special Assessments; Historic Owner-Occupied Residences regulations at 950 CMR 72:00
In 1996, the State Legislature passed legislation which allows cities and towns to adopt an ordinance or bylaw known as the Local Option Property Tax Assessment. The purpose of this bylaw is to provide tax relief for homeowners of State Register listed property undertaking substantial rehabilitation. Within this bylaw, the increased property taxes that result from a rehabilitation can be phased in over a period of five years. Massachusetts Historical Commission certification of the work is required. (not adopted in Greenfield)

Massachusetts State Historic Tax Credit: Chapter 141 Sect. 22 of the Acts of 2003 MGL Chapter 62, Sec. 6J. This new legislation, intended to provide economic stimulus for the substantial rehabilitation of depreciable historic structures at least 50 years old, is a five year pilot program similar to the 20% Federal Tax Credit. It will make \$10million available each year from 2205-9. MHC certification of the structure, plans and work is required. The credit could be combined with the federal 20% historic and other tax credit programs when applicable. Guidelines similar to the Federal standards and the Secretary of the Interior's Rehabilitation Standards will apply. See www.state.ma.us/sec/mhc

Local Option Property Tax Assessment (see State Programs)

This program is unique in applying to homeowner occupied historic buildings.

Preservation Restrictions: (see State Programs) under the provisions of MGL Chapter 59, Section 11, a preservation restriction may be held by the state or local historical commissions, or a charitable trust with the power to acquire land. Restrictions must be approved by the Massachusetts Historical Commission.

Brownfields Municipal Tax Abatement: a local option tax abatement bylaw gives the municipality freedom to negotiate with a purchaser/developer when property taxes owned stand in the way of redevelopment of historic commercial and industrial buildings. (used in Lowell)

Community Development Block Grants: these funds may be used for the rehabilitation of historic buildings in designated downtowns, neighborhoods or commercial and industrial areas, and may be combined with federal or state preservation programs.

The Massachusetts State Register of Historic Places includes properties under the following designations: National Historic Landmarks, National Register of Historic Places, National Register Determination of Eligibility, MA Archaeological/Historic Landmarks, Local Landmarks, Local Historic Districts, Regional Historic Districts, and Preservation Restrictions. It is updated weekly in the Massachusetts Register.

*To make comments or for additional information:
Contact the Greenfield Historical Commission
Town of Greenfield, 14 Court Square, Greenfield MA 01301*

Rev.8/07