

## SECTION IX: HISTORIC PRESERVATION INCENTIVES

### FEDERAL LEVEL: INVESTMENT TAX CREDIT (ITC)

The Investment Tax Credit is a dollar for dollar credit against income tax liability available when a historic building is rehabilitated. Only depreciable buildings (i.e., those used for income-producing purposes) are eligible for the credit. Qualified rehabilitation costs incurred during the construction period must exceed the greater of the adjusted basis of the property, or \$5,000. All expenditures made during the rehabilitation qualify for this 20% credit.

To be eligible for the ITC, a building must meet the definition of a “certified historic structure.” A certified historic structure may be:

- A building individually listed in the *National Register of Historic Places*; or
- A building located within a historic district listed in the *National Register of Historic Places*, provided that the building has historic significance to that particular district (i.e., that it has been classified as a contributing structure).

The rehabilitation of the building must be consistent with the Secretary of the Interior’s Standards for Rehabilitation. Approval of the federal ITC **does require review of the interior**. In particular, significant spatial interiors should not be altered, nor should original finishes, decorative detail, or any other distinctive interior features be removed during the rehabilitation work.

Florida’s Division of Historical Resources in Tallahassee first reviews an application for the investment tax credit, before it is sent on to the National Park Service reviewer in Washington, D.C. For questions or information about the ITC, contact the Architectural Services Section at the Division of Historical Resources.

### LOCAL LEVEL: AD VALOREM TAX INCENTIVES

In 1993, voters in Florida passed a constitutional amendment that allowed local governments to enact ordinances to provide property tax relief for historic properties. The resulting legislation is contained in Section 1A-38 of the *Florida Statutes*. Both the city of Delray Beach and Palm Beach County have established a property tax abatement program to encourage the preservation and rehabilitation of historically designated properties.

Ad valorem tax relief is available for both income-producing buildings and owner-occupied residences.

To be eligible for the local ad valorem tax incentive the building must be:

- Individually listed in the Delray Beach Local Register of Historic Places; or
- A contributing building and/or accessory structure within a historic district listed in the Delray Beach Local Register of Historic Places.

Buildings located within the boundaries of the Community Redevelopment Agency’s (CRA) taxing district are eligible for this program, provided that they have not participated in the CRA’s subsidized loan program.

The exemption is applicable to 100% of the assessed value of qualified real property improvements made to the property for a period of up to 10 years. For example, if the property is assessed by the Palm Beach County Property Appraiser’s office at \$100,000 and \$25,000 of qualifying rehabilitation improvements are made, the \$25,000 increase in assessment will not be taxable for 10 years. At the end of the 10 years, the property will be assessed at its full value, which will include the \$25,000 in rehabilitation costs.

To apply for the ad valorem property tax credit, Part I of the application must be completed and may be processed concurrently with an application for a Certificate of Appropriateness. The Historic Preservation Board will judge the appropriateness of the improvements and issue a recommendation for the tax relief.

Following completion of the construction, and after an inspection that insures the work was accomplished according to the plan, Part II of the application will be filed. Part II of the application must be submitted no later than November 1 of the year in which the tax abatement is requested.

The Historic Preservation Board will again meet to consider the final approval of the application. The Board's recommendation is then forwarded to the City Commission for action.

### **COMMUNITY REDEVELOPMENT AGENCY (CRA): HISTORIC FAÇADE EASEMENT**

The Community Redevelopment Agency has limited funding available to assist in rehabilitating commercial structures through its Historic Façade Easement Program. In order to qualify, the building must be designated in the Delray Beach Local Register of Historic Places.

In exchange for the grant, the CRA retains an easement over the building's façade, and must approve any architectural modifications to the exterior. For information concerning this program, contact the Delray Beach Community Redevelopment Agency at (561) 276-8640.