



ALABAMA

HISTORICAL
COMMISSION

THE STATE HISTORIC PRESERVATION OFFICE

Protect, Preserve and Interpret Alabama's Historic Places



Alabama Historic Rehabilitation Tax Credit Program

Taylor Stewart
State Tax Credit Coordinator
334.230.2643 / Taylor.Stewart@ahc.alabama.gov



Alabama's Historic Rehabilitation Tax Credit

- A **25%** income tax credit on qualified expenses incurred during a rehabilitation project.
- Defrays the costs of rehabilitation projects for owners of historic properties while ensuring those properties are preserved according to preservation guidelines.



The state tax credit helps Alabama's property owners

Owners of residential and commercial historic properties can use this program to improve and repair their properties while receiving tax credits against income tax they owe to the State of Alabama.



Historic Rehabilitation Tax Credit Basics...

- \$20 million in tax credits are available each calendar year from 2018-2022.
- For the first six months of each calendar year, 40% of the \$20 million will be set aside for projects located in counties with less than 175,000 population. After six months, any of those funds remaining will be available for any project.
- The AHC reviews the applications and sends a list of qualifying projects to the Historic Tax Credit Evaluating Committee.



Historic Rehabilitation Tax Credit Basics...

- The Committee decides which projects receive tax credit reservations.
- The AHC will reserve tax credits based on the Committee's ranking.
- Those receiving a reservation have up to 5 years to complete the project and take the tax credit.
- Credits are issued once a project is complete and the Part C application has been approved.



Tax credit is refundable.



Program Eligibility

- 1) Property must be at least 60 years old...
- 2) Property must be listed in the National Register of Historic Places either individually or as a contributing resource in a listed National Register district.

OR

- 3) Property must be eligible for the National Register either individually or as a contributing resource in an eligible National Register district.



Application—Part A

- Qualifications of property
 - Age of property
 - National Register Status (listed or eligible)
 - Physical description
 - History and significance
 - Photos and maps



Part A Application



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2017 ALABAMA HISTORIC REHABILITATION TAX CREDIT PROGRAM PART A - EVALUATION OF SIGNIFICANCE

This is the first of a three-part application for the Alabama Historic Rehabilitation Tax Credit program. The AHC uses this form to evaluate a property's historic significance. The first page of the form must appear exactly as below and must bear the applicant's original signature. Use additional pages as necessary. All sections must be complete and all attachments submitted or the application will be determined incomplete. Part A, Part B, and half of the required review fee must be submitted at the same time.

1. Property name: _____
Street Address: _____
City: _____ County: _____ State: Alabama Zip: _____

2. Applicant Name: _____
Organization: _____
Mailing Address: _____
City: _____ County: _____ State: _____ Zip: _____
Phone: _____ Email: _____
Ownership Status: Hold Title Owns a lease-hold interest for a term not less than 39 years Option to purchase

3. Project Contact (if different than applicant): _____
Organization: _____
Mailing Address: _____
City: _____ County: _____ State: _____ Zip: _____
Phone: _____ Email: _____

4. National Register of Historic Places Status

Individually listed in the National Register
Name as listed in the National Register: _____
 Located in an existing National Register Historic District
Name of Historic District: _____
 Contributing Resource Non-Contributing Resource Inventory Number: _____
 The property is not listed in the National Register, but in the applicant's opinion the property is:
 Individually eligible for the National Register
 Eligible as a Contributing Resource in a potential National Register Historic District

5. Alabama Legislative District:
Senate _____ House of Representatives _____

6. I hereby attest that the information I have provided in this application is, to the best of my knowledge, correct.

****Original signature of applicant required!****

Signature: _____ Date: _____

AHC PROJECT NUMBER: _____

Part A - Evaluation of Significance

Property name: _____

Property address: _____

Applicant may attach National Park Service Part 1—Historic Preservation Certification Application in lieu of completing application blocks 7, 8, and 9, but block 10 must be completed and all attachments submitted with the application.

7. Physical description of property:

8. Date of Construction: _____ Source of Date: _____
Date(s) of alteration: _____ Source of Date: _____
Has the building been moved: yes no. If yes, when? _____

9. History and Significance:

10. Required Attachments

- Letter from Owner;
- Photographs with labels showing the condition of the building prior to the start of work;
- Site plan showing the existing condition of the property with photo directions indicated;
- Floor plan(s) showing the existing condition of the building with photo directions indicated;
- Map showing the location of the building per instructions
- Other: _____



Application—Part B

- Describe work completed before submission
- Purchase price and Fair Market Value of the property
- Project estimates
 - Start & completion dates
 - Qualified and non-qualified expenses
 - Tax credit amount requested
- Attachments/Enclosures
 - “before” photos
 - Site plan – current and proposed
 - Floor plans – current and proposed



Application—Part B

- Purchase Price
- Economic Impact
- Community Impact
- Funding Sources



Part B Application



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2017 ALABAMA HISTORIC REHABILITATION TAX CREDIT PROGRAM PART B – DESCRIPTION OF REHABILITATION

This is the second part of a three-part application for the Alabama Historic Rehabilitation Tax Credit program. The AHC uses this form and all required attachments to determine if a proposed project meets the Secretary of the Interior's Standards for Rehabilitation. The first three pages of this form must appear exactly as below and must bear the applicant's original signature. Use additional pages as necessary. All sections must be complete and all attachments submitted or the application will be determined incomplete. Part A, Part B, and half of the required review fee must be submitted at the same time.

1. Property name: _____
Street Address: _____
City: _____ County: _____ State: Alabama Zip: _____

2. Work completed before submission of this application:

- No work or qualified rehabilitation expenditures related to this rehabilitation project were incurred in the six months before submitting this application.
- Qualified rehabilitation expenditures related to this rehabilitation project were incurred in the six months before submitting this application under the following categories:
 - Architectural fees
 - Engineering fees
 - Land surveying fees
 - Protection from deterioration
- Non-qualified rehabilitation expenditures related to this property were incurred in the six months before submitting this application.

****Use additional sheets as necessary to describe all work performed and provide before and after photographs.****

3. Project Data:

- Purchase Price of Property (minus the value of the land): \$ _____
- Fair Market Total Value of the Property (Land and Buildings) BEFORE Rehabilitation as assessed by the local revenue commissioner: \$ _____

- Income-producing use (up to 25% credit)
\$5,000,000 tax credit cap
- Personal residential use (up to 25% credit)
\$50,000 tax credit cap

Estimated start date: _____ Estimated completion date: _____

Estimated qualified rehabilitation expenditures: _____

Estimated non-qualified rehabilitation expenditures: _____

Tax credit amount requested: _____

To calculate the tax credit, multiply estimated qualified rehabilitation expenditures x 25% (.25), not to exceed the cap.

Square footage before rehabilitation: _____ Square footage after rehabilitation: _____

Building use before rehabilitation: _____ Building use after rehabilitation: _____

4. Attachments/Enclosures

The following are submitted with this application:

- Site plan showing the proposed work to the site;
- Floor plan(s), elevations, and other drawings as necessary showing proposed work to the building;
- Other: _____

5. I hereby attest that the information I have provided in this application is, to the best of my knowledge, correct.

****Original signature of applicant required****

Signature: _____ Date: _____

AHC PROJECT NUMBER: _____



Part B Application

Part B - Description of Rehabilitation

Property name: _____
Property address: _____

The Historic Tax Credit Evaluating Committee will use the answers to the following questions to rank your project. Answer the questions as fully as possible and use additional pages as necessary.

6. Criteria:

a. What is the relative value of the project to the community?

b. How will this project maintain or improve the historic fabric of the community?

c. What is the possible return on investment for the community?

d. What county is the project located in? The AHC will develop a map that plots the location of each qualifying project to determine geographic diversity.

e. What is the strength of local support for the project?

f. Will this project receive any additional tax credits or state, federal, or local government grants for the construction of this project? If yes, explain.

Part B - Description of Rehabilitation

Property name: _____
Property address: _____

The Historic Tax Credit Evaluating Committee will use the following summary of your scope of work to understand your project.

7. Summarize the rehabilitation work including the proposed new use, changes to the site, and exterior and interior repairs and alterations.



Part B Application

Part B - Description of Rehabilitation

Property name: _____

Property address: _____

Use as many of these pages as necessary to describe the rehabilitation project. Applicant may attach National Park Service Part 2 in lieu of these pages.

Number: _____ Feature: _____ Date of Feature: _____

Describe existing feature and its condition:

Photo Numbers: _____ Drawing Numbers: _____

Describe proposed work and its impact on the feature:

Number: _____ Feature: _____ Date of Feature: _____

Describe existing feature and its condition:

Photo Numbers: _____ Drawing Numbers: _____

Describe proposed work and its impact on the feature:

Continuation Sheet Attached



Selection Process

- AHC reviews projects based on applicant's Parts A & B.
- If the project is eligible for the program and the rehabilitation plans meet preservation guidelines, AHC passes on a list of projects to the Committee for final ranking.
- The AHC may reject projects whose applications do not meet the qualifications for the program.



Committee Procedures

- **The Committee will receive a packet for each qualifying project two weeks before the committee meeting**
- **These packets will consist of project information including:**
 - Cover sheets for Parts A and B of the applications
 - Photograph of building and brief description of rehab
 - Applicant's answers to criteria questions
 - Letters of support
 - Scoring sheet



Committee Members

Clyde Chambliss - Chair
Senate District 30

Bobby Singleton
Senate District 24

Rod Scott
House District 55

Victor Gaston
House District 100

**Director of the Governor's Office of
Minority Affairs**
Nichelle Nix, JD, MPH – Vice Chair

**Director of the Alabama Historical
Commission**
Lisa Jones

ADECA Director
Kenneth W. Boswell

State Finance Director
Kelly Butler

Secretary of Commerce
Greg Canfield

Commissioner of Revenue
Vernon Barnett



Selection Process

- The evaluation Committee will determine which projects receive tax credits based on a scoring system with several factors:
 - Project's economic impact
 - Maintenance of historic fabric of the community;
 - Possible return on investment for community;
 - Geographic distribution of projects;
 - Strength of local support for the project;
 - Other types of public financing.



Committee Procedures

- **If more than one project receives the same numerical score, a random drawing will decide the order in the ranked list.**
- **Once \$20 million in credits are reserved, ranked projects will remain in order on a waiting list until tax credits become available either through rescission of a project's tax credit reservation or when additional credits become available in the next year.**



Project Timelines

- Projects must spend no less than
 - 20% of the estimated cost of rehabilitation within 18 months of notification of Tax Credit Reservation and
 - An additional 50% within 36 months
 - Projects must be completed within 60 months of notification of Tax Credit Reservation



Project Timelines

- Applicants must notify the AHC of each benchmark met throughout the process.
- Once project is completed, Part C of the application must be submitted.



Application—Part C

- Certification of completed work
- Submitted AFTER completion of project.
- Once Part C is received, reviewed, and approved, the AHC will issue a tax credit certificate.
- Actual project data
 - Actual start and finish dates
 - Actual QREs and non-QREs
 - Actual jobs created during rehab
 - Approx. jobs created post-rehab
- Attachments/Enclosures
 - “after” photos
 - Cost and expense certification
 - Appraisal



Part C Application



ALABAMA HISTORIC REHABILITATION TAX CREDIT PROGRAM PART C - CERTIFICATION OF COMPLETED WORK

This is the third and final part of a three-part application for the Alabama Historic Rehabilitation Tax Credit program. This application is used to determine if the completed project meets the Secretary of Interior's Standards for Rehabilitation. The first page of the form must appear exactly as below and must bear the applicant's original signature. All sections must be complete and all attachments submitted or the application will be determined incomplete.

1. Property name: _____
Street Address: _____
City: _____ County: _____ State: Alabama Zip: _____

2. Applicant Name: _____
Organization: _____
Mailing Address: _____
City: _____ County: _____ State: _____ Zip: _____
Phone: _____ Email: _____
Social Security/Taxpayer ID#: _____
Ownership Status: Hold Title Owns a lease-hold interest for a term not less than 39 years

3. Project Contact (if different than applicant): _____
Organization: _____
Mailing Address: _____
City: _____ County: _____ State: _____ Zip: _____
Phone: _____ Email: _____

4. Project data:
 Income-producing use (up to 25% credit) Personal residential use (up to 25% credit)
Actual start date: _____ Actual completion date: _____
Actual qualified rehabilitation expenditures: _____
Actual non-qualified rehabilitation expenditures: _____
Tax credit amount reserved: _____
Number of actual jobs created during rehabilitation: _____
Approximate number of jobs created post-rehabilitation: _____
Actual square footage after rehabilitation: _____
Actual building use after rehabilitation: _____
Appraisal amount after rehabilitation: _____

5. Attachments/Enclosures (the following items must accompany this form)
- Labeled photographs showing the condition of the building after the completion of work keyed to plans;
 - Post-rehabilitation site plan with photo directions indicated;
 - Post-rehabilitation floor plan(s) with photo directions indicated;
 - If total QRE is under \$200,000, submit a cost and expense certification prepared by a licensed certified public accountant that is not an affiliate of the owner certifying the total qualified rehabilitation expenditures and the total amount of tax credits against any state tax due;
 - If total QRE is over \$200,000, submit a cost and expense certification audited by the licensed certified public accountant;
 - Two copies of Post-Rehabilitation Appraisal prepared by an independent MAI designated and licensed real estate appraiser;
 - Certificate of Occupancy: Include a copy of a Certificate of Occupancy from the city in which the property is located. If the city does not issue a Certificate of Occupancy for the particular type of rehabilitation, then please include a letter from the appropriate city official indicating that this is the case.

I hereby attest that the information I have provided in this application is, to the best of my knowledge correct.

****Original signature of applicant required****

Signature: _____ Date: _____

AHC PROJECT NUMBER: _____



Federal Rehabilitation Tax Credit Program

- **20% income tax credit**
- **Income-producing properties only (includes rentals)**
- **Must be listed on the National Register of Historic Places**
- **For more information, contact Chloe Mercer at 334.230.2669 or Chloe.Mercer@ahc.alabama.gov**



Ad Valorem (Alabama Property Tax Benefit)

- **Tax benefit that allows for historic properties to be assessed at the lowest tax rate.**
- **Applies to income-producing properties**
- **Application available at ahc.alabama.gov/federaltaxcredits**
- **For more information, contact Chloe Mercer at 334.230.2669 or Chloe.Mercer@ahc.alabama.gov**



Questions?

Taylor Stewart

334.230.2643

Taylor.Stewart@ahc.alabama.gov