



Rehabilitation Tax Credits for Owner-Occupied Residential Properties

North Carolina’s State Historic Rehabilitation Tax Credit Program provides jobs, bolsters the tax base, and revitalizes existing buildings and infrastructure, while preserving the state’s priceless historic character. This program, administered by the State Historic Preservation Office, encourages the conservation of North Carolina’s historic resources.

Homeowners may receive a 15% state tax credit for qualified rehabilitation of owner-occupied residential properties.

	<p><u>Owner-Occupied Residential Property Example</u></p> <p>\$100,000 Rehabilitation Expenses x 15% State Tax Credit</p> <hr/> <p>\$15,000 Tax Credit Amount</p>	
<i>before</i>		<i>after</i>

Eligibility

- Buildings listed in the **National Register of Historic Places (NR)**, either individually or as a contributing building in a National Register historic district, are candidates. Contributing buildings within one of the state’s three certified local historic districts in Raleigh, Goldsboro, or Madison, are also candidates.
- The rehabilitation of the historic structure must exceed \$10,000 within a 24-month period. Eligible rehab expenses must be incurred within the defined 24-month period, though the overall project may take longer than 24 months.
- Eligible rehabilitation expenses are limited to \$150,000, with a maximum tax credit of \$22,500.
- Taxpayers may claim tax credits for one rehabilitation project every five years for this program.
- All rehabilitation work must meet **The Secretary of the Interior's *Standards for Rehabilitation***.
- Regardless of total rehabilitation expenditure, the State Historic Preservation Office will review all work for compliance with the Standards.

The Secretary of the Interior's [Standards for Rehabilitation](#) were developed to determine the appropriateness of proposed project work on National Register listed properties and have been widely used since 1976. The intent of the *Standards* is to promote the long-term preservation of a property's significance through the preservation of historic materials and features on the exterior and interior of buildings. They also encompass related landscape features and the building's site and environment, as well as attached, adjacent, or related new construction.

Application Process

Property owners are strongly advised to consult with the State Historic Preservation Office before beginning a rehabilitation to resolve potential design and rehabilitation problems that could result in the denial of the credits.

There is a two-step tax credit application process. Applications are submitted by the owner for review and approval by the State Historic Preservation Office.

- **Part A- Description of Rehabilitation**
Consists of detailed descriptions of existing conditions and the proposed work, overall before rehabilitation photos, and plans or drawings, as needed, to fully describe the scope of the rehabilitation project.
- **Part B – Request for Certification of Completed Work**
Consists of after photos documenting the rehabilitated property and documentation that the building contributes to a National Register Historic District. No documentation is needed for properties individually listed on the National Register.
- Fee payment is due with Part A and B applications, based graduated fee schedule.

Claiming the Credit

- The credits cannot be claimed against the cost of acquisition, new additions (volume increase), site work, or personal property. Generally, costs incurred for rehabilitating the existing structure will qualify as rehabilitation expenses.
- The tax credits may be claimed the year the structure is placed in service. Any unused credits from year one may be carried forward for the following nine years.
- Credits may be transferred with property so long as transfer of property occurs before the structure is placed in service.

Taxpayers should consult a tax advisor or the NC Department of Revenue for help in determining tax and other financial implications.

A property is listed in the **National Register** by a nomination prepared according to detailed state and federal guidelines. Although all nominations are reviewed by the State Historic Preservation Office, the final authority on National Register listing is the Keeper of the National Register in Washington, D.C. Most nominations are prepared by private consultants hired by property owners, local governments, or private non-profit organizations. The nomination process typically takes a minimum of six months, and may take much longer. For information about the National Register and the requirements and procedures for listing contact our office.



before



after



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- For program information and application materials, contact Meghan Sullivan at meghan.sullivan@dncr.nc.gov or 919-814-6574.
- Visit hpo.nc.gov for more information on the North Carolina State Historic Preservation Office.