



Ethos Preservation

A HISTORIC PRESERVATION Tax Incentive Primer: DON'T LEAVE MONEY ON THE TABLE

When Ellen Harris and Rebecca Fenwick joined forces in 2019 to found Ethos Preservation, it seemed like serendipity. Ellen's background was in the public sector, working for the Metropolitan Planning Commission as Director of Urban Planning and Historic Preservation. Rebecca's professional experience was in the private sector, working for Lominack Kolman Smith Architects on projects like the restoration of the Kehoe Iron Works building and the Richmond Hill Historic Resource Survey. Their complimentary preservation skill sets and connections were the perfect fit. What the duo did not initially realize is how few preservation projects in the City were taking advantage of substantial historic preservation tax incentives.

When Ardsley Park-Chatham Crescent was listed on the National Register of Historic Places in 1985, this qualified property owners for significant tax incentives when completing a rehabilitation: 25-Percent State Tax Credit, State Property Tax Freeze, and 20-Percent Federal Tax Credit. The State Tax Credit is a credit on state income tax equivalent to 25 percent of rehab expenses. The State Property Tax Freeze freezes the property taxes at the pre-rehabilitation value for just over eight years. Finally, Federal Tax Credit, which is only available for income-producing properties (including rentals), allows a claim of 20 percent of rehab expenses on federal income taxes.

There are a few conditions that need to be met in order to take advantage of the incentives:

1. The property must be "contributing," or historic within the district.
2. The rehabilitation must be substantial – the cost must equal or exceed the lesser of \$25,000 or 50 percent of the fair market value of the building.
3. The work must be consistent with the Secretary of Interior's Standards for Rehabilitation. In a nutshell, the project should retain as much historic material as possible, while sensitively updating the building to modern living.
4. After-the-fact projects are generally not "approvable."

Examples of costs that can be included in the tax credit: refinishing floors, window restoration, bathroom and kitchen upgrades (not including cabinets and appliances), plaster repair, HVAC installation, electric and plumbing upgrades, roof repair or replacement, painting, and even architect and consultant fees. Examples of costs that cannot be included: furniture and similar temporary fixtures, landscaping, additions and new construction.

Many homeowners are unaware of these incentives or find out about them after it's too late to qualify. The most important recommendation we make is to educate yourself about the tax incentives **prior** to starting

the project. Homeowners can apply for these tax incentives themselves or hire a professional. More information about the incentives can be found at: www.georgiashpo.org.

Ethos Preservation is an Ardsley Park-based business specializing in preservation tax incentives, rehabilitation plans, historic research, and preservation ordinances. Ellen and Rebecca are always happy to meet with property owners to discuss their project and eligibility for tax incentives.

For more information, visit: www.ethospreservation.com, **912.844.2703**.

