



'26 ARIZONA
DEVELOPMENT
FINANCE &
OPPORTUNITY ZONES
SUMMIT

MODERATOR

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Arizona State Historic Preservation Office

Federal Historic Preservation Tax Incentives

Susan Lawson, Architect

State Historic Preservation Office



Rehabilitation is "...the act or process of making possible a compatible use for a property through repair, alterations and addition while preserving those portions or features which convey its historical, cultural or architectural values."

The 20% credit is available only to properties rehabilitated for income-producing purposes, including commercial, industrial, agricultural, rental residential or apartment use.



National Park Service



State Historic Preservation Offices



Internal Revenue Service

SINCE 1977

329,548

Rehabilitated Housing Units

377,293

New Housing Units

216,892

Low- and Moderate-Income
Rehabilitated/New Housing Units



Fiscal Year 2025 at a Glance

1,387 Certifications of
significance (Part 1)

Over \$8.64 billion in private investment in historic preservation and community revitalization.

1,170 Preliminary certifications
of rehabilitation (Part 2)

Market-rate and affordable housing—21,934 total rehabilitated/new housing units, 53% of which were low- and moderate-income units.

Estimated rehabilitation costs \$13.10 billion
Median project QRE \$1.66 million
Average project QRE \$11.20 million

Projects both big and small—36% of all completed projects (Part 3) were under \$1 million QRE and 10% were under \$250,000 QRE.

939 Certifications of
completed work (Part 3)

New National Register nominations—about 18% of projects involved properties not yet listed in the National Register of Historic Places.

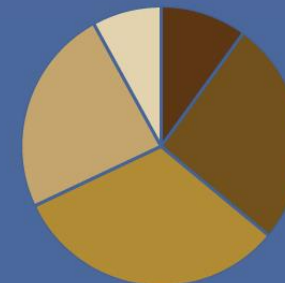
Estimated rehabilitation costs \$8.64 billion
Median project QRE \$2.00 million
Average project QRE \$9.20 million

Thirty-nine states have state historic tax credits that can be used in tandem with the Federal historic tax credit.

Rehabilitated housing units 10,390
New housing units 11,544
Low- and moderate-income
rehabilitated/new housing units 11,582

QRE = Qualified rehabilitation expenditures

FY 2025 Size of Projects



10%	Under \$250,000
26%	\$250,000 to \$999,999
32%	\$1,000,000 to \$4,999,999
24%	\$5,000,000 to \$24,999,999
8%	Over \$25 million

At a Glance

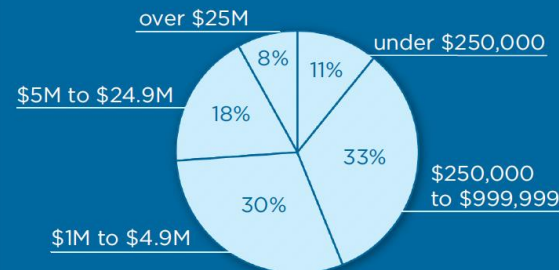
Number of Projects	64
Federal Historic Tax Credits	\$ 45,391,324
Total Development Costs	\$ 261,000,114
Qualified Rehabilitation Expenses (QRE)	\$ 226,956,621
Estimated Jobs*	2,899

*Jobs estimates calculated by the Preservation Economic Impact Model developed by Rutgers University for the National Park Service.

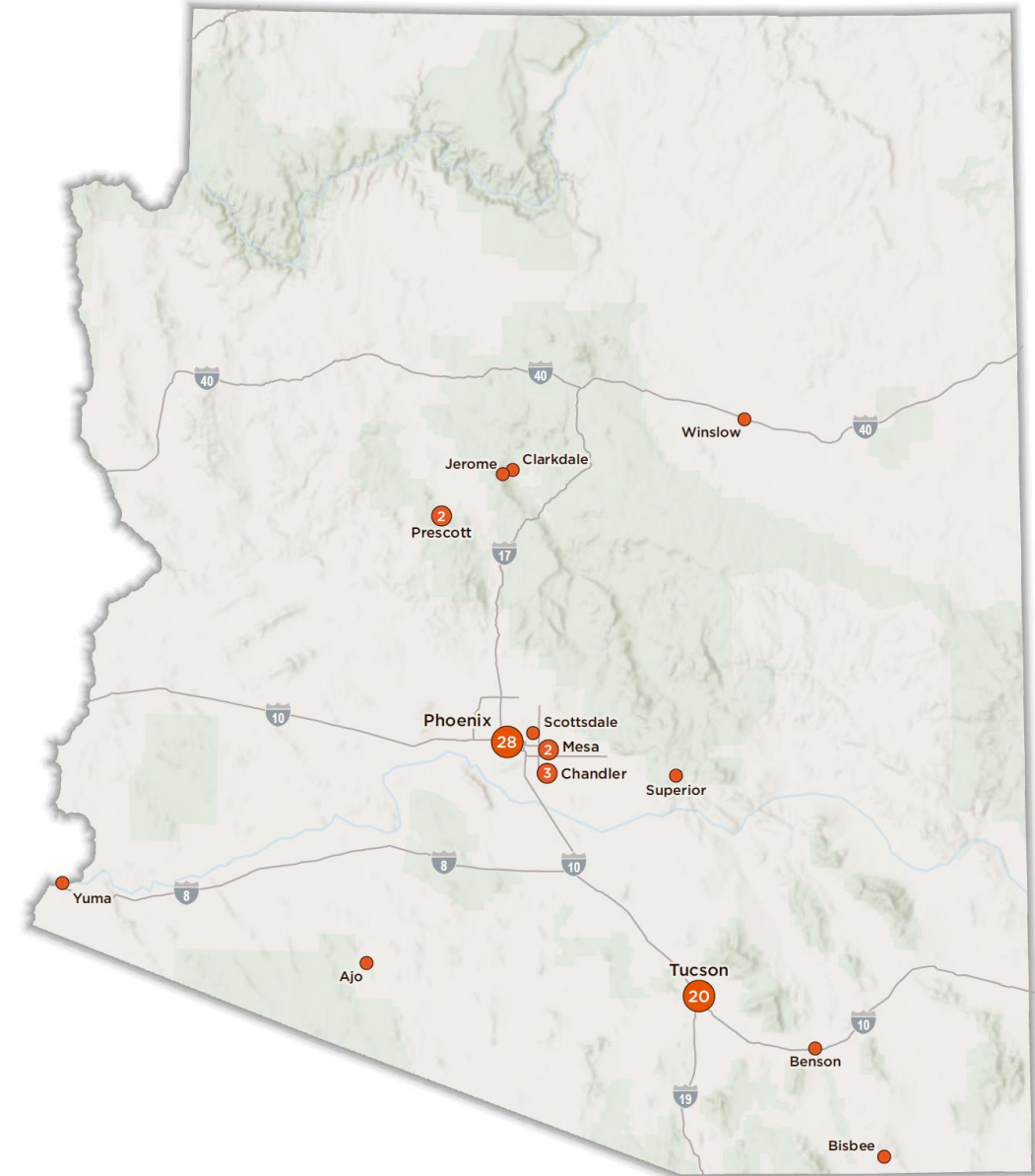
Projects by Property Type

Commercial	9	(14%)
Hotel	2	(3%)
Housing	31	(48%)
Multi-Use	6	(9%)
Not Reported	1	(2%)
Office	10	(16%)
Other	5	(8%)

NATIONWIDE HTC INVESTMENT BY PROJECT SIZE† - FY24



†Percentages in the pie chart represent the proportion of Federal HTC projects in each dollar amount category



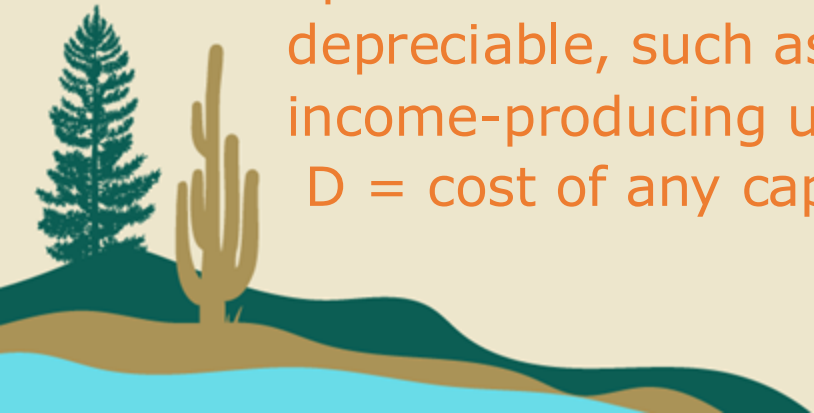
Base data provided by: County of Yavapai, Esri, TomTom, Garmin, FAO, NOAA, USGS, Bureau of Land Management, EPA, NPS, USFWS, Esri, USGS

Projects of All Types and Sizes



The Substantial Rehabilitation Test.

- In brief, this means that the cost of rehabilitation must exceed the pre-rehabilitation cost of the building. Generally, this test must be met within two years or within five years for a project completed in multiple phases.
- The cost of a project must exceed the greater of \$5,000 or the building's adjusted basis. The following formula will help you determine if your project will be substantial:
- $A - B - C + D = \text{adjusted basis}$
 - A = purchase price of the property (building and land)
 - B = the cost of the land at the time of purchase
 - C = depreciation taken for the property (the property must be depreciable, such as in a business, commercial or other income-producing use)
 - D = cost of any capital improvements made since purchase



The Secretary of the Interior's Standards for Rehabilitation

Compatible Use: Use properties as they were historically or in a way requiring minimal change.

Historic Character: Retain and preserve the historic character, including materials and features.

Physical Integrity: Do not try to create a false history.

Character Features: Preserve distinctive materials, features, and craftsmanship.

Historical Features: Retain features that have acquired significance.

Repair/Replace: Repair, rather than replace deteriorated historic features; replace only if necessary.

Replacement Evidence: Replace missing features with physical or pictorial evidence.

New Additions: New additions are differentiated from the old but compatible in scale.



Form 10-188
Rev. 12/90

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

OMB Approved
No. 1024-0009

**HISTORIC PRESERVATION CERTIFICATION APPLICATION
PART 1 — EVALUATION OF SIGNIFICANCE**

NPS Office Use Only

NPS Office Use Only

Instructions: Read the instructions carefully before completing application. No certification will be made unless a completed application form has been received. Type or print clearly in black ink. If additional space is needed, use continuation sheets or attach blank sheets.

Part 1

Evaluation of Significance

1. Name of property:

Address of property: Street _____ City _____ State _____ Zip _____

Name of historic district: _____

National Register district other

Form 10-188a
Rev. 12/90

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

OMB Approved
No. 1024-0009

**HISTORIC PRESERVATION CERTIFICATION APPLICATION
PART 2 — DESCRIPTION OF REHABILITATION**

NPS Office Use Only

NPS Office Use Only

Instructions: Read the instructions carefully before completing application. No certification will be made unless a completed application form has been received. Type or print clearly in black ink. If additional space is needed, use continuation sheets or attach blank sheets. A copy of this form may be provided to the Internal Revenue Service. The decision by the National Park Service with respect to certification is made on the basis of the descriptions in this application form. In the event of any discrepancy between the application form and other, supplementary material submitted with it (such as architectural plans, drawings and specifications), the application form shall take precedence.

Part 2

Description of [Proposed] Rehabilitation

2. Check nature of request:

certification that the building contributes to the significance of the above-named historic district

certification that the building does not contribute to the significance of the above-named historic district

preliminary determination that a building contributes to the significance of the above-named historic district

preliminary determination that a building does not contribute to the significance of the above-named historic district

1. Name of property:

Address of property: Street _____ City _____ County _____ State _____ Zip _____

Listed individually in the National Register of Historic Places; give date of listing: _____

Located in a Registered Historic District, specify: _____

Has a Part 1 Application (Evaluation of Significance) been submitted for this project? yes no

If yes, date Part 1 submitted: _____ Date of certification: _____ NPS Project Number: _____

3. Project contact:

Name _____

Street _____

City _____ State _____ Zip _____

4. Owner:

I hereby attest that the information I have provided is, to the best of my knowledge, correct, and that in my opinion the completed rehabilitation meets the Secretary's "Standards for Rehabilitation" and is consistent with the work described in Part 2 of the Historic Preservation Certification Application. I also attest that I own the property described above. I understand that falsification of factual representations in this application is subject to criminal sanctions of up to \$10,000 in fines or imprisonment for up to five years pursuant to 18 U.S.C. 1001.

Name _____

Street _____

City _____ State _____ Zip _____

Form 10-188c
Rev. 12/90

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

OMB Approved
No. 1024-0009

**HISTORIC PRESERVATION CERTIFICATION APPLICATION
REQUEST FOR CERTIFICATION OF COMPLETED WORK**

NPS Office Use Only

NPS Office Use Only

Instructions: Upon completion of the rehabilitation, return this form with representative photographs of the completed work (both exterior and interior views) to the appropriate reviewing office. If a Part 2 application has not been submitted in advance of project completion, it must accompany this Request for Certification of Completed Work. A copy of this form will be provided to the Internal Revenue Service. Type or print clearly in black ink. The decision by the National Park Service with respect to certification is made on the basis of the descriptions in this application form. In the event of any discrepancy between the application form and other, supplementary material submitted with it (such as architectural plans, drawings and specifications), the application form shall take precedence.

Part 3

Certification of Completed Work

NPS Office Use Only

The National Park Service has reviewed the "Historic Certification Application" and has determined:

that the rehabilitation described herein is consistent with the Secretary of the Interior's "Standards for Rehabilitation" and is consistent with the work described in Part 2 of the Historic Preservation Certification Application. A copy of this form will be provided to the Internal Revenue Service.

that the rehabilitation or proposed rehabilitation will meet the Secretary of the Interior's "Standards for Rehabilitation". The Secretary reserves the right to make inspections at any time up to five years after completion of the rehabilitation and to revoke certification, if it is determined that the rehabilitation project was not undertaken as presented by the owner in the application form and supporting documentation, or the owner, upon obtaining certification, undertook unapproved further alterations as part of the rehabilitation project inconsistent with the Secretary's "Standards for Rehabilitation".

that the rehabilitation is not consistent with the historic character of the property or the district in which it is located and that the project does not meet the Secretary of the Interior's "Standards for Rehabilitation". A copy of this form will be provided to the Internal Revenue Service.

3. Project contact:

Name _____

Street _____

City _____ State _____ Zip _____

4. Owner:

I hereby attest that the information I have provided is, to the best of my knowledge, correct, and that in my opinion the completed rehabilitation meets the Secretary's "Standards for Rehabilitation" and is consistent with the work described in Part 2 of the Historic Preservation Certification Application. I also attest that I own the property described above. I understand that falsification of factual representations in this application is subject to criminal sanctions of up to \$10,000 in fines or imprisonment for up to five years pursuant to 18 U.S.C. 1001.

Name _____

Street _____

City _____ State _____ Zip _____

1. Name of property:

Address of property: Street _____ City _____ County _____ State _____ Zip _____

Is property a certified historic structure? yes no If yes, date of certification by NPS: _____

2. Date on rehabilitation project:

National Park Service assigned rehabilitation project number: _____

Project starting date: _____

Rehabilitation work on this property was completed and the building placed in service on: _____

Estimated costs attributed solely to the rehabilitation of the historic structure: \$ _____

Estimated costs attributed to new construction associated with the rehabilitation, including additions, site work, parking lots, landscaping: \$ _____

3. Owner: (space on reverse for additional owners)

I hereby apply for certification of rehabilitation work described above for purposes of the Federal tax incentives. I hereby attest that the information provided is, to the best of my knowledge, correct, and that in my opinion the completed rehabilitation meets the Secretary's "Standards for Rehabilitation" and is consistent with the work described in Part 2 of the Historic Preservation Certification Application. I also attest that I own the property described above. I understand that falsification of factual representations in this application is subject to criminal sanctions of up to \$10,000 in fines or imprisonment for up to five years pursuant to 18 U.S.C. 1001.

Name _____ Signature _____ Date _____

Organization _____

Social Security or Taxpayer Identification Number _____

Street _____ City _____

State _____ Zip _____ Daytime Telephone Number _____

NPS Office Use Only

The National Park Service has reviewed the "Historic Preservation Certification Application -- Part 2" for the above-listed "certified historic structure" and has determined:

that the completed rehabilitation meets the Secretary of the Interior's "Standards for Rehabilitation" and is consistent with the historic character of the property or the district in which it is located. Effective the date indicated below, the rehabilitation of the "certified historic structure" is hereby designated a "certified rehabilitation." A copy of this certification has been provided to the Department of the Treasury in accordance with Federal law. This letter of certification is to be used in conjunction with appropriate Internal Revenue Service regulations. Questions concerning specific tax consequences or interpretations of the Internal Revenue Code should be addressed to the appropriate local Internal Revenue Service office. Completed projects may be inspected by an authorized representative of the Secretary or the Secretary's designee if the work meets the "Standards for Rehabilitation." The Secretary reserves the right to make inspections at any time up to five years after completion of the rehabilitation and to revoke certification, if it is determined that the rehabilitation project was not undertaken as presented by the owner in the application form and supporting documentation, or the owner, upon obtaining certification, undertook unapproved further alterations as part of the rehabilitation project inconsistent with the Secretary's "Standards for Rehabilitation".

that the rehabilitation is not consistent with the historic character of the property or the district in which it is located and that the project does not meet the Secretary of the Interior's "Standards for Rehabilitation". A copy of this form will be provided to the Internal Revenue Service.

Date _____ National Park Service Authorized Signature _____

See Attachments

NPS Office Use Only

The National Park Service has reviewed the "Historic Preservation Certification Application -- Part 2" for the above-listed "certified historic structure" and has determined:

that the completed rehabilitation meets the Secretary of the Interior's "Standards for Rehabilitation" and is consistent with the historic character of the property or the district in which it is located. Effective the date indicated below, the rehabilitation of the "certified historic structure" is hereby designated a "certified rehabilitation." A copy of this certification has been provided to the Department of the Treasury in accordance with Federal law. This letter of certification is to be used in conjunction with appropriate Internal Revenue Service regulations. Questions concerning specific tax consequences or interpretations of the Internal Revenue Code should be addressed to the appropriate local Internal Revenue Service office. Completed projects may be inspected by an authorized representative of the Secretary or the Secretary's designee if the work meets the "Standards for Rehabilitation." The Secretary reserves the right to make inspections at any time up to five years after completion of the rehabilitation and to revoke certification, if it is determined that the rehabilitation project was not undertaken as presented by the owner in the application form and supporting documentation, or the owner, upon obtaining certification, undertook unapproved further alterations as part of the rehabilitation project inconsistent with the Secretary's "Standards for Rehabilitation".

that the rehabilitation is not consistent with the historic character of the property or the district in which it is located and that the project does not meet the Secretary of the Interior's "Standards for Rehabilitation". A copy of this form will be provided to the Internal Revenue Service.

How does the process work?

Applicant



Submits application to
State Historic Preservation Office (SHPO)



National Park Service receives application from SHPO,
makes final certification decision, notifies applicant



State Property Tax Reclassification Program

COMMERCIAL USES ONLY: For income-producing properties including rental residential.

REHABILITATION: Must be significant improvements in order to provide any benefit.

HISTORIC STATUS: Property must be listed on the National Register of Historic Places before work.

TIMING: One-page application must be completed and accepted before work begins.

BENEFIT: Improvements are taxed at 1% instead of the normal commercial rate for a 10-year period.

ROLES: SHPO reviews the work against the Secretary's Standards, County Assessor assess changes.

TIMING: No more than 30 days at SHPO. Assessor – call to find out.

STACKABLE: Uses these with, or without, Federal Historic Preservation Tax Credits

EMAIL: SPT@azstateparks.gov