



# Get Cash for Rehabilitating Your Historic Building Through Tax Credits!

## Why do Historic Preservation?

### **Historic Preservation can Earn You Cash**

The Colorado Historic Preservation Tax Credit program allows owners and tenants of historic buildings to invest in keeping their iconic buildings in tip top shape, and completely renovate buildings that might have faced the wrecking ball. Some buildings are being turned into affordable housing, others are new locations for dining and shopping, and some are becoming museums. Historic preservation tax credits allow building owners to get compensation for the rehabilitation of their historic structures.

### **Historic Preservation Benefits Local Economies**

Preserving our historical buildings can have large impacts on our present and future economic health. *“Restoring historic buildings for commercial uses has a multiplier effect of creating jobs during the restoration phase, creating a place for businesses to operate and enticing neighbors to also invest in their community by purchasing and restoring nearby buildings,”* stated Joe Saldibar, Architectural Services Manager for History Colorado.

### **Historic Preservation can Help the Environment**

*“Reusing buildings is a way to conserve our natural resources,”* stated Saldibar. Keeping the existing building materials out of the landfill and not having to bring in new brick, steel, and other materials allows those resources to be used for other purposes. The restoration work requires more labor (which creates more local jobs), but dramatically decreases the amount of new construction materials being used. In addition, rehabilitating our historic treasures will allow land on the outskirts of town to remain for agriculture or wildlife habitat rather than becoming new office parks or shopping malls.

### **Historic Preservation Tax Credit Program Changes Makes it Easier and More Gainful than ever!**

Parts of the law passed in 2018 have officially gone into effect in 2020. These changes provide extra incentives for projects in rural areas and makes it easier than ever to apply for tax credits. As of January 1, 2020, rural property owners can receive up to a 35% tax credit on qualifying expenditures for the first \$2 million spent plus a 30% tax credit on qualifying expenditures over \$2 million, up from the 25% and 20% in the previous law. Regardless of where a project is completed, applicants are allowed to submit one application per calendar year, and the maximum tax credit for an application is \$1,000,000. To learn how these changes might affect your project, keep reading or give us a call!

	<b>Non-Rural Area</b>	<b>New Rural Area Incentive</b>
<b>Percentage Rule</b>	25% of the first \$2M in expenses plus 20% of expenses over \$2M	If in a Rural Community, 35% of first \$2M in expenses plus 30% of expenses over \$2M
<b>Tax Credit Cap</b>	\$1M Maximum Credit	\$1M Maximum Credit
<b>Example</b>	\$3M in qualified expenses = $\$2M \times 25\% = \$500K$ tax credit $\$1M \times 20\% = \$200K$ tax credit Total = \$700K tax credit	\$3M in qualified expenses = $\$2M \times 35\% = \$700K$ tax credit $\$1M \times 30\% = \$300K$ tax credit Total = \$1M tax credit

**So, what is a “Rural Area”?**

A municipality with a population of less than 50,000 people that is not located within the Denver metropolitan area or an unincorporated area of any county that has a total population of less than 50,000 people and is not located within the Denver metropolitan area.

**What is the “Denver Metropolitan Area”?**

All of the area within the boundaries of the counties of Adams, Arapahoe, Boulder, and Jefferson, the city and county of Broomfield, the city and county of Denver, and the county of Douglas except the Town of Castle Rock and Larkspur.

**Can I apply for Residential Renovations?**

In addition to the commercial program described above, the state also offers credits for residential rehabilitation work. Those credits are only for the homeowner and cannot be sold or transferred. According to Saldibar, this program has also seen a strong and steady level of interest.

**Like always, we are here for you!**

If you’re interested in restoring a historical property, please contact us and talk to either Savanna Pague or Ariel Steele. We’ll help walk you through every step of the process. We are passionate about historic preservation projects and want to help you make yours happen.

**For more information, please contact:**

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This information is not intended to be legal or financial advice. Please consult your own advisor.