

ARLINGTON COUNTY HISTORIC PRESERVATION PROGRAM



What is the state rehabilitation tax credit?

The Virginia state rehabilitation tax credit offers owners of certified historic buildings a dollar for dollar reduction on their state income tax from the costs incurred from rehabilitating their historic property.

Historic residential and income-producing properties are eligible for the tax credit. In Virginia, the rehabilitation tax credit provides eligible applicants with a 25% tax credit. In order to receive this tax credit, the homeowner must spend at least 25% of the improvement value (not land value) of their house. For income-producing properties, the project must exceed 50% of the improvement value. All work done must meet the Secretary of the Interior's Standards for Rehabilitation and be pre-approved by the Office of Preservation Incentives at the Virginia Department of Historic Resources.

A federal tax credit is also available for income producing properties.

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Michael Leventhal
2100 N. Clarendon Blvd
Arlington, VA 22201

Phone: 703 228 3813
Fax: 703 228 3834
E-mail: mleventhal@arlingtonva.com



Written by Kelly Merrifield
2008 Summer Intern

How to qualify for, apply, and receive a Virginia State Rehabilitation Tax Credit

How do I get a State Historic Homeowners Tax Credit?

Where do I start?

The Arlington County Historic Preservation Program (HPP) assists residents in understanding and correctly applying for the rehabilitation tax credit. Start the process by calling the Historic Preservation Program office (703) 228-3813. For Arlington County residents, the Historic Preservation Program will:

- Visit your house or business to discuss the project and take required pictures of your house or commercial building;
- Review your construction plans and consult with your architect and other contractors to ensure the project meets the Secretary of the Interiors Standards for Rehabilitation; and
- Assist in completing the three required forms (Part 1, Part 2, Part 3) to document the project. These completed forms are sent to Virginia's Department of Historic Resources for review and approval.

Please contact the HPP office prior to the start of the project as it is exceedingly difficult to take the required "before" photos after work has begun.

The 3 Part Process

- **Part 1 Certification:**
The building must be certified as historic. To qualify, your building must be listed on the National Register of Historic Places, either individually or as a contributing building in a historic district. This form requires an explanation of the building's historic significance.
- **Part 2 Pre-construction documentation:**
The building must be completely photographed to document the building prior to rehabilitation. These are the "before" photos. All aspects of the project must be noted and explained.
- **Part 3 Post-construction Documentation:**
The building must be photographed after the rehabilitation to show the changes; these are the "after" photos. The final project cost is noted in this form.



The Virginia Department of Historic Resources charges a fee for processing these forms based on the amount of the tax credit. The Arlington Historic Preservation Program charges nothing for its consultation and assistance.

How do I get my Credit?

The Rehabilitation Tax Credit is claimed on your state income tax the year the project is completed. The tax credit is deducted from the amount you owe in state taxes. Money withheld by the state will be returned to you. If your credit exceeds what you owe in taxes, the credit rolls over to the next year, for up to 10 years.

What expenses contribute towards the tax credit?

- Electric, plumbing, and mechanical updates
- Architectural and engineering fees
- Permit fees
- Construction costs
- New bathroom fixtures

What does not qualify?

- Appliances
- Additions or enlargements
- Landscaping

For more information about the tax credit, please see Virginia's Department of Historic Resources website:

http://www.dhr.virginia.gov/tax_credits/tax_credit.htm