



# Historic Tax Credits

NM Historic Preservation Division  
Department of Cultural Affairs

# Listing: The Gateway to HPD's Financial Incentives



- NM State Register of Cultural Properties
- National Register of Historic Places

# Listing:

- Individually Registered or...
- Listed as a Contributing Property within a Registered Historic District

# Listing:

- Recognizes important historic & cultural resources
- Assists planning efforts
- Opens doors to tax credits (and small grants)
- Increases awareness of community heritage



# What is a Tax Credit?

- A tax credit offsets the amount of income tax owed, generally dollar-for-dollar
- Gets us to take money out of our pockets and put it into the economy
- We spend the money first, get tax credit later
- Public benefits, directly and indirectly
  
- If your tax bill is \$500, a \$100 tax credit would reduce the tax owed to \$400.
- In other words, it would be worth \$100

# How is it different from a Tax Deduction?

- An income tax deduction lowers only the amount of income subject to taxation.
- If your income tax rate is 15%, a \$100 deduction would lower your tax bill by only \$15

# State and Federal Rehabilitation Tax Credits

- Stretch Rehab Dollars
- Encourage Investment in  
Community & Local Economy
- Labor Intensive – \$ kept local
- Spin-off or Snowball Effects

# Private Money Spent First.

- Money goes into economy first, jobs and businesses created
- Only after project completion is a credit amount determined and then used to reduce income tax
- “But For...” Often the project would not be done without the credit

# State and Federal Rehabilitation Tax Credits

- Separate Programs
- Separate Applications
- Separate Reviews



# Application Process:

- **Contact HPD For Both Programs!**
- **Is It Listed (or Contributing)?**

# Percentage and Amount of Credit:

## State

- 50% of eligible expenses
- \$25,000 credit cap (\$50,000 in A&C Districts)
- 4 year carry-forward

## Federal

- 20% of eligible expenses
- No cap!
- 19 year carry-forward!
- 1 year carry-back

# State A & C District Credit:

Certification of district by state  
A&C coordinator required

Cap on credit doubled to \$50,000

CPRC approval in advance –  
same standards etc.

The state tax program requires a building to be listed in the State Register of Cultural Properties...

...either individually or as a building considered to be “contributing” to a historic district.



CPRC approval in  
advance

Preservation Standards



# Eligible Expenses:

Exterior work such as new roofs or window rehab may qualify...

interior work like repairs to historic features or utility work to code may qualify.

Not all costs eligible for credit  
(new construction or additions,  
remodeling, fixtures & cabinets,  
landscaping)

Submit Part 1 Application  
to HPD for CPRC  
approval prior to work.

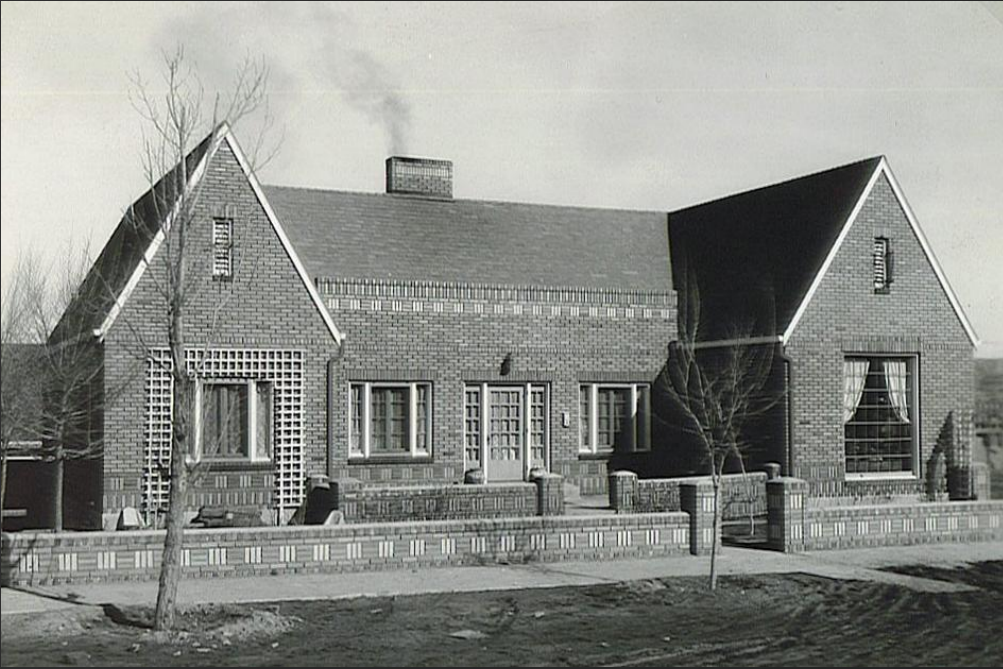
Part 2 Application to HPD  
for CPRC approval after  
work.

# Early Consultation with HPD:

Avoid costly do-overs or loss of credit



# Brentari House, Gallup



- Unique House (actually two houses), Unique Brickwork
- Listed it on State Register
- Rehabilitation utilized State Tax Credit Program



# 601 Lincoln Avenue, Las Vegas

- Was vacant commercial bldg.
- Contributes to RR Ave. Historic District
- CPRC approval in advance
- Now P.T. practice
- \$337,000 overall rehab
- \$100,000 eligible expenses for state tax credit of \$50,000  
(In A&C District)







601 Lincoln Avenue, Las Vegas

# (Former) Gene's Tire Repair now Perfecto Foods

- North Fourth  
Street,  
Albuquerque
- Boarded-up  
storefront
- Individual listing  
in S.R.





# Perfecto Foods

- CPRC approval in advance
- \$22,000 overall rehab of façade
- \$11,000 state income tax credit



# Las Vegas

- Couple bought and rehabbed run-down or vacant building every year or two using state tax credits.
- Rehabbed 9+ houses using program, over 13 years – most as rental properties.



- Latest completed project (in A&C District)– eligible costs \$100,000 for \$50,000 state tax credit.
- 90% money stayed local.
- 70% costs (local) labor.
- Can't utilize more credit – no more rehabs for 4 or 5 years?





# Doc Richards' Store

## Cerrillos, NM



- Contributes to Cerrillos Mining Historic District
- Was Derelict Building with Drug Addicts
- New Owners Shored It Up

# Doc Richards' Store

## Cerrillos, NM



- CPRC approval in advance
  - \$130,000 overall project
  - \$50,000 eligible expenses
  - Potential \$25,000 state tax credit
- 
- Owners Rehabbing Out of Cash Flow
  - Banks Won't Lend
  - Project in Dead Stall

# Refundability Goal?

- For income-producing properties?
- Unused portion of state credit paid to applicant?
- Sliding scale of credit percentage?
- Cap on credit and program?
- Helps small projects i.e. those up to around \$1 Million
- Does not attract investment from national financial groups

# Transferability Goal?

- Credit may be sold to national financial groups who invest in rehab projects with both federal and (transferable) state tax credits.
- States with strong, transferable credit programs report great increases in # of rehab projects and spin-off benefits
- Federal tax credit projects are usually large, multi-millions of dollars
- Credits often brokered via state-wide non-profits

# Combination?

Refundability for smaller projects?

Transferability for larger projects?

# Federal Historic Tax Credit:

Federal program requires a building to be listed in the National Register of Historic Places...

...either individually or as a building considered to be “contributing” to a historic district.

(May be in process of being list, but...)



# Federal Historic Tax Credit:

- Coordinated by NM HPD
- Income-producing & substantial rehab
- Certification decisions by NPS
- Secretary of Interior's Standards
- 20% credit – no upper limit
- 19-year carry-forward
- IRS regulations may affect usability!
- Attracts national investors to NM projects



# Three-stage Application Process:

1. Evaluation of Significance

(unless individual listing & single building)

2. Description of Rehabilitation

3. Request for Certification of Completed  
Work

[www.nps.gov/tps/tax-incentives.htm](http://www.nps.gov/tps/tax-incentives.htm)

# Hotel Clovis

- Vacant 25-years
- Individual N.R. listing
- Pivotal in new Clovis Railroad & Commercial Historic District





- Rental housing use
- \$7 Million project cost
- \$1.4 Million federal historic income tax credit
- New construction, too (not-for-credit)





# Combined Both Fed & State Programs: Kelly's Restaurant & Brew Pub, Albuquerque

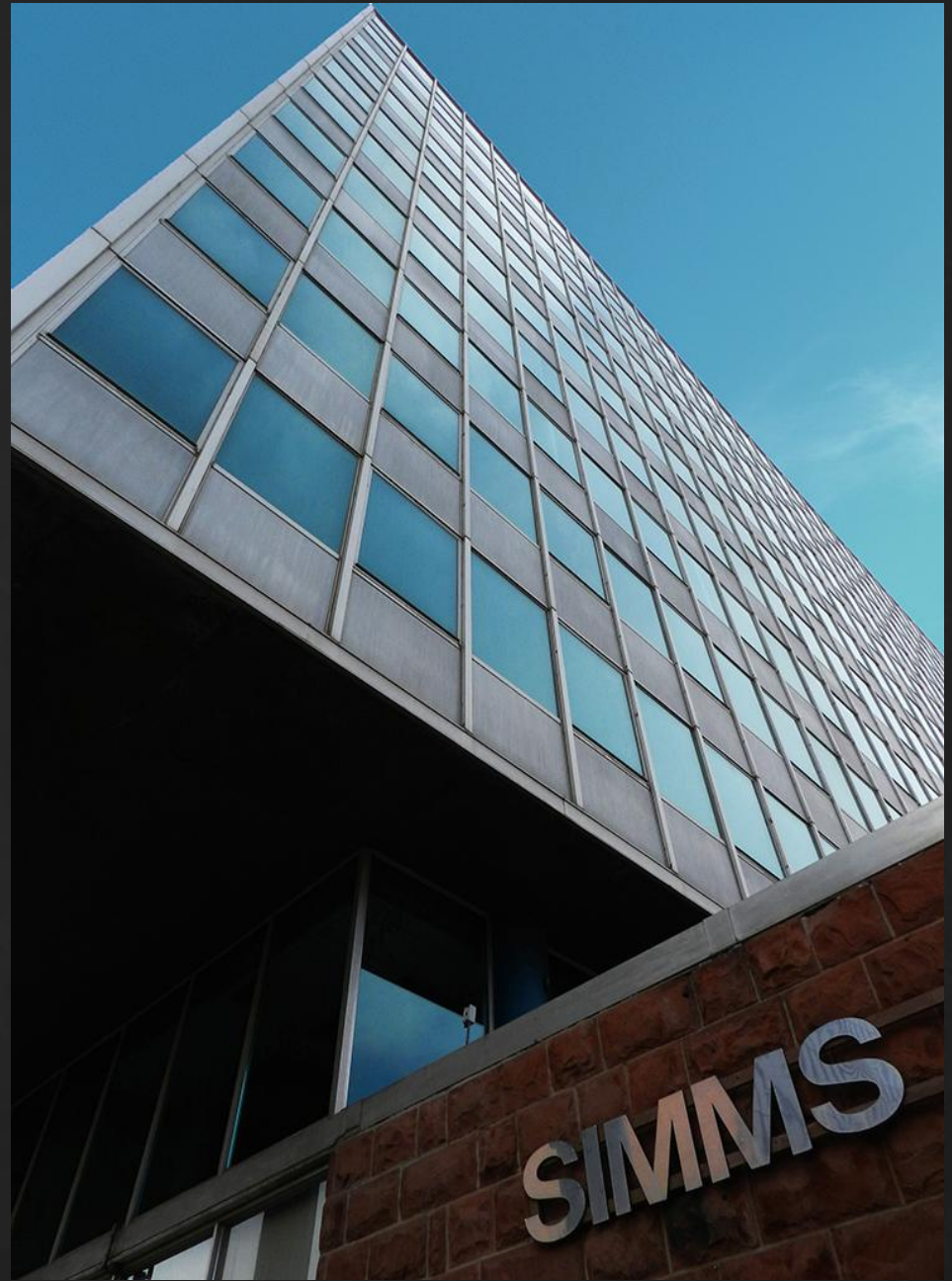
- Historic Jones Motor Co.
- Route 66 - 3226 Central Avenue
- \$609,000 Project
- \$25,000 Eligible State Credit
- \$122,000 Fed 20% Credit



# Simms Building

Albuquerque

- Mid-Century Modern
- 1952-1954
- Individual listing in both state and national registers
- Thermal glazing when built





\$5 Million Rehab:  
\$1 Million Fed Tax Credit  
\$50,000 State Tax Credit  
(A & C District)



# El Vado Auto Court, Historic Rt.66, Albuquerque



- Vacant, individually-listed cultural resource
- Developer & city working together (with HPD)
- \$3 Million reuse as food pods and brew pub in front, conference center and guest rooms at rear 2/3 (w/new building)
- Federal Historic Tax Credit Part 1 Approved by NPS
- Federal Part 2 being prepared now!

# Rawlins Building, Las Vegas

- Contributing to SR & NR
- RR Avenue Historic District
- Used both HPD's CLG grant and state tax credit program to fund engineering & architectural study
- Structural work now underway
- Federal Historic Tax Credit Pt. 1 approved by NPS
- Federal Part 2 to be submitted shortly





Contact NM Historic Preservation Division:  
[nmhistoricpreservation.org](http://nmhistoricpreservation.org)

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