



Financial Incentives for Historic Preservation

Owners of designated historic properties usually experience increased property values and other benefits. Federal tax credits are available for major rehabilitations of historic properties. State programs offer reductions in property taxes for owner-occupied historic houses and for major rehabilitations of historic income properties.



[Benefits of Historic Designation for Property Owners \(/files/preservation/Guide_for_Green_Retrofitting_Historic_Homes.pdf\)](/files/preservation/Guide_for_Green_Retrofitting_Historic_Homes.pdf)



[Federal Investment Tax Credit for Rehabilitation \(http://www.nps.gov/tps/tax-incentives.htm\)](http://www.nps.gov/tps/tax-incentives.htm)



Arizona Historic Property Tax Reclassification Program

[Submit Your Enrollment Form \(http://azstateparks.com/SHPO/propertytax.html\)](http://azstateparks.com/SHPO/propertytax.html)

[Historic Preservation](#)

[Integrated Planning](#)

[Frequently Asked Questions](#)

[Online Resources](#)

[News and Projects](#)

[Tucson's Historic Architecture, Streetscapes, and Landscapes](#)

[Archaeology of Downtown, Fort Lowell, and Court Street Cemetery](#)

[Tucson's Heritage Experiences](#)

[City Historic Designations and Design Review](#)

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Rehabilitation Tax Incentives for Historic Buildings

Historic Rehabilitation Tax Credit (20%):

A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be “certified historic structures.” The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the Secretary’s Standards for Rehabilitation. The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit.

Each year, Technical Preservation Services approves approximately 1000 projects, leveraging nearly \$4 billion annually in private investment in the rehabilitation of historic buildings across the country.

Historic Rehabilitation Tax Credit for Non-Historic Buildings built before 1936 (10%)

<http://www.nps.gov/tps/tax-incentives/taxdocs/about-tax-incentives-2012.pdf>

The 10% tax credit is available for the rehabilitation of non-historic buildings placed in service before 1936. The building must be rehabilitated for non-residential use. In order to qualify for the tax credit, the rehabilitation must meet three criteria: at least 50% of the existing external walls must remain in place as external walls, at least 75% of the existing external walls must remain in place as either external or internal walls, or at least 75% of the internal structural framework must remain in place. There is no formal review process for rehabilitations of non-historic buildings.

Tax Benefits for Historic Preservation Easements

<http://www.nps.gov/tps/tax-incentives/taxdocs/easements-historic-properties.pdf>

A historic preservation easement is a voluntary legal agreement, typically in the form of a deed that permanently protects an historic property. Through the easement, a property owner places restrictions on the development of or changes to the historic property, then transfers these restrictions to a preservation or conservation organization. A historic property owner who donates an easement may be eligible for tax benefits, such as a Federal income tax deduction. Easement rules are complex, so property owners interested in the potential tax benefits of an easement donation should consult with their accountant or tax attorney. Learn more about easements in *Easements to Protect Historic Properties: A Useful Historic Preservation Tool with Potential Tax Benefits*.

Federal Tax Credits for Rehabilitation Historic Buildings—Main Street Commercial Buildings

<http://www.nps.gov/tps/tax-incentives/taxdocs/intro-main-street.pdf>

Administered by the National Park Service in conjunction with State Historic Preservation Offices (SHPO), the Federal Historic Preservation Tax Incentives program offers a 20% federal tax credit for qualified rehabilitation expenses. Many historic districts in small towns and cities have Main Streets of small shops and other commercial buildings, typically one to four stories high. The variety of architectural styles reflects the popular taste of different eras and the image an entrepreneur wanted to project. Thousands of property owners across the country have already utilized these tax incentives to rehabilitate historic commercial buildings and similar properties.