



# The Federal Historic Preservation Tax Incentive

*A Unique Benefit for Owners of Residential and Commercial Historic Properties*

## Preserving History

America's past is brought to life by the architecture represented in the buildings constructed throughout our history. Visiting historic neighborhoods left pristine from change gives us an understanding of where we have been and fills us with promise for what we can become. It is for this reason that the Trust for Architectural Easements<sup>sm</sup> dedicates itself to the preservation of America's historic neighborhoods.

It is the view of the Trust for Architectural Easements<sup>sm</sup> and the U.S. Congress that successful historic preservation requires not only the awareness and participation of civic groups and local government, but also the involvement of individual historic property owners.

## Tax Benefits for Today

To encourage owner participation in the preservation of our historic neighborhoods, the U.S. National Park Service administers the Federal Historic Preservation Tax Incentive Program, Internal Revenue Code Section 170(h). This legislation allows property owners who formally agree to maintain and preserve forever the architecturally significant features of their properties' exterior to be eligible for a federal income tax deduction. Many state and local tax codes recognize this income tax deduction as well. The amount of the tax deduction is equal to the fair market value of the easement donation as determined by an independent, professional appraiser.

## A Legacy for Tomorrow

The donation of an historic preservation easement to the Trust for Architectural Easements<sup>sm</sup> protects the historic character of your property's exterior for future generations. In general, an easement grants a limited right in the use of a property to another party. An historic preservation easement deals with the right to change the exterior of your property. While the owner retains title to the property and can change its interior, rent it, sell it, will it, or live in it as he or she wishes, the easement agreement requires the property owner to maintain the

structural integrity of the building and obtain prior approval from the Trust to make changes to the exterior of the building. This ensures that the building remains structurally sound and that any changes are consistent with the building's historic architectural style.

## Your Property's Eligibility

To qualify for this program, a property must be located in one of the historic districts designated in the National Register of Historic Places and must contribute to the historic significance of the district or be individually listed in the National Register.

## The Donation Process

In furtherance of its mission, the Trust for Architectural Easements<sup>sm</sup> will take certain steps to facilitate an enforceable donation to the Trust. Although it requires several months to obtain all of the approvals required to complete your donation, the process requires on average, less than three hours of your time. Large-scale, income producing properties may require more time from your legal and tax advisors. Costs include appraisal and bank service fees. Donors also make a charitable cash contribution to the Trust for Architectural Easements<sup>sm</sup> in order to provide it with sufficient funds to monitor its easements in perpetuity. The Trust recommends that you consult your own legal and/or tax advisors prior to making a donation of an historic preservation easement. Your advisor can help you understand the conditions set forth in the easement agreement and the requirements for claiming a related tax deduction. The Trust does not provide legal or tax advice.

For more information on the Trust for Architectural Easements<sup>sm</sup> and the Federal Historic Preservation Tax Incentive Program, call the Trust at **1-888-831-2107** or visit our website at **[www.architecturaltrust.org](http://www.architecturaltrust.org)**.



***"Facade conservation easements, under the Federal Historic Preservation Tax Incentive Program, are one of the most underutilized tax deductions available to historic property owners. Historic trusts, not-for-profit organizations that administer conservation easements, can make the procedure easier for taxpayers and their financial advisors. Taxpayers should be aware of this opportunity to save money while also serving the public interest by preserving historic properties in urban settings for future generations."***

The CPA Journal, March 2003



1906 R Street, NW  
Washington, DC 20009  
1-888-831-2107  
[www.architecturaltrust.org](http://www.architecturaltrust.org)

*The Trust for Architectural Easements<sup>sm</sup> is a qualified 501(c)(3) not-for-profit organization dedicated to the preservation of historic architecture.*

© 2007 Trust for Architectural Easements<sup>sm</sup>