

Exemptions

Exemption programs allow incentives to both property owners and cities. When donating a historic preservation easement to a governmental entity or nonprofit organization, property owners are allowed a tax deduction for a charitable contribution on their federal income tax return. The city, meanwhile, is provided a low-cost mechanism for protecting historic properties from demolition and neglect, and for keeping the property on local streets.

With the donation as part of a historic preservation easement, a property owner gives away certain property rights, usually the ability to alter the exterior facade of the property without permission from the town or city. Some easement programs, however, are focused on preserving the historic character of a property and/or the land surrounding the structure. The easement holder can be a city government, nonprofit organization, or quasi-governmental

organization. In order to take advantage of the federal income tax deduction, property owners must donate the easement to property to a qualified organization for conservation purposes. In addition, the property must be located in the National Register of Historic Places or be a contributing resource in a National Register Historic District.

Mobile, Alabama: The Mobile Historic Development Commission (HDC) holds approximately 150 easements on historic properties. Established as an independent nonprofit, initially, the HDC was funded by city government in 1988, but maintained its 501 (c)(3) status and the authority to accept donations. The program is considered a valuable preservation incentive in the city and is used to promote both residential and commercial purposes.

Other examples of low-cost incentives include zoning variances, regulatory relief through building and seismic codes, and tax incentives.

Grant, loan, and other non-equity incentives may be harder to justify during a budget crisis, but should be carefully considered as well. Although these programs will cost local governments initially, most are significant economic generators that will more than pay for themselves in the end.

For more information about all these options and for help in crafting and promoting local incentive programs in your city, contact Preservation Trust at 512-472-6162, info@preservationtrust.org. *

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