



**ALABAMA
HISTORICAL
COMMISSION**
The State Historic Preservation Office

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HISTORIC REHABILITATION TAX CREDIT PROGRAM
Allowable Rehabilitation Expenses

Allowable rehabilitation expenses must meet the definition in the state law establishing this program. The Alabama Historical Commission reviews all proposed and completed work on the property, regardless of whether or not the work qualifies for the credit. Do not assume that work in these allowable categories is automatically approved. All work must meet the *Secretary of the Interior's Standards for the Rehabilitation of Historic Properties*, <http://www.nps.gov/tps/standards/rehabilitation.htm>

How much must be spent on the project?

Total project expenses must exceed 50% of the owner's original purchase price or \$25,000, whichever is greater.

What expenses qualify for the credit?

Allowable costs are generally those associated to the operation or maintenance of the building. These include, but are not limited to:

1. **Preservation and rehabilitation work done to the exterior:**
Roofing, exterior cladding, windows and doors, chimneys, permanent coverings such as paneling or tiles, fire escapes, historic decks.
2. **Repair and stabilization of historic structural systems:**
Foundations, walls, partitions, windows and doors, stairs, porches and historic porticos.
3. **Repair of interior finishes:**
Wood floors, plaster walls, ceilings, partitions, windows and doors, historic fireplaces and mantles, escalators, elevators.
4. **Energy Efficiency Measures except insulation in frame walls;**
5. **Repairs or rehabilitation of heating, air conditioning or ventilation systems;**
6. **Repairs or rehabilitation of electrical or plumbing systems (excludes new electrical appliances and electrical or plumbing fixtures);**
7. **Historic Outbuildings;**
8. **Soft Costs:**
architectural, engineering, and land surveying fees;
9. **Costs related to the protection of the historic property from deterioration (Emergency stabilization):**
Water penetration, deter vandalism, stabilize building components likely to otherwise collapse.

NOTE: The Alabama Historical Commission considers this document a guide and it may not include all allowable expenses. Before you begin work, contact the Alabama Historical Commission for specific advice on your project.

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Non-Allowable Rehabilitation Expenses

What expenses do not qualify for the credit?

Non-Allowable costs are generally those costs **not related** to the operation or maintenance of the building. These include, but are not limited to:

Acquisition costs (including interest and taxes)
Realtor fees
Feasibility studies
Leasing expenses
Furnishings/appliances
Non-historic porches and porticos
Storm sewer construction costs
Pest Control

Moving (building) costs (if part of acquisition)
Demolition costs
Financing fees
Personal labor by the owner
New construction costs or enlargement costs (additions)
Sales and marketing costs
Energy efficiency measures related to insulation in frame walls
New lighting, plumbing fixtures, cabinetry, carpeting, furniture & countertops

Landscaping or site work outside the footprint of the qualified building: sidewalks, paving, parking lots, outdoor lighting remote from building, retaining walls, planters, fencing; non-historic decks and outbuildings.

Costs relating to the above-listed types of expenditures also do not qualify for the credit. For example, architectural, engineering, and land surveying fees related to landscaping/site work, such as erosion control or improving site sustainability, do not qualify for the credit. Likewise, pest control, such as termite or bat abatement does not qualify for the credit; however, repairing the structural damage done by the pests could qualify.

NOTE: The Alabama Historical Commission considers this document a guide and it may not include all non-allowable expenses. Before you begin work, contact the Alabama Historical Commission for specific advice on your project.

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