



River Edge Historic Tax Credit

What is it?

The River Edge Historic Tax Credit program provides a 25% state income-tax credit for owners of income-producing, historic buildings located within River Edge Redevelopment Zones who undertake substantial rehabilitations. The River Edge Historic Tax Credit program is administered by the Illinois State Historic Preservation Office (IL SHPO) within the Illinois Department of Natural Resources.

Benefits

The program benefits the owner, the occupants, and the community by: ► encouraging the preservation of historic buildings through promotion, recognition, designation and reuse; ► increasing the value of rehabilitated properties; ► returning underutilized structures to the tax rolls; ► revitalizing downtowns and neighborhoods and often increasing the amount of available housing within the community; and ► sustainably reusing the built environment.

Provisions

To qualify for the River Edge Historic Tax Credit, the following must be met: ► the building must be located within a River Edge Redevelopment Zone (designated portions of Aurora, East St. Louis, Elgin, Peoria, and Rockford); ► the building must be listed individually on the National Register or contribute to a historic district that is either listed on the National Register or certified by the NPS for the purposes of the Tax Credit program; ► the building must be rehabilitated for income-producing purposes, such as rental-residential, commercial, agricultural, and/or industrial; ► the rehabilitation (both interior and exterior) must meet the Secretary of the Interior's "Standards for Rehabilitation" (Standards); and ► the project budget must exceed the greater of the building's adjusted basis (roughly the current depreciated value of the building, not including land) or \$5,000, either within a 24-month period or within a 60-month period, as long as phased plans are approved in advance.

How to apply

Step 1: Verify the building's location within a River Edge Redevelopment Zone ► Submit RE-HTC 1 form certifying that the property is located within the boundaries of a designated River Edge Redevelopment Zone. ► The form requires the signature of the building owner and the respective River Edge Zone administrator and must be accompanied by a current and legible map of the zone with the building location marked. **Step 2: Apply for and complete a rehabilitation project certified by the NPS** ► The River Edge Historic Tax Credit must be applied for in conjunction with the 20% Federal Historic Rehabilitation Tax Credit. Consult the IL SHPO website and complete all parts of the federal application. **Step 3: Request issuance of the tax credit** ► After the project's Part 3 has been certified by the NPS (or after each completed phase has been approved by the NPS), submit RE-HTC 2 form and required cost certification to the IL SHPO. ► The form lists and certifies the project's qualified rehabilitation expenditures (QRE) and must be signed by the building owner and the project's independent CPA. ► The cost certification, which must be prepared by an independent CPA, verifies (1) the project's total QRE, and (2) that the total QRE exceed the greater of \$5,000 or the adjusted basis of the building on the first day the qualified rehabilitation plan commenced, and (3) the project's total non-qualified rehabilitation expenditures (non-QRE), and (4) the project's total expenditures (QRE plus non-QRE). **Step 4: Pay the issuance fee** ► Upon review and acceptance of the complete RE-HTC 2 form and required cost certification and prior to the issuance of the tax credit certificate, the IL SHPO will invoice the applicant for an issuance fee equal to 2% of the value of the credits.

Important points

Owners are strongly advised to contact the IL SHPO prior to any construction or demolition. ► Any work undertaken prior to approval is completely at the owner's risk and could disqualify a project for the tax credit if it does not meet the Standards. ► The Standards are used by the NPS and IHPA to evaluate whether changes to a historic structure respect its historic features.

Questions?

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<https://www2.illinois.gov/dnrhistoric/Preserve/Pages/IHPA-TPC.aspx>