

ABSTRACT

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MARYLAND: A CASE STUDY

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Over the past 25 years, it has become increasingly popular for property owners to take advantage of commercial, residential, agricultural and industrial historic tax incentives. While the use of these programs is most common on the Federal level, some states also offer historic tax credits. Even less widely available are local level historic tax credits. Minimal national research has been done on the extent to which local tax credits are regularly utilized and what factors affect their use. This study examines historic tax credit programs in Maryland's Harford, Montgomery and Prince George's counties in order to gauge how often these programs are used. Data on each program will be collected from preservation divisions within county planning offices and analyzed to examine overall effectiveness of local tax credit initiatives.

THE UTILIZATION OF LOCAL HISTORIC REHABILITATION TAX CREDITS
IN MARYLAND: A CASE STUDY

By

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Foreword

“Tax considerations have an important bearing on whether private interests are willing to maintain and rehabilitate historic structures rather than allow them to deteriorate or replace them with new buildings. It has been argued that certain tax provisions of prior law encouraged the demolition and replacement of old buildings instead of their rehabilitation.” -- The United States 94th Congress, 1976

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Table of Contents

Foreword.....	iv
Acknowledgements.....	v
Table of Contents.....	vi
List of Tables.....	vii
List of Figures.....	viii
Chapter 1: Introduction.....	1
Chapter 2: Historic Tax Credit Background: Federal and State.....	5
Chapter 3: Harford County.....	24
Chapter 4: Montgomery County.....	38
Chapter 5: Prince George’s County.....	50
Chapter 6: Analysis and Conclusion.....	60
Appendix.....	67
Bibliography.....	72

List of Tables

Table 2.1: Federal Tax Credits: 20 percent versus 10 percent.....	11
Table 2.2: State Historic Tax Credits: Homeowner versus Income-producing.....	16
Table 2.3: Federal and State Historic Rehabilitation Tax Credit Comparison.....	17
Table 2.4: Population and State Historic Rehabilitation Tax Credit Information.....	17
Table 3.1: County Historic Rehabilitation Tax Credit Program Information.....	27
Table 3.2: Racial Characteristics.....	29
Table 3.3: Prospective Language Barriers.....	29
Table 3.4: Educational Characteristics.....	30
Table 3.5: Economic Information: Yearly Family Income.....	30
Table 3.6: Structure Ages.....	30
Table 4.1: Historic Rehabilitation Tax Credit Data: Montgomery County.....	44
Table 4.2: Denied Applications: Montgomery County.....	45
Table 5.1: Historic Rehabilitation Tax Credit Data: Prince George’s County.....	55

List of Figures

Figure 2.1: State Tax Credits for Historic Preservation, <i>A State-by-State Summary</i>	67
Figure 2.2: Map of Maryland Counties.....	68
Figure 2.3: Comparison of Approved Applications for the Maryland Heritage Structure Rehabilitation Tax Credit Program for Harford, Montgomery, and Prince George’s Counties.....	20
Figure 2.4: Comparison of Approved Tax Credit Dollars for the Maryland Heritage Structure Rehabilitation Tax Credit for Harford, Montgomery, and Prince George’s Counties.....	21
Figure 3.1: Comparison of Yearly Family Income for Harford, Montgomery, and Prince George’s Counties.....	69
Figure 3.2: Yearly Family Income for Harford County.....	31
Figure 3.3: Comparison of Approved Applications for Harford County: Local Versus State.....	33
Figure 3.4: Comparison of Approved Tax Credit Dollars for Harford County: Local Versus State.....	34
Figure 4.1: Yearly Family Income for Montgomery County.....	42
Figure 4.2: Comparison of Approved Applications for Montgomery County: Local Versus State.....	46
Figure 4.3: Comparison of Tax Credit Dollars for Montgomery County: Local Versus State	47
Figure 5.1: Yearly Family Income for Prince George’s County.....	53
Figure 5.2: Comparison of Approved Applications for Prince George’s County: Local Versus State.....	56
Figure 5.3: Comparison of Tax Credit Dollars for Prince George’s County: Local Versus State	57
Figure 6.1: Approved Applications for Local Level Tax Credit Programs in Harford, Montgomery, and Prince George’s Counties.....	70
Figure 6.2: Approved Tax Credit Dollars for Local Level Tax Credit Programs in Harford, Montgomery, and Prince George’s Counties.....	71

Chapter 1: Introduction

Since the inception of the first Federal level historic rehabilitation tax credit, it has become popular for property owners to take advantage of commercial, residential, agricultural and industrial historic tax credits in order to defray some of the cost of rehabilitation projects. While the use of tax credits is most common on the Federal level, some 35 states also have historic tax incentive programs. Less popular, and even less widely available, are tax credits on the local level. This study will examine the extent to which local tax credits are regularly utilized for the rehabilitation of historic properties and the factors that contribute to their use by examining historic rehabilitation tax credit programs in Maryland's Harford, Montgomery and Prince George's counties.

Economic, educational, racial, and ethnic statistical data was gathered on the counties under study, in order to assess the circumstances which impact the relative success of county historic rehabilitation tax credits. For example, renters are not typically interested in rehabilitation projects, as they are not eligible for tax credits or are not willing to invest in property they do not own. Property owners who do not speak English could be a pose an obstacle in the case that a bilingual liaison is not on staff in any given preservation planning office. Furthermore, immigrants may not know, understand, or appreciate the historic significance of their property.

Other elements play a role in determining opportunities for improvement and challenges for rehabilitation tax credit incentive programs, such as interest in the historic nature of the property. If property owners are not knowledgeable or do not appreciate the qualitative value of the history, then it can negatively impact the

utilization of a historic rehabilitation tax credit program.

Data on each tax credit program was collected in order to determine which historic rehabilitation tax credit program is the most successful and which one is facing the most challenges. This information includes, but is not limited to, the number of approved applications, denied applications, the cost of each rehabilitation project, the percentage, and amount of tax credit dollars granted. This information was gathered from each county's preservation planning division.

Another area of the investigation is the complexity of the tax credit programs in terms of process. If the application process requires a lawyer, consultant, or other specialized professional, then the financial benefits of the tax credit may not outweigh the fees and the time and effort of the property owner. An application process that can be successfully negotiated by the property owner should have a positive impact on the submissions and approvals. Because the steps for the Maryland state and Federal tax credits are comparable, it would be sensible for the local tax credit application process to be similar.

If a state adopts a historic rehabilitation tax incentive program it increases the likelihood that local level governments in that state will follow suit and establish a variation of a historic rehabilitation tax incentive program. Furthermore, if a state has interest in establishing a tax incentive program, it speaks to its values and promotion of historic properties, which may be reflected or trickle down to local governments.

Within the state of Maryland, sixteen counties offer local level historic rehabilitation tax incentives: Baltimore City, Baltimore, Calvert, Carroll, Cecil, Charles, Frederick, Harford, Howard, Kent, Montgomery, Prince George's, St. Mary's, Talbot,

Washington, and Wicomico.¹

Moreover, within these and other counties, incorporated cities and towns offer historic rehabilitation tax incentive programs, which are exclusively for the use of their citizens. Generally, these programs cause property owners within city limits to be ineligible for local county level historic rehabilitation tax incentive programs. Cities and towns within Maryland which offer tax incentive programs include: Frostburg, Annapolis, Bel Air, Berlin, Cambridge, Chesapeake City, Chestertown, Cumberland, Denton, East New Market, Easton, Elkton, Charlestown, Port Deposit, La Plata, New Market, North Beach, Frederick, Gaithersburg, Hagerstown, Havre de Grace, Laurel, Laytonsville, Oxford, Princess Anne, Ridgely, Rockville, St. Michaels, Salisbury, Snow Hill, Sykesville, and Westminster.²

Harford, Montgomery, and Prince George's County were selected for this case study because they exhibit different qualities in terms of demographic statistics, geographic location (Figure 2.2), and how often each respective local level tax credit is used. While the study group is diverse, they do share certain qualities. This assisted in identifying and isolating determinants which play primary roles in the frequency of use of local level historic rehabilitation tax credits in Maryland.

This case study will provide a brief discussion of the legislation, guidelines, criteria, and restrictions of the Federal and Maryland historic rehabilitation tax credit programs. Then it addresses each of the three counties by providing an overview of each program, discussion of statistical census data, tax credit data, and other related

¹ Maryland Historical Trust. "Local Tax Incentive Programs for Historic Preservation." http://mht.maryland.gov/taxcredits_local.html.

² Ibid.

information. Lastly, the study analyzes the successes or opportunities of each county tax credit program, and provides a set of recommendations based on best policies and practices for the local historic rehabilitation tax credit programs.

Chapter 2: Historic Tax Credit Background: Federal and State

Several levels of government have introduced financial incentives for the preservation of historic properties. Historic rehabilitation tax credits provide a means for property owners to receive a credit against owed income tax when undertaking certain types of rehabilitation projects. This chapter outlines the Federal and Maryland's historic rehabilitation tax credit programs. It will also specifically focus on the use of the Maryland Heritage Structure Rehabilitation Tax Credit Program in each county of the study group in order to establish a benchmark for interest in a historic tax incentive program. This will assist in isolating issues regarding unutilized local level historic rehabilitation tax incentives, by way of identifying potential interest and disposable capital that could be used to invest in historic properties.

A basic understanding of tax credits is critical for the discussion that follows. Tax credits differ from tax deductions in that the former reduces the amount of owed tax whereas the latter reduces the amount of income that may be taxed.³ To simplify, tax credits “pay for” a portion of owed tax by way of applying the specified percentage of the qualified rehabilitation expenditures.⁴ Tax deductions decrease the tax owed by reducing the total amount of taxable income; actual savings is thus related to the rate at which income is taxed.

³ “Historic Preservation Tax Incentives.” (Brochure). National Park Service. U.S. Department of the Interior. Technical Preservation Services. Page 3.

⁴ Qualified rehabilitated expenditures (also referred to as Q.R.E.'s) are certain expenses which incur as a result of a rehabilitation project. Eligible expenses include but are not exclusive to the following: construction costs, interest, and taxes, legal cost, developer's fees, architectural fees, engineering fees, administrative fees. Ineligible expenses include the cost of the property (inclusive of the building and the land) and the subsequent interest and taxes, realtor fees, and landscaping.

Federal Rehabilitation Tax Incentive Program

Legislation: Shaping the Federal Tax Incentives

Created in 1976, the Federal Rehabilitation Tax Incentive Program has been altered several times in the past thirty-four years. Legislation which affected the tax credit includes the Tax Reform Act of 1976, Tax Treatment Extension Act of 1980, Economic Recovery Act of 1981, Tax Reform Act of 1984, and Tax Reform Act of 1986. These laws provide a context for the local level historic rehabilitation tax incentive programs in that they address the transitions which the initial “pilot” program had to undergo before stabilizing in the mid-1980s. Because the Federal government offered the first of historic rehabilitation tax credit program, local level programs did not take off until their Federal counterpart found a balance. Thus it only appropriate to critique the local programs after 1986, when the last piece of Federal legislation was passed.

Prior to September 1976, the law by allowed tax deductions for demolitions, a situation that was detrimental to preservation interests.⁵ This situation was remedied with the passage of the Tax Reform Act of 1976 (Public Law 94-445) in that Congress supported “certified historic structures”⁶ as a way of achieving a national goal of preservation and rehabilitation of historic structures and neighborhoods.

The Act implemented two rules which further promoted the preservation and

⁵ Joint Committee on Taxation. General Explanation of the Tax Reform Act of 1976. 29 December 1976. U.S. Government Printing Office: Washington D.C., 1976. Page 643.

⁶ As defined by the General Explanation of the Tax Reform Act of 1976 a “certified historic structure” is a building or structure on which depreciation is allowable and which is (a) listed in the National Register, (b) located in a Registered Historic District and is certified by the Secretary of the Interior as being of historic significance to the district, or (c) located in a historic district designated under a State or local statute containing criteria satisfactory to the Secretary of the Interior.

rehabilitation of historic structures. First, it prohibited a tax deduction on “any amount expended on the demolition or any loss sustained on the account of the demolition” of a certified historic structure.⁷ Second, it provided provisions for deductions “for the contribution to a charitable organization exclusively for ‘conservation purposes’ of a lease on, option to purchase, or easement with respect to real property of not less than 30 years’ duration or a remainder interest in real property.”⁸ The latter can be considered a precursor to the preservation easement incentives of today.

The Tax Treatment Extension Act of 1980 (Public Law 96-541) refined the Tax Reform Act of 1976 by further delineating and reinforcing the legislation. Additionally it provided a permanent basis for provisions for deductions to charitable organizations for the conservation purposes.

The Economic Recovery Act of 1981 (Public Law 97-34) stimulated the use of the program by way of clarifying the percent of the rehabilitation expenditures eligible for the Federal tax credit. Thirty-year-old buildings qualified for fifteen percent, forty-year-old buildings qualified for twenty percent, and certified historic structures qualified for 25 percent credit.⁹ Lastly, the Act stated that both residential and income-producing structures were eligible for the tax credit, depending on the age of the structure.

⁷ Joint Committee on Taxation. General Explanation of the Tax Reform Act of 1976. 29 December 1976. U.S. Government Printing Office: Washington D.C., 1976. Page 644.

⁸ Ibid.

⁹ Tax Treatment Extension Act of 1980 (Public Law 96-541). The 96th Congress of the United States. 17 December 1980. Part 2, Section 212.

The Tax Reform Act of 1976 was reinforced by the Tax Reform Act of 1984. Section 1063 of the Tax Reform Act of 1984: Disallowance of Deduction for Costs of Demolishing Structures maintained that all “costs and losses resulting from the demolition of certified historic structures were required to be added to the basis¹⁰ of the land on which the structure was located.”¹¹ Thus, Congress permanently prohibited tax deductions for the demolition of historic structures.

The Tax Reform Act of 1986 further altered the Federal historic rehabilitation tax credit, replacing the three-tier system of credits with the two-tier system still in place today. Rehabilitations of certified historic buildings were now eligible for a twenty percent tax credit and rehabilitations of buildings not classified as certified historic buildings but were placed in service prior to 1936 were eligible for a ten percent tax credit.¹² The Tax Reform Act of 1986 allowed the twenty percent tier to be applied to both residential and income-producing buildings, while the ten percent credit could only be applied to the latter.¹³

The Act stated that the building must be held by the property owner for at least five years after the twenty percent rehabilitation credit is claimed. If the property owner resells it within the five year period, he is required to pay back one hundred percent of the tax credit. For every year it is held, the amount of potential re-payment

¹⁰ Basis refers to the cost of the property, adjusted for depreciation.

¹¹ Joint Committee on Taxation. General Explanation of the Tax Reform Act of 1984. 31 December 1984. United States Government Printing Office: Washington D.C., 1985. Page 1178.

¹² Joint Committee on Taxation. General Explanation of the Tax Reform Act of 1986. 4 May 1987. United State Government Printing Office: Washington D.C., 1987. Page 150.

¹³ Ibid.

is reduced by twenty percent. As well as being able to “carry forward”¹⁴ the Federal rehabilitation tax credit, the owner may “carry back” one year, in order to attempt to provide the maximum benefit for the utilization of the incentive.¹⁵

As well as certifying the historic structure, the rehabilitation had to be certified.¹⁶ Prior to 1986, a requirement necessitated that 75 percent of external walls were to be preserved in any rehabilitation project. This requirement was altered by the Tax Reform Act of 1986. It required 75 percent of internal walls to be preserved and eliminated the rule regarding the retention of 75 percent of external walls in favor of simply exercising the Secretary of the Interior’s Standards for Rehabilitation for the external walls.¹⁷ While this granted the Secretary of the Interior an increased authority and flexibility in interpretation of the standards, it also provided an incentive for rehabilitations consistent with the historic qualities of the structure and if necessary, the historic district in which it was located. Regardless of the elimination of the external wall restriction, it is understood that the Secretary of the Interior would not approve rehabilitations if 75 percent of the external walls were not

¹⁴ The process of applying a property tax credit to subsequent years (contingent on whether a property owner completes the specified steps in the specified calendar years) is frequently referred to as “carrying forward” a tax credit. Conversely some programs allows property owners to “carry back” tax credits to the preceding year.

¹⁵ “Preliminary Historic Sites and Districts Plan.” Prince George’s County Planning Department website. December 2009.
http://www.pgplanning.org/Resources/Publications/HSDP_2009.htm.

¹⁶ “Tax Credit Basics.” (Lecture) National Trust for Historic Preservation Conference. 14 October 2009.

¹⁷ Joint Committee on Taxation. General Explanation of the Tax Reform Act of 1986. 4 May 1987. United State Government Printing Office: Washington D.C., 1987. Page 151.

retained.¹⁸

The evolution of Federal legislation promoting the preservation and rehabilitation of historic structures serves as an example of how a program with potential can be modified in order to achieve optimum operation. A fine balance had to be reached in order to provide maximum incentive for the applicant while protecting the integrity of historic resources. Federal initiatives that promoted preservation reflected the changes of the turbulent economic conditions of the 1970s and 1980s and turnover in administration.

Federal Historic Rehabilitation Tax Credits Today

In addition to the monetary incentives and savings provided by the tax credit, the Federal Rehabilitation Tax Incentives Program is noted as an effective community revitalization tool.¹⁹ In fiscal year 2009 alone, over 70,000 jobs were created and as a result this program has been credited with facilitating revival in aging communities.²⁰ According to the National Park Service's most recent annual report on historic rehabilitation tax credits, an average of 68 jobs were created in each project-hosting community.

Minimal alterations have been made to the Tax Reform Act of 1986 in the past 25 years, however amendments to the legislation have been implemented. As an

¹⁸ Ibid.

¹⁹ Swaim, Richard. "Politics and Policymaking: Tax Credits and Historic Preservation." *Journal of Arts Management, Law and Society* 33, no 1 (Spring 2003): pg 32-39, <http://web.ebscohost.com.proxy-um.researchport.umd.edu/ehost/pdf?vid=7&hid=102&sid=77caebd0-0f13-42e6ae0412af1fe51b7d%40 sessionmgr111>. Page 33.

²⁰ *Federal Tax Incentives for Rehabilitation Historic Buildings: Annual Report for Fiscal Year 2009*. National Park Service. United States Department of the Interior. Technical Preservation Services. February 2010.

Table 2.1 Federal Tax Credits: 20 percent versus 10 percent		20 Percent Credit	10 Percent Credit
Type of structure	certified historic structure		non-historic
			placed in service prior to 1936
Use of structure	commercial	nonresidential	
	industrial		
	agricultural		
	rental residential		
Does the rehabilitation have to be “certified”?	yes	no	
IRS requirements	depreciable	depreciable	
	substantial		
	must be placed back in service		
	must remain a certified historic structure	substantial	
Preliminary Fee	\$250 (credited to final fee)		none
Final Fees	Fee	Cost of Rehabilitation	none
	\$0	Under \$20,000	
	\$500	\$20,000 to \$99,999	
	\$850	\$100,000 to \$499,999	
	\$1,500	\$500,000 to \$999,999	
	\$2,500	\$1,000,000 and over	
Review Process	3-part review process:		no formal review process
	Apply for historic structure status		
	Submit a description of rehabilitation		
	Gain National Park Service certification of final product rehabilitation		
Claiming Process	IRS form 3468		IRS form 3468
National Park Service. U.S. Department of the Interior. Technical Preservation Services. “Historic Preservation Tax Incentives.”			

example, a new the requirement was added that property owners must initially attempt to qualify for the twenty percent credit prior to application of the ten percent credit. An element contributing to the avoidance of application for the twenty percent tax credit is the fact that the ten percent tax credit is associated with fewer restrictions in that it does not need a “certified” rehabilitation, does not have to be placed back in service,²¹ and lacks a formal review process.²² The side-by-side snapshot Table 2.1 provides illustrates the simplicity of the ten percent option in comparison to the 20 percent option.

In order for a structure which is not listed on the National Register of Historic Places or as a contributing structure to a National Register Historic District to be considered for the twenty percent rehabilitation tax credit, it must be reviewed by the state historic preservation office. Part one of the Historic Preservation Certification Application must be completed and approved prior to any rehabilitation work. This stipulation can increase the lead time considerably, depending on the given state historic preservation office.²³

State: Maryland Heritage Structure Rehabilitation Tax Credit Program

Homeowner Versus Income-Producing Options and State Versus Federal Programs

The Maryland state historic preservation office, Maryland Historical Trust,

²¹ “Placed in service” refers to when appropriate work has been completed which would allow for occupancy of either an entire building or a portion of a building

²² The formal review process is composed of three parts. Part I consists of applying for historic structure status. Part II consists of submitting a description of rehabilitation. Part III consists of gaining National Park Service certification of final product rehabilitation.

²³ “Tax Credit Basics.” (Lecture) National Trust for Historic Preservation Conference. 14 October 2009.

administers a one-time twenty percent historic tax credit to homeowners and owners of income-producing properties. The credit is applied to qualified capital costs spent during rehabilitation projects.²⁴ Since it was enacted in 1996,²⁵ the amount of the tax credit has fluctuated between ten and 25 percent until 2002, when it was set at twenty percent.²⁶ In that it was not established until 1996, the Maryland Heritage Structure Rehabilitation Tax Credit Program is newer than all three of the local level tax credit programs in the study group.

According to the executive director of Preservation Maryland, Tyler Gearhart, the state level tax credit "has been by far our most powerful tool for promoting and enacting historic preservation."²⁷ Similar to the Federal Historic Tax Credit, the Maryland state historic tax credit must be applied to structures which are deemed a "certified heritage structure" and rehabilitations must comply with the *Secretary of Interior's Standards for Rehabilitation*.²⁸ In order to be a "certified heritage

²⁴ "Rehabilitation Tax Credits for Historic Buildings." Maryland Historic Trust website. 27 May 2009. <http://mht.maryland.gov/taxcredits.html>.

²⁵ Swaim, Richard. "Politics and Policymaking: Tax Credits and Historic Preservation." *Journal of Arts Management, Law and Society* 33, no 1 (Spring 2003): pg 32-39, <http://web.ebscohost.com.proxy-um.researchport.umd.edu/ehost/pdf?vid=7&hid=102&sid=77caebd0-0f13-42e6-ae0412af1fe51b7d%40sessionmgr111>. Page 35.

²⁶ Ruben, Barbara. "Tax Credits That Let You Remake History, State Offsets Give Old-Home Renovators Big Budget Boost." *The Washington Post*, 10 April 2004: pg F01. <http://www.washingtonpost.com/wp-dyn/articles/A64388-2004Apr9.html>.

²⁷ Ruben, Barbara. "Tax Credits That Let You Remake History, State Offsets Give Old-Home Renovators Big Budget Boost." *The Washington Post*, 10 April 2004: pg F01. <http://www.washingtonpost.com/wp-dyn/articles/A64388-2004Apr9.html>.

²⁸ *Secretary of Interior's Standards for Rehabilitation* is a set of general rules used to guide property owners in making sensitive and appropriate changes to their building. Rehabilitation projects must be consistent with all of the standards in order to redeem Federal tax incentives. *The Secretary of the Interior's Standard for Rehabilitation*. (Brochure) U.S. Department of the Interior, National Park Service. Technical Preservation Services. January 1991.

structure,” a building must be classified as one of the following:

- The property is individually listed on the National Register of Historic Places
- The property is located in a historic district that is listed on the National Register of Historic Places
- The property is designated as a historic property under local law and determined by the Director of the Maryland Historical Trust to be eligible for listing on the National Register of Historic Places
- The property is located in a local historic district that the Director of the Maryland Historical Trust determines is eligible for listing on the National Register of Historic Places and is certified by the Director as contributing to the significance of the district

or

- The property is located in a certified heritage area and certified by the Maryland Heritage Areas Authority as contributing to the significance of the certified heritage area.²⁹

The Maryland Heritage Structure Rehabilitation Tax Credit Program offers incentives for both residential and income-producing properties. The state program provides a different set of eligibility criteria for the Homeowner program and the Income-producing program. The Internal Revenue Service requires that the property under consideration for the Homeowner and Income-producing option be “substantial”³⁰ but the latter be “depreciable”³¹ as well.

Due to the restrictions regarding the use of a building, it is impossible to combine either tier of the Federal historic rehabilitation tax credit with the the

²⁹ “Rehabilitation Tax Credits for Owner-Occupied Buildings.” Maryland Historical Trust. 27 May 2009. http://mht.maryland.gov/taxcredits_homeowner.html.

³⁰ In the case of Federal and state tax credit programs, the term *substantial* refers to rehabilitation costs, which are more than the *adjusted basis* of a building. *Adjusted basis* is the difference of the cost of land and depreciation from the sum of the purchase price and improvements

³¹ Depreciable property must be used for the production of income. Examples of depreciable use include commercial, industrial, agricultural, rental housing

Maryland Heritage Structure Rehabilitation Tax Credit Program for the rehabilitation of owner-occupied property. Conversely it is possible to combine the Federal historic rehabilitation tax credit with the Maryland Heritage Structure Rehabilitation Tax Credit Program Income-producing property option (Table 2.2).

The application process of the Maryland state program consists of a three part process for both the Homeowner option and the Income-producing option. Both processes require some sort of fee. For both options, Part One of the application does not require a fee; however Part Two of the Homeowner option requires a ten dollar fee and Part Three requires a fee of one percent of the tax credit. The Income-producing option requires a fee of one percent of the total tax credit for Part Two but lacks a fee for Part Three.³²

Despite their differences, the Homeowner and Income-producing options of the Maryland Heritage Structure Rehabilitation Tax Credit Program have the same three part review process which is as follows:

- certify that a building is either a contributing resource to a historic district or is individually eligible for the National Register of Historic Places
 - submit a description of certified rehabilitation
 - certify that a given scope of work meets the Secretary of Interiors Standards for Rehabilitation
- and
- certify that the actual completed work has met the Secretary of Interiors Standards for Rehabilitation.³³

Many state requirements for historic rehabilitation tax credits piggy-back

³² “Rehabilitation Tax Credits for Income-Producing Properties.” Maryland Historic Trust website. 27 May 2009. http://mht.maryland.gov/taxcredits_commercial.html. “Rehabilitation Tax Credits for Owner-Occupied Buildings.” Maryland Historic Trust website. 27 May 2009. http://mht.maryland.gov/taxcredits_homeowner.html.

³³ Ibid.

upon their Federal counterpart. In addition to having the same set of administrators (state historic preservation office and Internal Revenue Service) the structure must meet certain qualifications determining it “historic” and the scope of the project must follow the *Secretary of Interior’s Standards for Rehabilitation*. It is necessary that the property owner document the rehabilitation with photos as well as wait until the administrators at the state historic preservation office approve of the work in writing prior to beginning of any rehabilitation project. The qualified rehabilitation work also must be undertaken in the span of 24 months (Table 2.3).

Table 2.2 State Historic Tax Credits: Homeowner versus Income-producing	Homeowner		Income-producing	
Can be combined with Federal Tax Credits	no		yes	
IRS requirements	substantial		substantial, depreciable	
Application fee	Part I	none	Part I	none
	Part II	\$10	Part II	1% of tax credit
	Part III	1% of tax credit	Part III	none
Review Process	3 part review process:		3 part review process:	
	Apply for historic structure status		Apply for historic structure status	
	Submit a description of rehabilitation		Submit a description of rehabilitation	
	Gain National Park Service certification of final product rehabilitation		Gain National Park Service certification of final product rehabilitation	
Cap	50 thousand dollar credit per project		3 million dollars per project (300 thousand dollar credit per project)	
National Trust for Historic Preservation. “State Tax Credits for Historic Preservation A State-by-State Summary. Unpublished photocopy, 2007.				
“Rehabilitation Tax Credits for Income-Producing Properties.” Maryland Historic Trust website. 27 May 2009. http://mht.maryland.gov/taxcredits_commercial.html .				
“Rehabilitation Tax Credits for Owner-Occupied Buildings.” Maryland Historic Trust website. 27 May 2009. http://mht.maryland.gov/taxcredits_homeowner.html .				

Table 2.3 Federal and State Historic Rehabilitation Tax Credit Comparison		Federal		State (Maryland)	
Administrators	State Historic Preservation Office		State Historic Preservation Office		
	National Park Service				
	Internal Revenue Service		Internal Revenue Service		
Credit Amount	10 percent	20 percent	20 percent		
Building use	Non-residential	Commercial	Residential	Income-producing	
		Industrial			
		Agricultural			
		Rental-residential			
Credit method	credited to Federal income tax		credited to Maryland state income tax		
			remaining difference (if any) refunded via Maryland Comptroller check		
National Park Service. U.S. Department of the Interior. Technical Preservation Services. "Historic Preservation Tax Incentives."					
"Rehabilitation Tax Credits for Historic Buildings." Maryland Historic Trust website. 27 May 2009. http://mht.maryland.gov/taxcredits.html .					

Table 2.4 Population and State Historic Rehabilitation Tax Credit Information	Harford	Montgomery	Prince George's
Total Population	218,590	873,341	801,515
Approved Applications	14	262	112
Approved Credit Amounts	\$25,766.19	\$615,822.79	\$146,555.76
Average Credit Amount per Approved Application	\$1,840.44	\$2,350.47	\$1,308.53
"Profile of Demographic Characteristics: 2000." United States Census Bureau. http://www.census.gov/ .			

Utilization of the Maryland Heritage Structure Rehabilitation Tax Credit Program by Harford, Montgomery, and Prince George's Counties

In order to set a baseline for local historic rehabilitation tax credit programs, data for the Maryland tax credit program within Harford, Montgomery, and Prince George's Counties were examined. This measured the potential use for each local program. While the comparison of state historic rehabilitation tax credit data to local level historic rehabilitation tax credit data can be perceived as comparing apples to oranges, this allegory is only considered to gauge the capacity for participation in county programs, as well as considerations such as interest in historic property, amount of available disposable capital, and eligible housing stock.

The rate of approved Maryland Heritage Structure Rehabilitation Tax Credit Program applications and the subsequent savings via tax credit dollars of each county is illustrated on Figures 2.3 and 2.4.³⁴ The figures collectively address Homeowner and Income-producing historic rehabilitation tax credit options. Because the local level tax credits do not impose restrictions regarding the building use, all uses will be addressed.

The eligible building stock and interest of historic property which is indicative of the values of a community is interpreted by Figure 2.3: Comparison of Approved Applications for the Maryland Heritage Structure Rehabilitation Tax Credit Program for Harford, Montgomery, and Prince George's Counties. The Maryland Heritage Structure Rehabilitation Tax Credit Program percentage was set as twenty percent in 2002, which is a five percent difference from its apex. Regardless of the decrease of percentage, the peak years of approved applications for the state historic rehabilitation

³⁴ Data for Figures 2.1 and 2.2 originated from the Maryland Historical Trust.

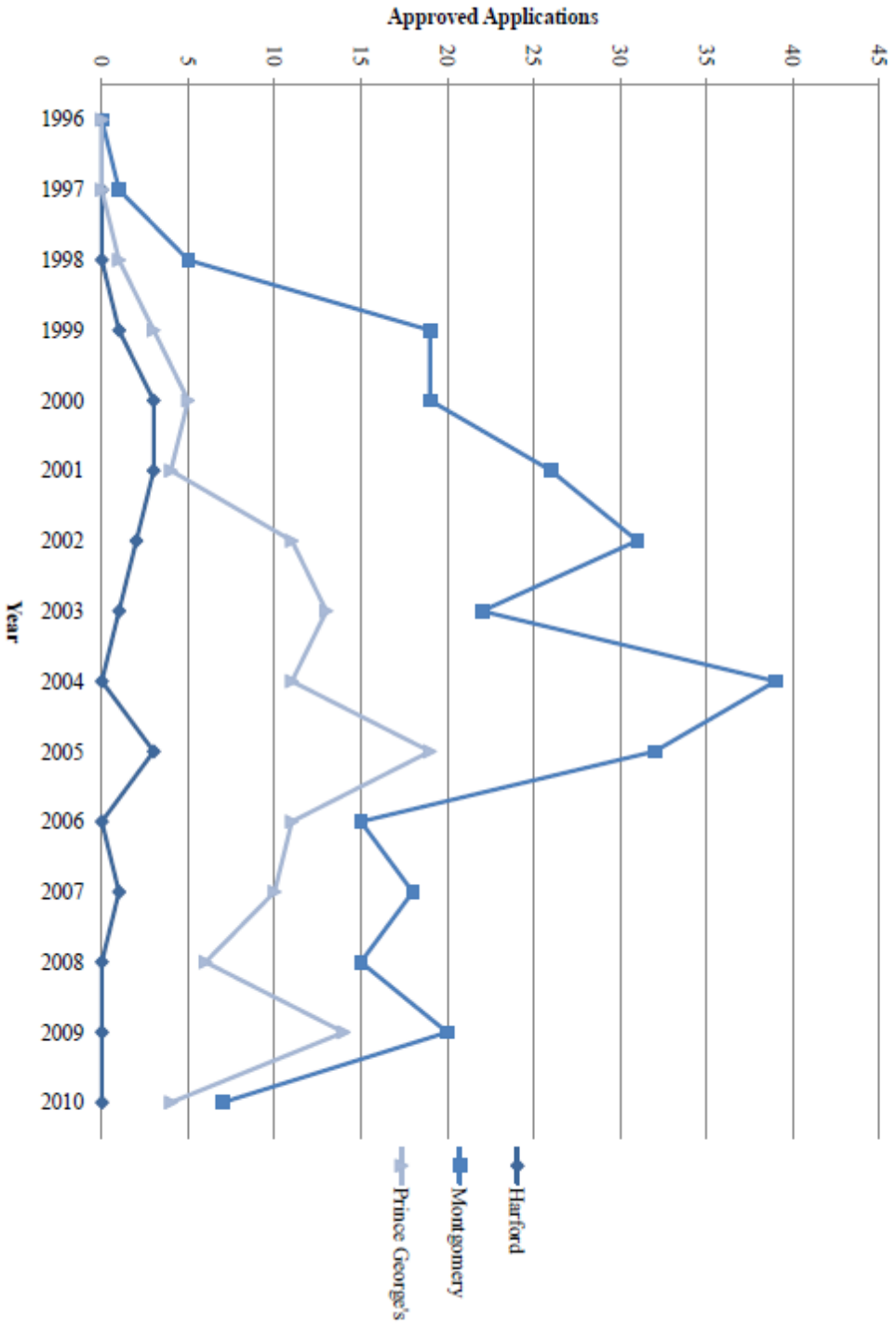
tax credit program for each county were 2004 and 2005, as Montgomery County reached 39, Prince George's County reached nineteen, and Harford County reached a repeated three.

Montgomery County had more approved applications in any given year than the other counties as clearly illustrated by Figure 2.3. Conversely, Harford County had the least approved applications in any given year, with a three-time maximum repeated amount of three in 2000, 2001, and 2005 and eight years at zero. Approved applications for Prince George's County fluctuated between the other counties, yet never ceded Montgomery and never dipped below Harford.

A measure of disposable capital is illustrated in Figure 2.4: Comparison of Approved Tax Credit Dollars for Maryland Heritage Structure Rehabilitation Tax Credit for Harford, Montgomery, and Prince George's Counties. Generally the data on this figure exemplifies consistency with the data of the former, Figure 2.3, in that Montgomery County had more approved monetary credit amount in any given year than the other counties, with the exception of 2008 when Prince George's County surpassed it by \$141,876.60. Another anomaly occurred in 2000 when Prince George's County was surpassed by Harford County in 2000 by \$135,170.50. An exceptional instance occurred in 2009 when a single rehabilitation caused a huge spike in the approved monetary credit amount: a \$15,000,000 Income-producing project resulted in a \$3,000,000 state level historic rehabilitation tax credit.

Based on the data supplied by the Maryland Historical Trust, it can be hypothesized that Montgomery County has the most interest in historic properties, largest amount of eligible building stock, and the largest amount of disposable capital.

Figure 2.3: Comparison of Approved Applications for the Maryland Heritage Structure Rehabilitation Tax Credit Program for Harford, Montgomery, and Prince George's Counties



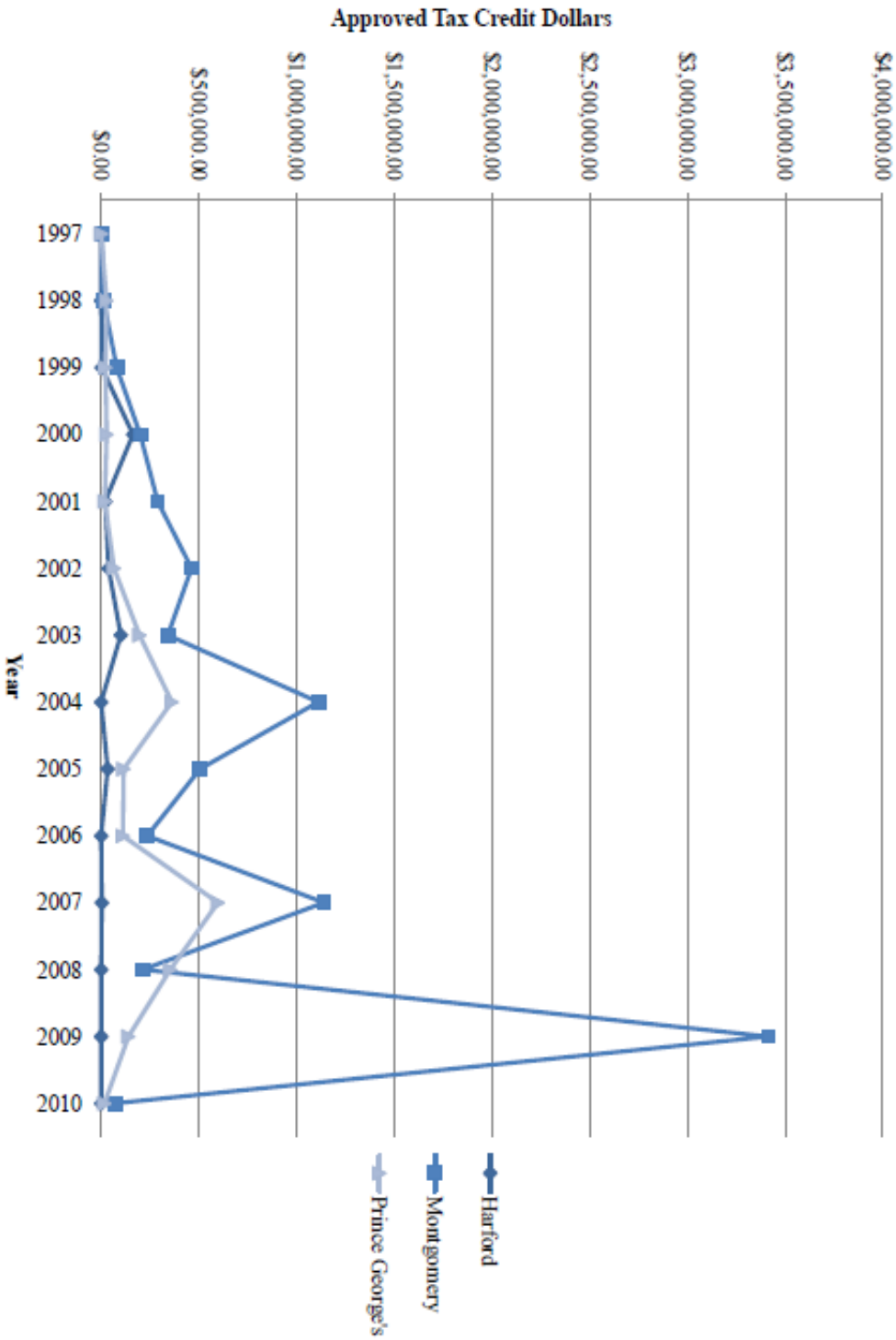


Figure 2.4: Comparison of Approved Tax Credit Dollars for the Maryland Heritage Structure Rehabilitation Tax Credit for Harford, Montgomery, and Prince George's Counties

Conversely Harford County represents the low end of the spectrum and Prince George's County fluctuates between the two, only once surmounting and yielding to Montgomery and Harford County, respectively.

Because the data is based on totals, as opposed to a percent or ratio, it does not account for factors such as population. While a clear ranking seems to emerge as far as interest, building stock, and disposable capital, statistical information should be analyzed in order to conclude whether either of the other counties have a population which in comparison to its rate of utilization of state historic rehabilitation tax credit is proportional to the seemingly superior county. As well as population, other considerations should be factored such as the locations of the designated historic property in regards to market strength, sales tax and property tax which contribute to the economic strength of the counties.

A side-by-side comparison of the population, approved applications, and amount of approved credits for Harford, Montgomery, and Prince George's Counties is delineated by Table 2.4. Based on 2000 United States Census Bureau data, Montgomery and Prince George's Counties have comparable populations, at 873,341 and 801,515 respectively (a difference of 71,826 people). At a population of 218,590, the population of Harford County is one-fourth of Montgomery County.

Montgomery County has an approved application count of 262, an approved credit amount of \$615,822.79, and an average of \$2,350.47 per approved application. Prince George's County has an approved application count of 112, an approved credit amount of \$146,555.76, and an average of \$1,308.53 per approved application. Lastly Harford County has an approved application count of fourteen, an approved credit

amount of \$25,766.19, and an average of \$1,840.44 per approved application.³⁵

From this data, it can be deduced that Montgomery County does in fact, possess the most interest in historic properties, which is an indicator of its community values. Furthermore, because the average credit amount per approved application is more than \$500 more than the next highest average, it can be determined that it also has the largest amount of disposable capital. While Prince George's County has the next largest amount of approved applications, the approved credit amount per approved application is \$1,000 less than that of Montgomery County and \$500 less than that of Harford County. This signifies that while the interest in historic properties is not the highest, nor the lowest, it ranks lowest in terms of amount of disposable capital. Harford County only had fourteen approved applications, which is telling of a lack of interest in historic properties, yet it does rank in the middle in terms of average credit amount per approved application, which speaks to the amount of disposable capital.

³⁵ Maryland Historical Trust. "Harford County Tax Credit Projects," "Montgomery County Tax Credit Projects," and "Prince George's County Tax Credit Projects" databases.

Chapter 3: Harford County

Overview of County Program

Started in 1994, the Harford County historic rehabilitation tax credit is the most recently established rehabilitation tax credit program of the three. It was implemented by Sections 123.43.5.1 and 123.43.5.2 (“Tax credit for restoration costs for historic landmarks,” and “Tax credit for added value of restored historic landmarks,” respectively) of the Harford County Code. These sections of the code clearly outline the qualifications for the county tax credit.

The historic rehabilitation tax credit may be applied for by any property owner of a Harford County historic landmark as designated by the Harford County Historic Preservation Commission. Like the Federal Rehabilitation Tax Incentive Program, in order to be eligible for the credit, prior to the rehabilitation, the property owner is required to obtain approval from the county Historic Preservation Commission that the rehabilitation is appropriate and consistent with the historic landmark and county preservation standards. The property owner is also required to supply evidence indicating the eligibility for the credit.³⁶

Section 123.43.5.1 provides for a ten percent tax credit for documented rehabilitation costs, up to \$7,500. This implies that the maximum efficient cost of approved expenses of a rehabilitation project would be \$75,000. The credit may be applied to the property tax of the rehabilitated structure for the subsequent five years as long as the property owner applies for the credit during the calendar year prior to

³⁶ Harford County Code. Section 123.43.5.1. “Tax credit for restoration costs for historic landmarks.” Accessed via eCode. <http://www.ecode360.com/?custId=HA0904>.

the fiscal year for which the credit is sought. The Harford County Department of Treasury and the Historic Preservation Commission are the governing parties of the Harford County historic rehabilitation tax credit program.

The Local Historic Landmark eligibility requirement for the historic rehabilitation tax credit program hinders its use. Although numerous structures are listed on the National Register of Historic Places within Harford County, the number of qualified structures which are eligible for the rehabilitation tax credit program is small since it specifically requires county designation. Further impacting the use of the program is the lack of locally designated historic districts.³⁷ Lastly, an additional aspect which further decreases the pool of potential rehabilitation projects is that many of the eligible properties are not subject to property tax; therefore the Harford County Tax Credit would not provide a useable financial incentive.

Along with the application for the Harford County historic rehabilitation tax credit, the Harford County Historic Preservation Office website also the application for county historic landmark designation and the checklist of supporting documents. The checklist states that the property owner must submit the following documents:

- A map showing the assessor's plat of the area, boundaries and boundary description, legal description, and the size of the area proposed for designation in acres or square footage
- Photographs of existing conditions with description of images and copies of other descriptive materials, if available (historic maps and photographs)
- Listing of all current property owners and their addresses
- A narrative providing the information regarding one of the following:
 - Historical and Cultural Significance meaning that the proposed landmark

³⁷ Corey, Sarah. Questionnaire. 2 April, 2010.

- is associated with events that have made a significant contribution to community history
 - is associated with the lives of persons significant in the history of the community
 - has character, interest or value as part of the heritage or culture of Harford County, the State of Maryland or the United States
- or
- has the potential to provide information about history or prehistory.
- Architectural and Design Significant meaning that the proposed landmark
 - embodies the distinctive characteristics of a type, period, or method of construction
 - represents the work of a master
 - possess high artistic value
- or
- represents a significant and distinguishable entity whose component may lack individual distinction.³⁸

The application and supporting documents would be submitted to the Harford County Historic Preservation Commission. If approved by the commission, they are passed to the Harford City Council for final decision.

Statistical Census Data Analysis

Positioned in northern Maryland along the Pennsylvania state line, Harford County is located just east of Baltimore County. Baltimore County almost entirely surrounds Baltimore City, which is the nearest metropolitan area to Harford County. As the county with the longest distance from a metropolitan area out of the study group, it also has the lowest population (Table 3.2).

The majority race is white at 86.8 percent, which makes Harford County is the least diverse among the study group (Table 3.2). According to the 2000 United States

³⁸ “Harford County Historic Landmark Application Form.” Harford County Maryland Government website. <http://www.harfordcountymd.gov/PlanningZoning/Download/173-41.pdf>.

Table 3.1 County Historic Rehabilitation Tax Credit Program Information	Harford	Montgomery	Prince George's
Year Established	1994	1984	1981
Historic tax credit percent	10%	10%	10%
Alternative "nonhistoric" percent	N/A	N/A	5%
Alternate restrictions			Compatible new construction in a historic district
Credited amount not to exceed...	\$7,500	N/A	N/A
Must exceed...	N/A	\$1,000	N/A
Enabling legislation	Section 123.43.5. of the Harford County Code	Sections 52.41.01. of Montgomery County Code	Section 10.235.01 of Prince George's County Code
Governing parties	Harford County Department of Treasury	Montgomery County Director of Finance	Prince George's County Director of Finance
	Harford County Historic Preservation Commission	Montgomery County Historic Preservation Commission	Prince George's County Historic Preservation Commission
Requirements	Designated as a Local Historic Landmark	Listed on the Master Plan for Historic Preservation	Designated as a Local Historic Landmark or contributing structure in a Local Historic District
Application fee(s)	N/A	N/A	\$25
Average number of submitted applications per year	unknown	52.27	2.83
How many rehabilitation projects have been executed?	unknown	1359	82
How many properties are eligible for the tax credit by the designation standard?	65 individual properties	424 individual properties	412 individual properties
Corey, Sarah. Questionnaire. Returned on 31 March 2010.			
Mroszczyk, Lisa. Questionnaire. Returned on 6 April 2010.			
Sams, Daniel. Questionnaire. Returned on 1 April 2010.			

Census, English is the dominant language in 94 percent of households, which is a ten and 26 percent increase from the counties with the middle and lowest percent (Table 3.3). This eliminates the possibility that while the majority of the county population is the same race, the ethnic make-up could be that from counties other than the United States or other English-speaking nations. Because Harford County is homogenous in terms of race and ethnic make-up, this eliminates the likelihood that county residents would encounter language barriers, and thus not understand the process of applying for the county historic tax credit. Furthermore, because the population is the least diverse, this reduces the possibility that residents would not identify with the county history and not value historic value of a property.

Regarding educational characteristics, the collective study group is comparable in regards to “High school graduate or higher” percent of population as the difference between the highest and lowest counties is 5.4 percent. Five percent of the population, or 11,837 people, are enrolled in higher education (Table 3.4).

The economic information (Table 3.5) directly relates with the educational characteristics. The apex yearly family income window of Harford County is 27.2 percent at 50,000 to 74,999 dollar income per year, which is also similar to Prince George’s county apex yearly family income. As per data in Figure 3.1: Economic Information for Harford, Montgomery, and Prince George’s Counties, the lack of diversity in Harford County is illustrated in that the said county has the largest majority in its apex percentage of yearly family income.

The ages of the structures within each county is addressed by Table 3.6. This data is important to the study because ages of building stock have a direct impact on

the number of structures which are eligible for qualifying for designation in each county. The majority of structures in Harford County were built in the time period of 1980 to 1989. 5,741 structures listed as “1939 or earlier” were recorded in Harford County. Granted that the oldest category does not entirely account for Local Historic Landmark designation, it does provide information regarding one of the factors which contribute to the frequency that designation is approved; however as we are moving into the 21st century, more and more Post-war structures are being recognized as historically significant, which can possibly modify this set of statistics in the near future.

Table 3.2 Racial Characteristics	Harford		Montgomery		Prince George's	
Total Population	218,590		873,341		801,515	
White	189,678	86.8%	565,719	64.8%	216,729	27.0%
Black	20,260	9.3%	132,256	15.1%	502,550	62.7%
American Indian, Alaska Native	498	0.2%	2,544	0.3%	2,795	0.3%
Asian	3,313	1.5%	98,651	11.3%	31,032	3.9%
Native Hawaiian, Pacific Islander	129	0.1%	412	0.0%	447	0.1%
Other	1,500	0.7%	43,642	5.0%	27,078	3.4%
Two or more	3,212	1.0%	30,117	1.0%	20,884	1.0%
“Profile of Demographic Characteristics: 2000.” United States Census Bureau. http://www.census.gov/ .						

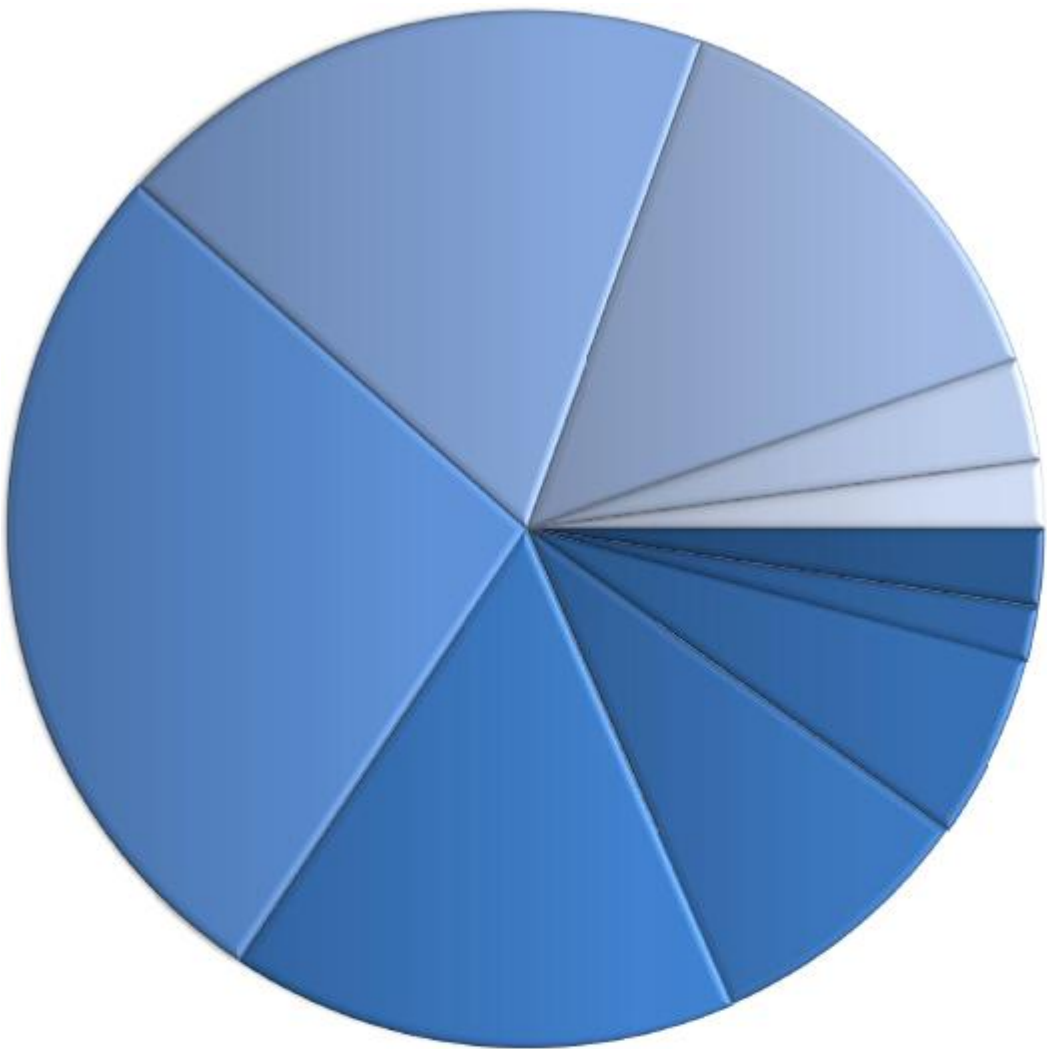
Table 3.3 Potential Language Barriers	Harford		Montgomery		Prince George's	
English only language spoken at home	191,302	94%	556,682	68%	625,419	84%
Language other than English	11,665	6%	256,778	32%	118,432	16%
Speak English less than “very well”	3,413	2%	105,001	13%	53,743	7%
“Profile of Selected Social Characteristics: 2000.” United States Census Bureau. http://www.census.gov/ .						

Table 3.4 Educational Characteristics	Harford		Montgomery		Prince George's	
Enrolled in college or graduate school	11,837	5%	57,291	7%	72,662	9%
High school graduate or higher	86.7%		90.3%		84.9%	
Bachelor's degree or higher	27.3%		54.6%		27.2%	
"Profile of Selected Social Characteristics: 2000." United States Census Bureau. http://www.census.gov/ .						

Table 3.5 Economic Information: Yearly Family Income	Harford	Montgomery	Prince George's
Less than \$10,000	2.4%	2.3%	3.5%
\$10,000 to \$14,999	1.7%	1.7%	2.1%
\$15,000 to \$24,999	5.8%	4.3%	6.6
\$25,000 to \$34,999	8.6%	5.8%	9.9%
\$35,000 to \$49,999	15.9%	10.6%	15.1%
\$50,000 to \$74,999	27.2%	19.0%	24.4%
\$75,000 to \$99,999	19.0%	16.5%	17.6%
\$100,000 to \$149,999	14.2%	20.8%	15.6%
\$150,000 to \$199,999	3.2%	9.3%	3.7%
\$200,000 or more	2.1%	9.8%	1.6%
Median family income (dollars)	\$63,868	\$84,035	\$62,467
Per capita income (dollars)	\$24,232	\$35,684	\$23,360
"Profile of Selected Economic Characteristics: 2000." United States Census Bureau. http://www.census.gov/ .			

Table 3.6 Structure Ages	Harford	Montgomery	Prince George's
1999 to March 2000	2,289	6,863	5,122
1995 – 1998	8,039	17,274	17,720
1990 – 1994	12,610	24,790	24,144
1980 – 1989	16,921	77,758	43,936
1970 – 1979	16,292	62,152	59,307
1960 – 1969	11,774	61,402	75,733
1940 – 1959	9,480	67,803	63,155
1939 or earlier	5,741	16,590	13,261
"Profile of Selected Economic Characteristics: 2000." United States Census Bureau. http://www.census.gov/ .			

Figure 3.2: Yearly Family Income for Harford County



- Less than \$10,000
- \$10,000 to \$14,999
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 to \$149,999
- \$150,000 to \$199,999
- \$200,000 or more

Tax Credit Program Data

Although the Harford County historic rehabilitation tax credit has been used in the past, the Harford County Department of Planning and Zoning does not have historic rehabilitation tax credit applications on file. Because of this and a transition in staffing, the total number of approved rehabilitations and tax credits dollars from 1994 to 2007, as well as the denied applications and yearly average cannot be determined.

The historic rehabilitation tax credit program in Harford County had the potential to be used, as three rehabilitations for the Maryland Heritage Structure Rehabilitation Tax Credit applications were approved in 2000, 2001, and 2005, two were approved in 2002, and one was approved in 1999, 2003, and 2007 (Figures 3.3 and 3.4).³⁹ The use of the Maryland Heritage Structures Rehabilitation Tax Credit Program demonstrates a demand for the local level program; however, it is important to be cognizant of the fact that although no records exist, this does not necessarily indicate that local tax credits for Harford County were not utilized.

Variables

Since a lack of data is evidenced, the application process can be eliminated in regards to posing a challenge to rehabilitation projects. The lack of designated (and thus eligible) properties is the variable that likely hinders the frequency of use for the Harford County historic rehabilitation tax credit.⁴⁰ Because Harford County does not

³⁹ Data for Figures 3.3 and 3.4 originated from the Maryland Historical Trust and the Harford County Department of Planning.

⁴⁰ Corey, Sarah. Email correspondence. 23 January 2010.

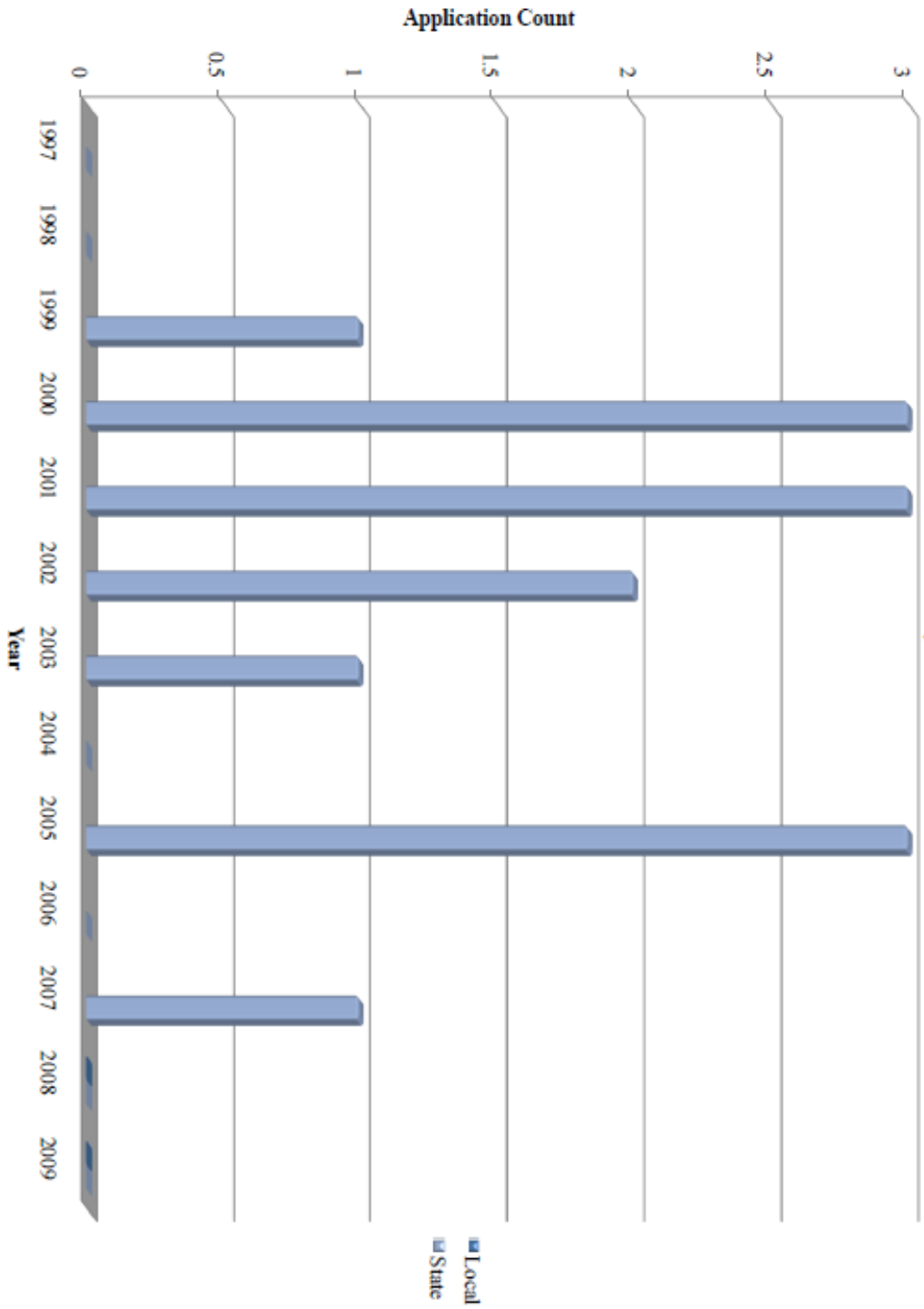
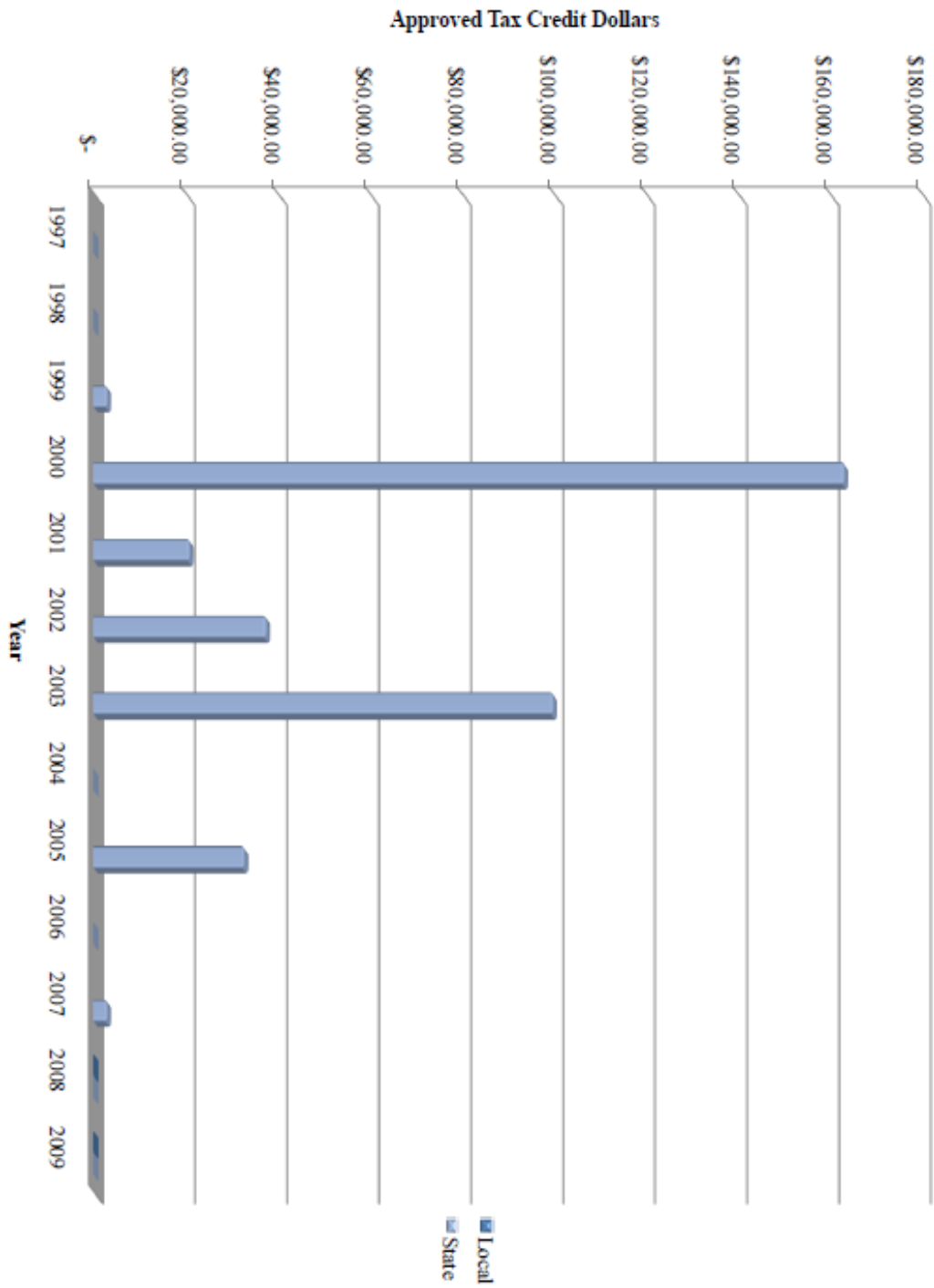


Figure 3.3: Comparison of Approved Applications for Hartford County: Local Versus State



**Figure 3.4 Comparison of Approved Tax Credit Dollars for
Hartford County: Local Versus State**

have any locally designated historic districts, the historic rehabilitation tax credit program is limited to individual properties. As stated earlier, this confines the eligible properties to a small pool of 65, all of which do not even pay real county property taxes, eliminating the need for the financial incentive the local level historic rehabilitation tax credit program offers. In order to overcome this obstacle, more properties must become designation as Harford County Local Historic Landmarks.

Furthermore, the Cities of Havre de Grace and Aberdeen and the Town of Bel Air, located within Harford County, have preservation divisions within their planning departments.⁴¹ Thus, would-be historic properties within the cities and town do not qualify for the Harford County Local Historic Landmark status. As an affect they are not eligible for Harford County historic rehabilitation tax credit program.⁴²

The preservation division of the Harford County Department of Planning has established many partnerships with local preservation organizations in order to communicate its historic rehabilitation tax credit program to the public. Partnerships include the County Tourism Office, local museums, Heritage Area and Greenway Groups. Additionally many of the Harford County Historic Preservation Commission members are involved in genealogy groups, sit on boards for local museums or volunteer at the Harford Historical Society.⁴³

The preservation division of Harford County promotes the historic rehabilitation tax credit program. The County Historic Preservation Commission

⁴¹ Ibid. 26 April 2010.

⁴² The Town of Bel Air and the City of Havre de Grace offers local tax incentives to property owners within the incorporated land..

⁴³ Corey, Sarah. Email Correspondence. 22 April 2010.

annually awards individuals or organizations who make efforts to educate and advocate for historic preservation. The head of the County preservation division communicates the advantages of historic preservation and the rehabilitation tax credit program at local events such as fairs and festivals. In 2009, the Harford County preservation division sponsored a seminar on historic preservation tax credits, in which they invited some 1,300 owners of Maryland Inventory of Historic Properties and hosted a speaker from the Maryland Historical Trust. The property owners were informed of the various financial incentives for preservation. Additionally, applications for Local Landmark designation, as well as inquiries have been received within the first three months of 2010. Currently the Harford County preservation planner is preparing correspondence to be sent to owners of Local Historic Landmark properties which will serve as a reminder of the requirements and incentives of the historic rehabilitation tax credit program.⁴⁴

Website communication is a crucial component for all of the counties preservation offices. In order to locate information and the application for the county historic rehabilitation tax credit, by way of searching the Google for Harford County Historic Tax Credit within quotation marks, the search is unsuccessful. Instead of generating links with the exact search term, suggested links with portions of the term are generated.

The first link of suggested results is the webpage for the historic preservation office within the Harford County Department of Planning and Zoning. The user must know to navigate to “Historic Preservation forms/applications” within the left sidebar

⁴⁴ Ibid.

menu. A downloadable copy of the “Historic Preservation Tax Credit Form” (Figure 3.5) is located within the page, along with downloadable copies of the “Historic Landmark – Certificate of Appropriateness” and “Historic Landmark Application Form.” While Harford County website communication could be more user-friendly, it is superior in that the tax credit application is located within the same page as the applications for landmark designation and certificate of appropriateness, both of which are necessary in order to fulfill eligibility requirements of the Harford County historic rehabilitation tax credit.

Chapter 4: Montgomery County

Overview of County Program

The Montgomery County historic rehabilitation tax credit program started in 1984, making it the second-established historic incentive tax credit program of the three in the study group. Section 52.41.01 of the Montgomery County Code states the policies and procedures of the program. Aside from defining specific terms which are used throughout the governing section, the Montgomery County Code specifies eligibility requirements, applications and due dates, determination and duration of tax credits, appeal rights, the process, penalties, and revision of requirements.

In order to qualify for the historic rehabilitation tax credit program, five requirements must be met:

- the proposed property must be an historic site or located in an historic district on the municipal master plan or zoning map
- the property owner must attain a County historic area work permit or the rehabilitation work must be ordinary maintenance expenses as defined under Section 24A-6 and is more than \$1,000
- the rehabilitation work must not include new construction
- the rehabilitation work must be executed by a Montgomery County-licensed contractor

and

- the expenditures must have been made by the taxpayer after September 21, 1979.⁴⁵

The property owner must submit an application and supporting documentation to the Montgomery County Historic Preservation Commission prior to April of the

⁴⁵ Montgomery County Code. Section 52.42.01.03. Accessed via American Legal Publishing Online Library.
http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:montgomeryco_md_mc.

preceding year of that in which the tax credit is pursued. The Montgomery County Historic Preservation Commission then supplies all of the application bundles to the Director of Montgomery County Finance with proof that the property meets the historic eligibility requirements. If necessary, the Director has the prerogative to request additional information from the property owner which must be provided within 30 days.⁴⁶

If authorized, ten percent of approved expenses may be applied to the County real property taxes for the year after the rehabilitation was completed. Like the Harford County historic rehabilitation tax credit program, the Montgomery County historic rehabilitation tax credit program permits any unused credit to carry forward for up to five more tax years.⁴⁷

In order for a property to qualify for the Montgomery County tax credit program, it must be listed on the Master Plan for Historic Preservation. A property owner may take steps to get his or her property on the Master Plan:

- Determine whether the property is located in the *Locational Atlas & Index of Historic Sites*.⁴⁸
- Submit a “research form” to the Montgomery County Historic Preservation Commission.⁴⁹
- The Montgomery County Historic Preservation Commission will initiate research efforts and evaluate the resources for its

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ *Locational Atlas & Index of Historic Site* is published on the Montgomery County Government website.

⁴⁹ The “research form” is actually the form used for state designation, the Maryland Inventory of Historic Places. If a property is deemed a historic resource by Maryland, the Maryland Historical Trust already has one on file. This form necessitates information regarding a property such as historical narrative, physical description of property, periods and themes of significance, geographical data, boundary description and boundary justification.

inclusion to the *Locational Atlas & Index of Historic Sites*.

- If the Montgomery County Historic Preservation Commission approves the nomination, it along with recommendations, will be passed to the Planning Board for consideration.
- If the Montgomery County Planning Board approves the nomination, it will compile recommendations which are referred to as the Planning Board Draft Amendment, which is passed to the County Council for review.⁵⁰

Statistical Census Data

Montgomery County has a population of nearly 900,000 people. Proximity to the District of Columbia as well as larger square mileage (by approximately two hundred square miles) can be contributed to a dominant population. The majority race is white at 64.8 percent, with black coming in second at 15.1 percent, and Asian at 11.3 percent. The remaining percentage is composed of American Indian, Alaska Native, “other,” and those considered “two or more” (Table 3.2).

While it is likely that those of other races are a determinant in the percentage of population that only speaks English in the home, it is tantamount to the percentage of population representing the white majority, at 68 percent (Table 3.2). Nonetheless, this percent of population which only speaks English in the home of Montgomery County is the least of each of the three counties. Diversity is represented in Montgomery County by way of 32 percent of the population which speaks a language other than English in the home. Furthermore, the percentage of population in Montgomery County which speaks English less than “very well” is the largest among the three at thirteen percent.

Montgomery County generally ranks the highest in respect to educational

⁵⁰ “Montgomery County Historic Preservation Research and Designation.” Montgomery County Planning Department website. <http://www.montgomeryplanning.org/historic/research.shtm>.

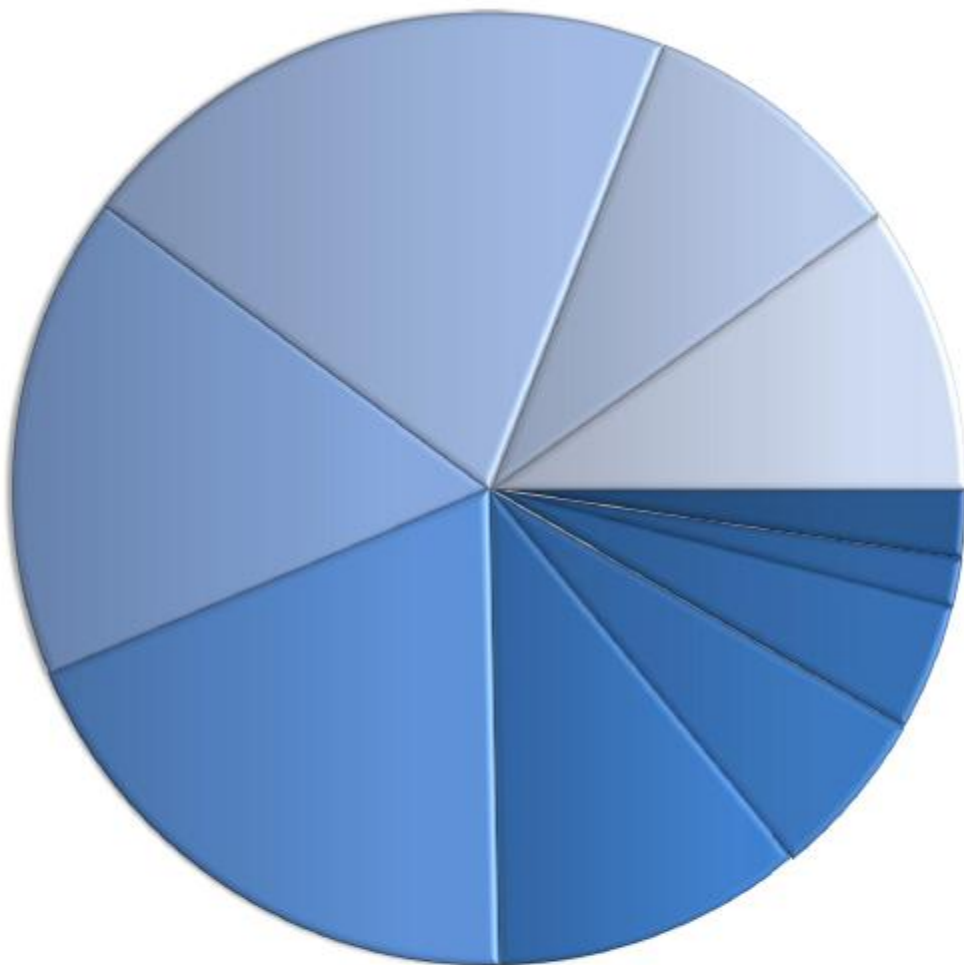
characteristics (Table 3.4). 90.3 percent of the population has at least a high school diploma, and 54.6 percent of the population has at least a Bachelor's degree. Over 50,000 people are enrolled in college or graduate school. This data can be attributed that the fact that its population has relatively easy access to colleges and universities: Montgomery College and University of Maryland – Shady Grove are located within the county. Expanding these boundaries are multiple colleges and universities within other Maryland counties, the District of Columbia, and Virginia.

Montgomery County does not have the normal bell-curve when looking at the graph for Yearly Family Income (Figure 3.2).⁵¹ At 20.8 percent, the majority window for yearly family income is \$100,000 to \$149,999 closely followed by nineteen percent for the \$50,000 to \$74,999 window. Between the two windows is 16.5 percent for \$75,000 to \$99,999. The remainder percentages, smaller and larger than the aforementioned three windows of data, rise and taper respectively.

Montgomery County possesses the largest amount of building stock aged “1939 and earlier” (16,590 structures). The period boasting the largest amount of development at 77,758, is 1980 to 1989. In the periods of 1940 to 1959, 1960 to 1969, and 1970 to 1979, comparable amounts of structures were constructed: 67,803, 61,402, and 62,152. This is relevant because the line delineating historic from non-historic is constantly being blurred as modern movement and post-war architecture consistently becomes more significant as time progresses.

⁵¹ Data for Figures 3.2 originated from “Economic Characteristics: Yearly Family Income” of the United State Census Bureau.

Figure 4.1: Yearly Family Income for Montgomery County



- Less than \$10,000
- \$10,000 to \$14,999
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 to \$149,999
- \$150,000 to \$199,999
- \$200,000 or more

Tax Credit Program Data

Since 1984, Montgomery County has approved 1,359 applications and \$2,088,546.82 in local historic rehabilitation tax credits. This averages out to about 59 applications, \$90,806.38 in tax credits per year, and \$1,536.83 in tax credits per application per year (Table 4.1).⁵² The Montgomery County historic rehabilitation tax credit program is clearly the most frequently used program amongst the three in the study group; however this program has also denied the most applicants at a total of 47 applications and a yearly average of about 2 (Table 4.2).⁵³

The number of property owners who used the Montgomery County tax credit program peaked in 2001, with a total of 102 approved applications (Table 4.1). The year with the most approved tax credit dollars was 2002, with a total of \$183,376.34 (Table 4.1). Starting in 1998 and 1999 a steep four year increase is evident in approved applications and amounts of tax credit. Both sets of data remained steady for the subsequent six years, then drop off in 2008 and 2009.

The use of local historic rehabilitation tax credits to that of its state counterpart proves that the Montgomery County program is fulfilling its potential. The local program approved more applications than the Maryland Heritage Structure Rehabilitation Tax Credit Program approved within Montgomery County (Figure 4.2).⁵⁴ During the first two years that the state offered the Maryland state historic tax

⁵² Data for Table 4.1 originated from the Montgomery County Planning Office.

⁵³ Data for Table 4.2 originated from the Montgomery County Planning Office.

⁵⁴ Data for Figure 4.2 originated from the Maryland Historical Trust and the Montgomery County Planning Office.

**Table 4.1
Historic Tax Credit
Application Data:
Montgomery County**

Calendar Year	Approved Applications	Approved Tax Credit Dollars	Average Approved Tax Credit per Application
1984	0	\$ -	\$ -
1985	0	\$ -	\$ -
1986	0	\$ -	\$ -
1987	1	\$410.00	\$410.00
1988	1	\$507.50	\$507.50
1989	22	\$43,112.26	\$1,959.65
1990	18	\$24,415.47	\$1,356.42
1991	14	\$47,029.68	\$3,359.26
1992	18	\$18,592.54	\$1,032.92
1993	43	\$26,672.19	\$620.28
1994	61	\$43,992.19	\$721.18
1995	47	\$50,009.14	\$1,064.02
1996	91	\$86,475.80	\$950.28
1997	68	\$70,885.00	\$1,042.43
1998	50	\$70,149.10	\$1,402.98
1999	68	\$64,073.10	\$942.25
2000	87	\$117,082.91	\$1,345.78
2001	102	\$150,648.70	\$1,476.95
2002	97	\$183,376.34	\$1,890.48
2003	97	\$159,051.87	\$1,639.71
2004	96	\$174,076.29	\$1,813.29
2005	101	\$167,690.39	\$1,660.30
2006	87	\$158,776.72	\$1,825.02
2007	93	\$163,242.25	\$1,755.29
2008	38	\$177,470.98	\$4,670.29
2009	59	\$90,806.38	\$1,539.09
TOTAL	1,359	\$2,088,546.80	\$1,536.83
PER YEAR	59.08	\$90,806.38	\$1,536.83

Montgomery County Historic Rehabilitation Tax Credit Records 1981 to 2003. Accessed on 9 April 2010 and 16 April 2010.

Montgomery County Historic Rehabilitation Tax Credit Database (2003 to 2009).

**Table 4.2
Denied Applications:
Montgomery County**

Calendar Year	Denied Applications
1984	0
1985	0
1986	0
1987	0
1988	0
1989	0
1990	0
1991	0
1992	2
1993	3
1994	1
1995	0
1996	2
1997	1
1998	0
1999	1
2000	1
2001	1
2002	7
2003	8
2004	3
2005	4
2006	6
2007	4
2008	3
TOTAL	47
PER YEAR	1.88

*Data for denied application in 2009 was not available at the time of research.

Montgomery County Historic Rehabilitation Tax Credit Records 1981 to 2003. Accessed on 9 April 2010 and 16 April 2010.

Montgomery County Historic Rehabilitation Tax Credit Database (2003 to 2009).

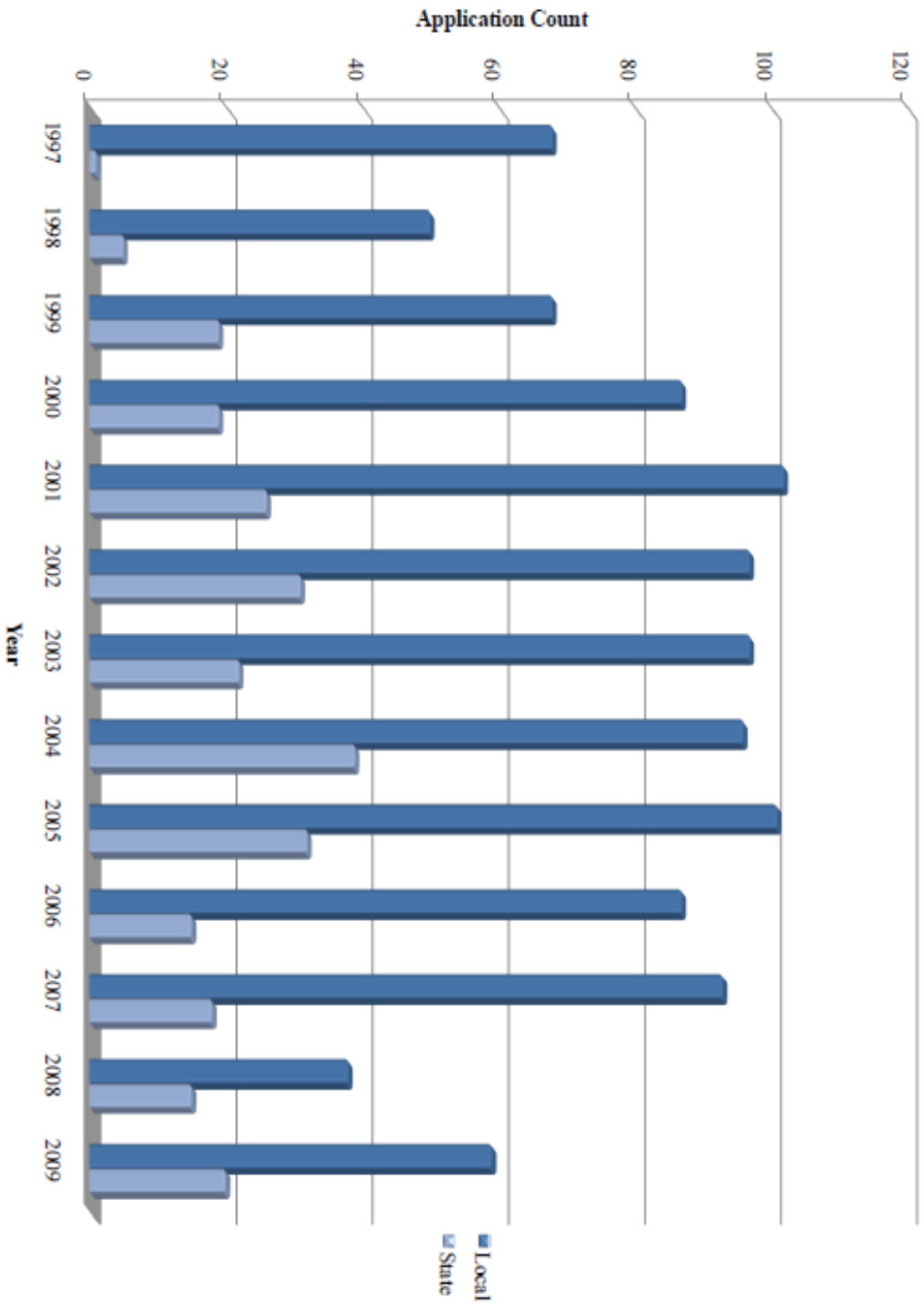


Figure 4.2: Comparison of Approved Applications for Montgomery County: Local Versus State

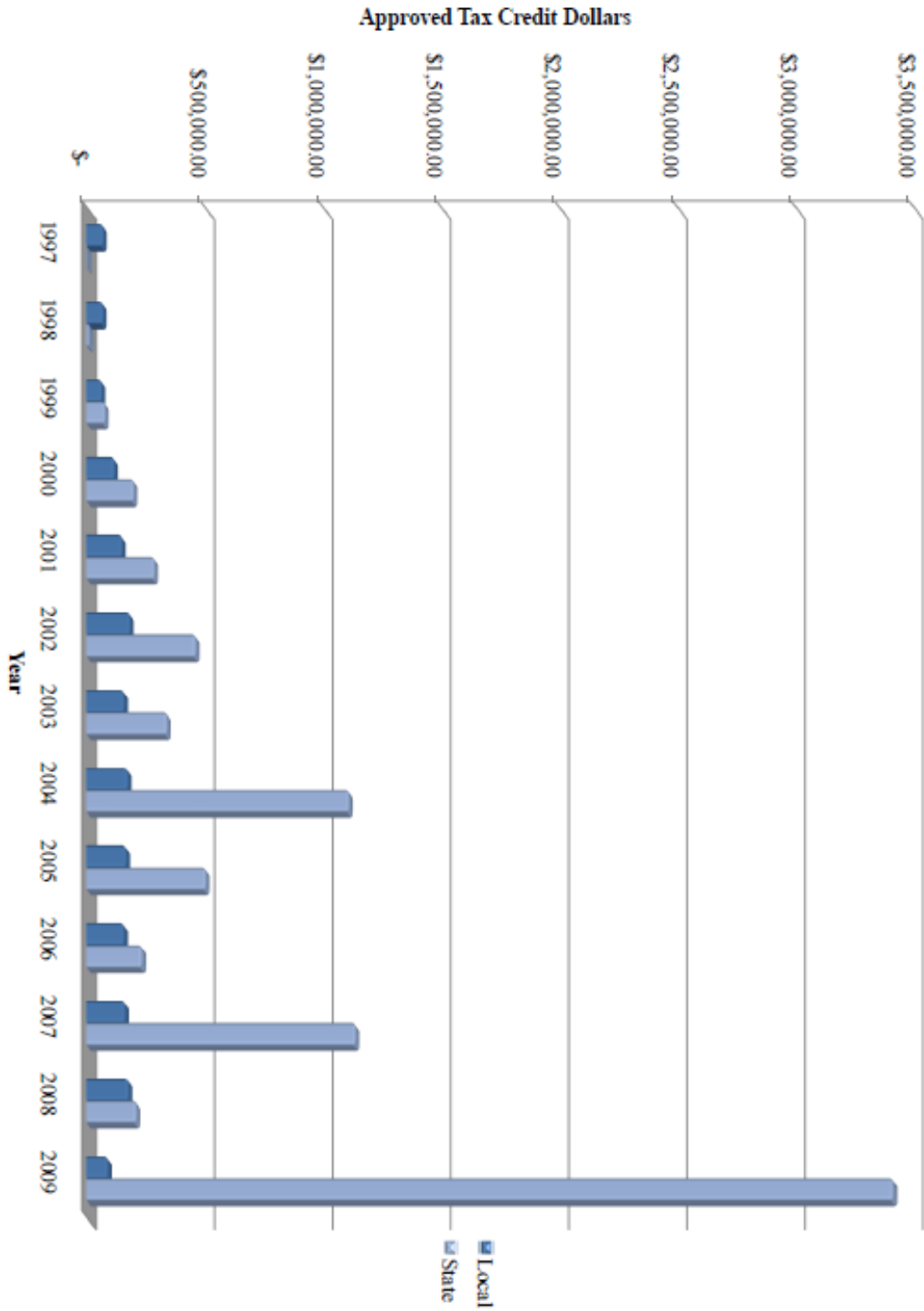


Figure 4.3: Comparison of Approved Tax Credit Dollars for Montgomery County: Local Versus State

credit program, the Montgomery County program had a larger amount of tax credit dollars; however since 1999, the Maryland State program exponentially surpassed the county program (Figure 4.3).⁵⁵ This may be in part attributed to the fact that the state program offers a 20 percent credit on qualified rehabilitation expenditures, which the local programs only offer a 10 percent credit.

Variables

Montgomery County has a pool of 424 individual properties which qualify for the local historic rehabilitation tax credit program.⁵⁶ The number of designated, thus eligible properties contributes the high county program application rate, which speaks to the amount of approved applications and tax credit dollars. Although the Master Plan is not readily found on the Montgomery County Department of Planning website, it does provide the necessary steps for Master Plan designation. Furthermore, the Montgomery County Department of Planning takes steps to promote the historic rehabilitation tax credit program. The county historic preservation website provides ample information about the tax credit application process including tips and guidance, eligible work, county preservation tax credit case studies, and information on Maryland State and Federal Historic Preservation Tax Credits so a property owner can learn about other financial incentives.⁵⁷

⁵⁵ Data for Figure 4.3 originated from the Maryland Historical Trust and the Montgomery County Planning Office.

⁵⁶ Mroszczyk, Lisa. Questionnaire. Returned on 6 April 2010.

⁵⁷ "Montgomery Planning: Historic Preservation - County Historic Preservation Tax Credit." Montgomery County Planning Department website. <http://www.montgomeryplanning.org/historic/instructions/taxcredit.shtm>.

The Montgomery County historic rehabilitation tax credit program is the only local program which requires a minimum rehabilitation expenditure of \$1,000. This inhibits the use of the program by those who may not have the financial resources to front that large of an expense. This is less likely an obstacle in Montgomery County because it does boasts the largest median family income and per capita income of the study group.

Like Harford County, several towns and cities within Montgomery County have preservation divisions within their own planning departments, including Rockville, Gaithersburg, Laytonsville, and Washington Grove.⁵⁸ Just like Bel Air, the incorporated areas of these cities and towns are ineligible for the Montgomery County tax credit. As a substitute, Rockville, Gaithersburg, and Laytonsville offer local level historic rehabilitation tax credits of their own.⁵⁹

In order to locate information and the application for the county historic rehabilitation tax credit, by way of searching the Google for Montgomery County Historic Tax Credit within quotation marks, the search generates a direct link to the Montgomery County Historic Preservation Tax Credit webpage. The first link within the County tax credit webpage is “Tax Credit Form in PDF here” followed by a list of other resource links including guidance, eligible work, case studies, and information regarding other sources of historic rehabilitation tax credits.⁶⁰

⁵⁸ Mroszczyk, Lisa. Email Correspondence . 22 April 2010.

⁵⁹ Maryland Historical Trust. “Local Tax Incentive Programs for Historic Preservation.” http://mht.maryland.gov/taxcredits_local.html.

⁶⁰ “Montgomery Planning: Historic Preservation - County Historic Preservation Tax Credit.” Montgomery County Planning Department website. <http://www.montgomeryplanning.org/historic/instructions/taxcredit.shtm>.

Chapter 5: Prince George’s County

Overview of County’s Program

Established in 1981 and authorized by Section 10.235.01 (“Tax credits for improvements to historic resources”) of the Prince George’s County Code, the Prince George’s county historic preservation tax incentive program is the oldest of the three county tax credit programs examined. It offers a ten percent historic tax credit for documented qualified rehabilitation work on eligible.⁶¹ Unlike Harford and Montgomery County rehabilitation tax credit programs, Prince George’s County offers an alternate “non-historic” credit of five percent to documented compatible new construction within a historic district designated by the Adopted and Approved Historic Sites and Districts Plan of Prince George’s County, Maryland.⁶²

Contingent on approval, ten percent of authorized and documented expenses may be applied to the County real property taxes for the subsequent year in which the rehabilitation was completed. Similar to the Harford and Montgomery County rehabilitation tax credit programs, the Prince George’s County program allows any unused tax credit to be carried forward for up to five years.⁶³

The Prince George’s County Historic Preservation Commission is the governing force in this program, as it has the prerogative to approve or deny

⁶¹ Prince George’s County Code. Section 10.235.01.a. Accessed via Legislative Information System. <http://egov.co.pg.md.us/lis/default.asp?File=HISTORIC&Type=&Action=GO>.

⁶² Ibid.

⁶³ Ibid.

applications. Tax credit applications are not complete until appropriate documentation and affirmation is submitted by the property owner-taxpayer. Expenses must be in association with rehabilitation of the certified historic structures or the approved new construction within a designated historic district.⁶⁴ The Prince George’s County Historic Preservation Commission then forwards the recommended application and tax credit amount to the County Director of Finance.⁶⁵

Challenges with the Prince George’s historic rehabilitation tax credit program include the rule that the credit may only carry forward for five years, which has resulted in unredeemed credit in the past.⁶⁶ Because of this, property owners do not benefit from the entire tax credit, after factoring in the amount of time and money which go into the preparation of the application.

Statistical Census Data Analysis

Prince George’s County has a population of 801,515 people. Of the population 62.7 percent is black which represents the clear majority, followed by white at 27 percent. The remaining population is Asian, “other,” or identified as “two or more” (Table 3.2). 84 percent of the population lives in a household which exclusively speaks English (Table 3.3).

The collective case study group is comparable in regards to “High school graduate or higher” as the difference between the highest and lowest counties is 5.4 percent (Table 3.4). The Prince George’s County percent of “Bachelor degree or

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ “Ibid.

higher” drops to 27.2. Nine percent of the population, or 72,662 people, are enrolled in higher education, the most of any of the study group. This is undoubtedly attributed to the fact that University of Maryland – College Park, is located within Prince George’s County.

Table 3.5 demonstrates a bell curve of the yearly family income, with the peak at \$50,000 to \$74,999. “Median Family Income” and the “Per Capita Income” for Prince George’s County ranks \$1,401 and \$872 respectively (Table 3.5).

The majority of the building stock was built in the time periods of 1960 to 1969, 1940 to 1959, and 1970 to 1979 (Table 3.6). Like the post-war building stock of Montgomery County, many of the structures have potential be designated as a local historic landmark or contributing structure within a historic district because structures of the modern movement are becoming more significant as we move farther away from the twentieth century.

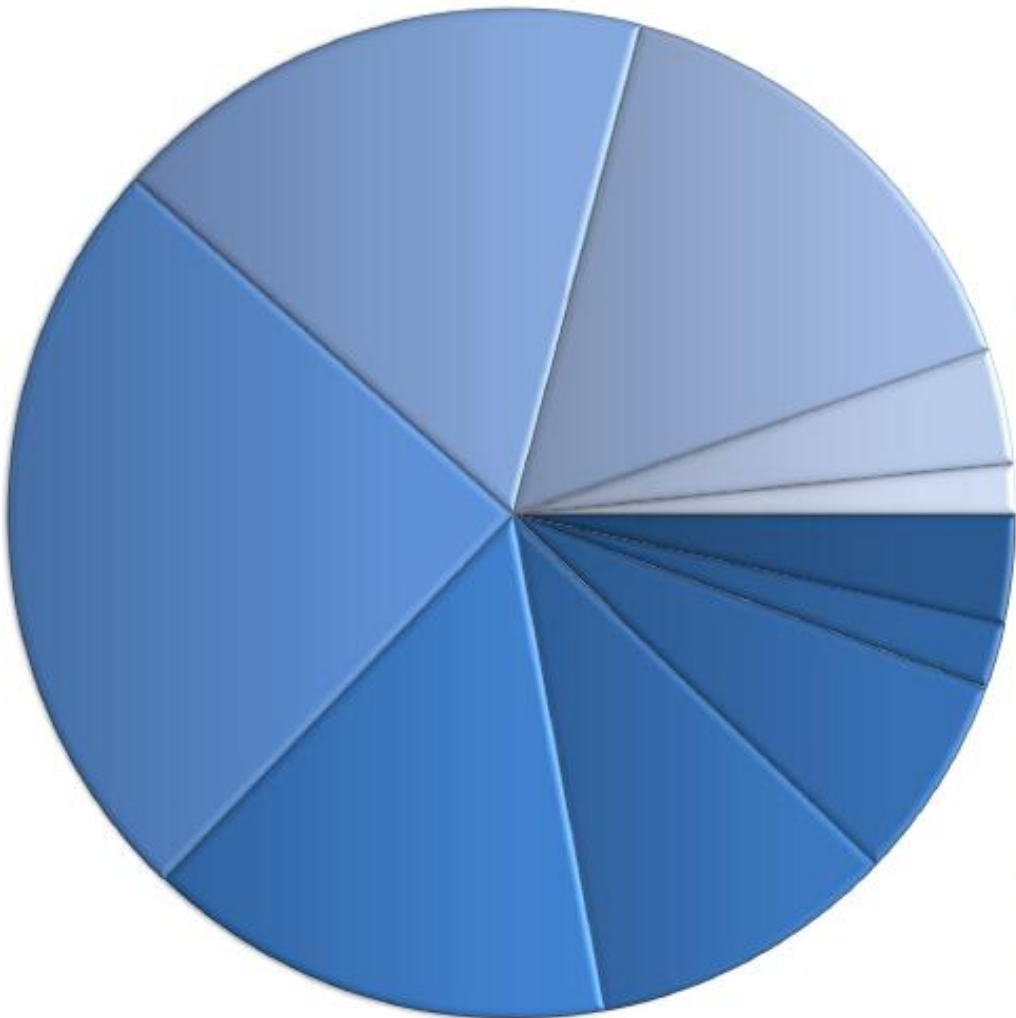
Tax Credit Program Data

The Prince George’s historic rehabilitation tax credit program is not used nearly as frequently as that the Montgomery County. Since 1981, 82 applications have been approved totaling \$882,308.38. The yearly average is \$30,424.43 and 2.83 approved applications (Table 5.1).⁶⁷ No applications for the Prince George’s County historic rehabilitation tax credit program have been denied.

The historic rehabilitation tax credit program for Prince George’s County peaked in terms of approved applications in 1993, 2002, and 2006 with seven (Figure

⁶⁷ Data for Figure 5.1 originated from the Prince George’s County Planning Office.

Figure S.1: Yearly Family Income for Prince George's County



- Less than \$10,000
- \$10,000 to \$14,999
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 to \$149,999
- \$150,000 to \$199,999
- \$200,000 or more

6.1).⁶⁸ This data does not relate to the approved amount of tax credits in that the two years which boasted the largest amount were 1984 and 2008, with \$209,421.40 and \$286,563.42, respectively (Figure 6.2).⁶⁹ The tax credit amount for 1984 was for only one project while the approved amount of tax credit dollars for 2002 was for two projects.

The use of state level historic rehabilitation tax credits suggests potential for the local program. To compare the utilization of the Prince George's County historic rehabilitation tax credit program to the utilization of the Maryland Heritage Structure Rehabilitation Tax Credit program, with the exception of four years, more applications were approved for the State level historic rehabilitation tax credit program. Two of the four years, the State level and local level programs approved the same amount of applications (Figure 5.2).⁷⁰ Likewise, State level approved amount of tax credit dollars surpassed the local level program all but one year since 1997 (Figure 5.3).⁷¹

Variables

Prince George's County has upwards of 400 individual properties which could qualify for its historic rehabilitation tax credit

⁶⁸ Data for Figure 6.1 originated from the Harford, Montgomery, and Prince George's County Planning Offices.

⁶⁹ Data for Figure 6.2 originated from the Harford, Montgomery, and Prince George's County Planning Offices.

⁷⁰ Data for Figure 5.2 originated from the Maryland Historical Trust and the Prince George's County Planning Office.

⁷¹ Data for Figure 5.3 originated from the Maryland Historical Trust and the Prince George's County Planning Office.

**Table 5.1
Historic Tax Credit
Application Data:
Prince George's County**

Calendar Year	Approved Applications	Approved Tax Credit Dollars	Average Approved Tax Credit per Application
1981	0	\$ -	\$ -
1982	0	\$ -	\$ -
1983	4	\$26,751.72	\$668.93
1984	2	\$ 3,489.31	\$1,744.66
1985	1	\$209,421.40	\$209,421.40
1986	0	\$ -	\$ -
1987	1	\$ 433.64	\$433.64
1988	0	\$ -	\$ -
1989	1	\$9,682.00	\$9,682.00
1990	4	\$15,731.50	\$3,932.88
1991	1	\$14,469.26	\$7,234.63
1992	2	\$11,765.30	\$5,882.65
1993	7	\$24,901.94	\$12,450.97
1994	2	\$24,195.95	\$12,097.95
1995	3	\$1,403.50	\$467.68
1996	3	\$18,560.64	\$6,186.88
1997	5	\$83,803.13	\$16,760.63
1998	3	\$9,104.36	\$3,034.79
1999	3	\$19,431.68	\$6,477.23
2000	4	\$16,705.41	\$4,176.35
2001	4	\$13,079.17	\$3,269.79
2002	7	\$17,786.82	\$2,540.97
2003	4	\$9,972.30	\$2,493.08
2004	3	\$21,704.22	\$7,234.74
2005	5	\$15,522.41	\$3,104.48
2006	7	\$15,293.07	\$2,184.72
2007	3	\$ 9,173.13	\$3,057.71
2008	2	\$286,563.42	\$143,281.71
2009	1	\$3,363.10	\$3,363.10
TOTAL	82	\$882,308.38	\$ 10,750.68
PER YEAR	2.83	\$30,424.43	\$10,750.68

"Historic Properties Database: Tax Credits (by Approval)" Prince George's County Planning Department.

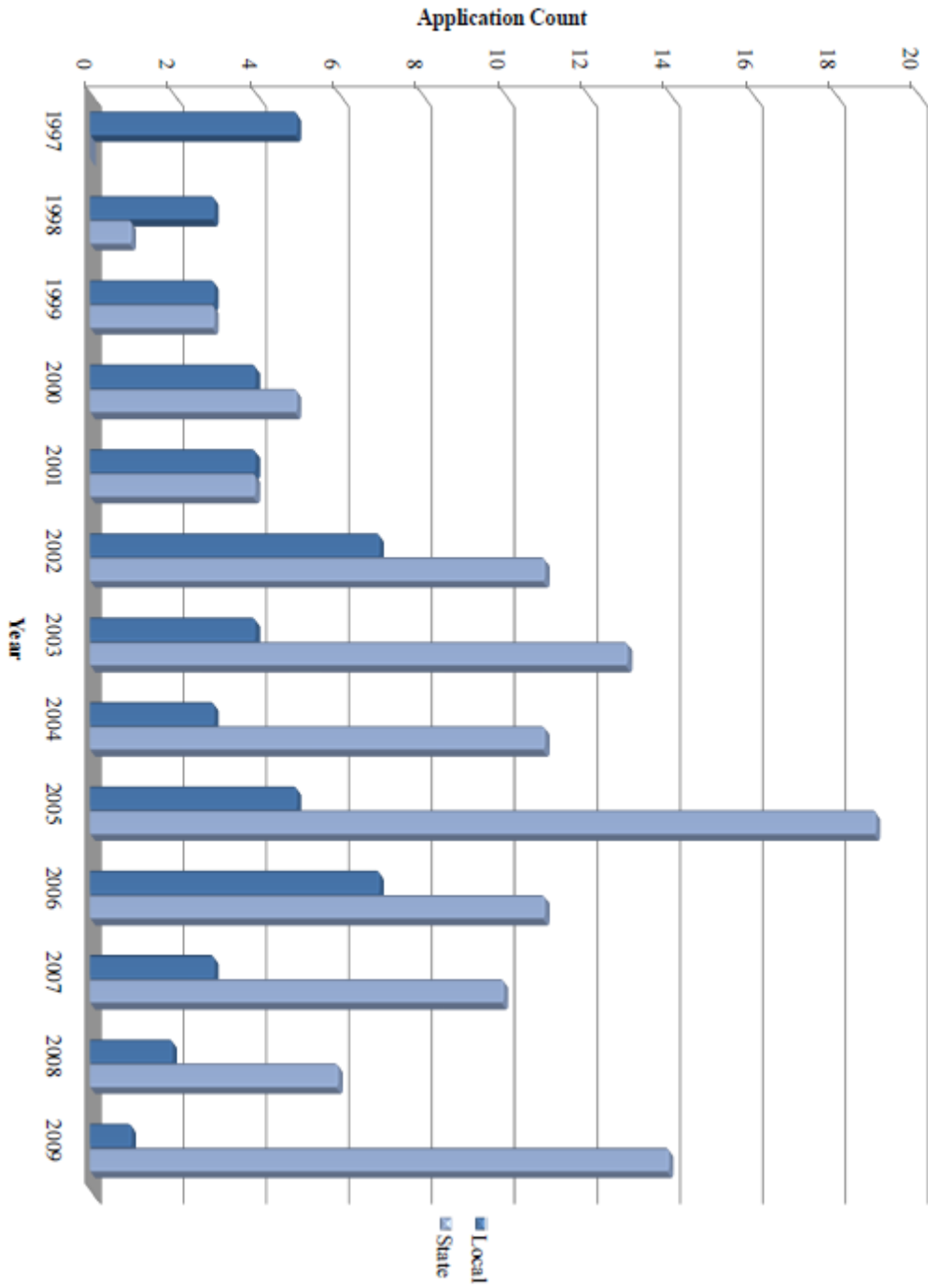


Figure 5.2: Comparison of Approved Applications for Prince George's County: Local Versus State

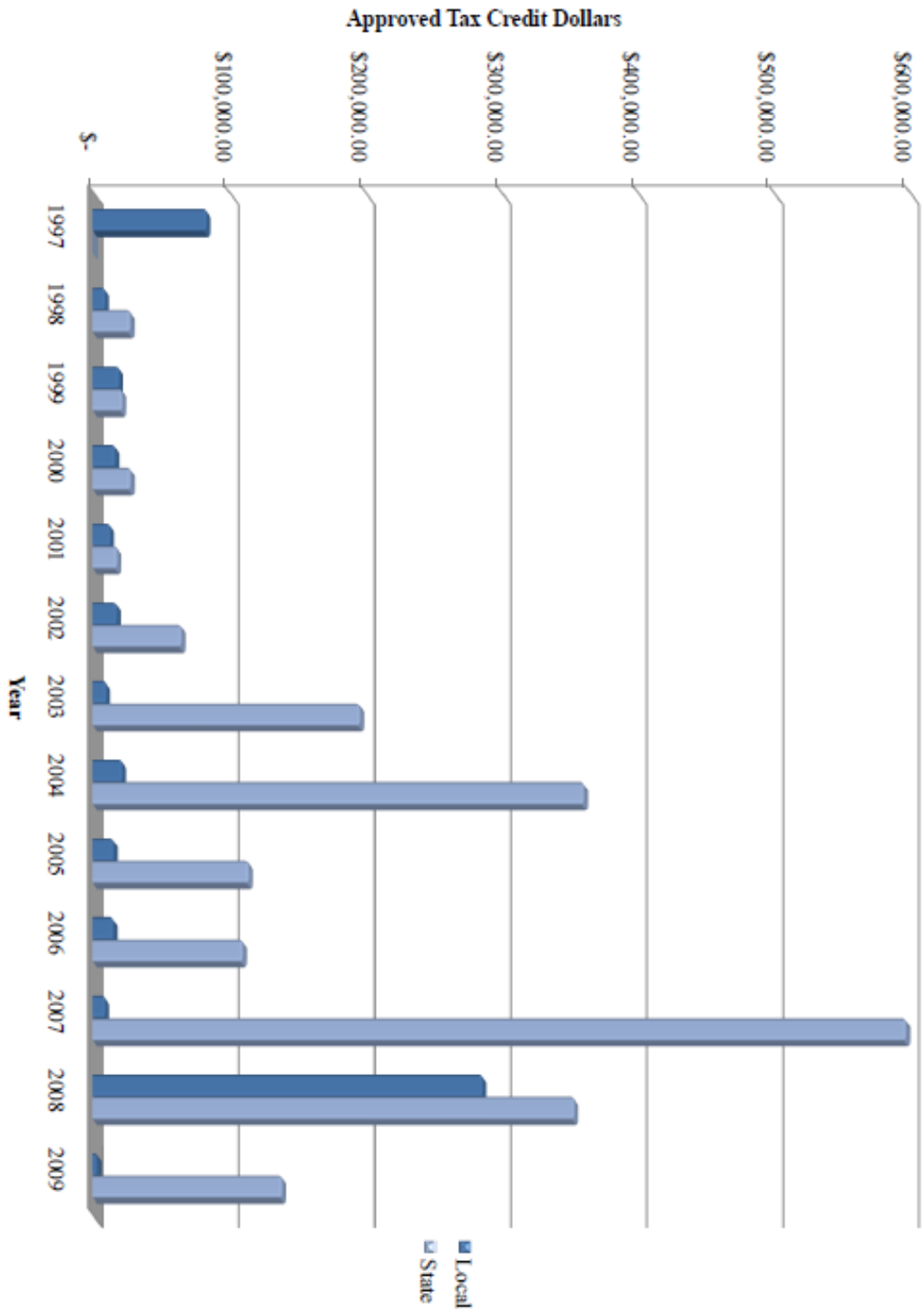


Figure 5.3: Comparison of Approved Tax Credit Dollars for Prince George's County: Local Versus State

program.⁷² One element of the program which contributes to facilitation of the program is that compatible new construction in a historic district is applicable for the local program.⁷³

Depending on the races or nationalities which populate the historic districts, property owners might not be cognizant of the historic structure, its qualitative value, or the financial incentives for rehabilitation projects. As seen in the Racial Characteristics set of statistics, Prince George's County proves to have a diverse population. If property owners do not emotionally connect to or value of their property, they may overlook the potential quantitative value their property may offer in the form of a historic tax incentive. Furthermore, the Yearly Family Income statistics are the lowest of the study groups. Compounded with a higher cost of living due to its proximity to the District of Columbia, it is likely that many households are unable to afford historic rehabilitations.

Lastly, like the other counties, web communication plays an active role in providing information to prospective applications. In order to locate information and the application for the county historic rehabilitation tax credit, by way of searching the Google for Prince George's County Historic Tax Credit within quotation marks, the search is unsuccessful but it suggests links which would be generated by the search terms without quotation marks. When actually searching for Prince George's

⁷² Daniel Sams. Questionnaire. Returned on 1 April 2010.

⁷³ "Preliminary Historic Sites and Districts Plan." Prince George's County Planning Department website. December 2009.
http://www.pgplanning.org/Resources/Publications/HSDP_2009.htm

Historic Tax Credit without quotation marks, the order of the generated links differ from the order of the suggested links. A downloadable copy of the Prince George's County tax credit application is the first generated link when actually searching for the terms without quotation marks; however because the link navigates directly to the application, in that it is difficult to find information on policy and procedures, point of contact information, and other resources from that link.

Chapter 6: Analysis and Conclusion

Analysis

It is clear that Montgomery County has the most successful historic rehabilitation tax credit program in that its citizens are utilizing it to the fullest capacity. While demographic statistics, income, seem to affect the frequency of use, this is secondary. The amount of eligible historic building stock and the communication and education about the program by its respective county's website are the determining factors in its success as a historic rehabilitation tax credit program.

When typing "Montgomery County historic tax credit" into a search engine, the first entry generated is a link to the county's historic rehabilitation tax credit program webpage. As stated in Chapter Four, this webpage provides links to guidance and tips, eligible work, case studies, information on the Maryland and Federal historic rehabilitation tax incentives, information on historic area work permits and the historic preservation commission, as well as a downloadable copy of the actual historic rehabilitation tax credit application. Because the Montgomery County Department of Planning provides these tools and information, it promotes preservation by way of communication. Additionally, prospective applicants are informed about other government level historic rehabilitation tax credit programs that may aid in the funding of a project, lessening the cost, providing more incentive, and encouraging a larger expenditure.

The Harford County Department of Planning website lacks website communication. A Google search of the phrase "Harford County historic tax credit"

generates a link to the general Harford County Historic Preservation webpage within the Harford County Government Planning and Zoning website. While this exact page educates the reader on Harford County Landmarks, the process of designating a Harford County Landmark, the National Register of Historic Places, National Historic Districts, and eligibility requirements for Maryland Heritage Structure Historic Rehabilitation Tax Credits, it does not have a direct link to any information about the Harford County historic rehabilitation tax credit program. Instead the potential applicant must navigate through the site.

Although the Prince George's County Department of Planning does not readily provide as much information about its tax credit program online, it does provide a downloadable copy of the historic rehabilitation tax credit as the first generated link. While this does not require much browsing of the potential applicant, it does make it rather difficult to backtrack to the county webpage for other tax credit resources.

The building stock has a large impact on the frequency of usage. It is not a coincidence that because Harford County has a small pool of prospective applicants they rarely if ever, receive applications. This is caused by the lack of Local Historic Landmark-designated properties; however the amount of eligible building stock for Harford County does have the potential to expand. As stated earlier in the Statistical Census Data Analysis in Chapter Three, Post-war and modern movement houses are gaining more historical significance. Compounded with the ability for property owners as well as other citizens to have access to the application for local landmark designation on the Harford County Planning and Zoning website, the number of

eligible structures has the capacity to be increased.

In comparison to Montgomery County, Prince George's County does not utilize the historic rehabilitation tax credit to the fullest extent. The two counties share comparable population numbers, percent of population which achieved a high school diploma or higher, and number of eligible properties. They differ drastically in terms of the make-up of diversity and the yearly family income.

Diversity is demonstrated in race and language sets of statistics. 62.7 percent of the Prince George's County population is black followed by 27 percent white. Beyond the two dominant races, the remaining approximate ten percent is composed of various identities, no one in particular surpassing the others. 32 percent of Montgomery County exclusively speaks a language other than English in the home. Compounded with a 15.1 percent black population and a 11.3 percent Asian population, Montgomery County's population is even more dimensional than that of Prince George's County. From this data, it can be inferred that race and language barriers do not necessarily contribute to a lack of utilization of the local level historic rehabilitation tax credit; it is in fact, the very opposite. The lack of racial diversity of Harford County further proves the negative correlation.

Yearly family income statistics are directly correlated to education characteristics. Income is positively impacted by education. Usually the more education a person has, the more money he makes. They are not exclusively related; income may be affected by less common determinants such as inheritance and disability.

Lastly, it should be acknowledged that because of the timing of the study, United State Census Bureau information from 2000 was used. It would be ideal to reexamine the case study in light of the 2010 statistics when they are released. Recent development in Harford, Montgomery, and Prince George's Counties for example, is a circumstance which can drive a change in the statistics by way of shifting populations and causing gentrification or de-gentrification.

Recommendations

Regardless of how frequent the use of local level historic rehabilitation tax credit programs, all of the counties have opportunities. The following recommendations are based upon the controllable factors affecting the use of each historic rehabilitation tax credit program:

- Develop online educational content via a historic rehabilitation tax credit program-specific webpage linked to the county planning or preservation website. This would enable a reader to type in the county and "historic rehabilitation tax credit" into a search engine and easily access information on the program. Suggested information would include policies and procedures, eligibility requirements for structures and rehabilitations, case studies, point of contact information, enabling legislation, and downloadable copy of the historic rehabilitation tax credit application.
- The Maryland Historical Trust has a webpage which details point of contact information for local and city level historic preservation divisions and commissions. Counties should partner with the Maryland

Historical Trust and communicate website addresses in order to provide the reader and easy link to their county's preservation division or historic rehabilitation tax incentive program website.

- Establish partnerships with local and city preservation organizations. These organizations can be helpful in advocating for the use of the historic rehabilitation tax credit program and assist in communicating the benefits to the community members.
- On the county planning or historic preservation website, detail the requirements for historic designation, whether it be local historic landmark, inclusion to a local historic district, or inclusion on a Master Plan for Historic Preservation, depending on the county. This will readily allow preservation organizations and individual citizens the opportunity to nominate properties and grow the number of eligible structures for the historic rehabilitation tax credit program.
- Exclusively for the use of personnel in county planning departments, in addition to hard copy files stored in county archives, consider scanning and converting files to a portable device file (PDF) format and creating a database of all approved and denied historic rehabilitation tax credit files in the past. The database can contain hyperlinks which grant personnel one click access to any given application.
- Using a database, generate a geographic information system (GIS) map that delineates the eligible properties and the properties which

have made use of the historic rehabilitation tax credit. This will assist the county planning department in planning potential outreach efforts by way of identifying property owners who may not be familiar with the program.

- Outreach efforts may be as simple as distributing literature communicating the historic rehabilitation tax credit opportunity as well as past projects which have used the program. Local and city preservation organizations can assist the county in educating the owners of eligible properties.
- Invite owners of Maryland Inventory of Historic Places to hear a representative from the Maryland Historical Trust speak about financial incentives of historic properties. This would be an opportunity to distribute information regarding local level designation and the financial incentives which can result from it.

Conclusion

County tax credit data proves that the most successful programs in terms of approved applications and approved tax credit dollars is Montgomery County's program. Furthermore, it also has the largest amount of approved applications and approved tax credit dollars for the Maryland Heritage Structure Rehabilitation Tax Credit program. It does lack in accessing digital records, as all past files are exclusively kept in a hard copy format in the County Archives.

Prince George's County maintains a consistent utilization of the local level historic rehabilitation tax credits, as exemplified by the amount of approved

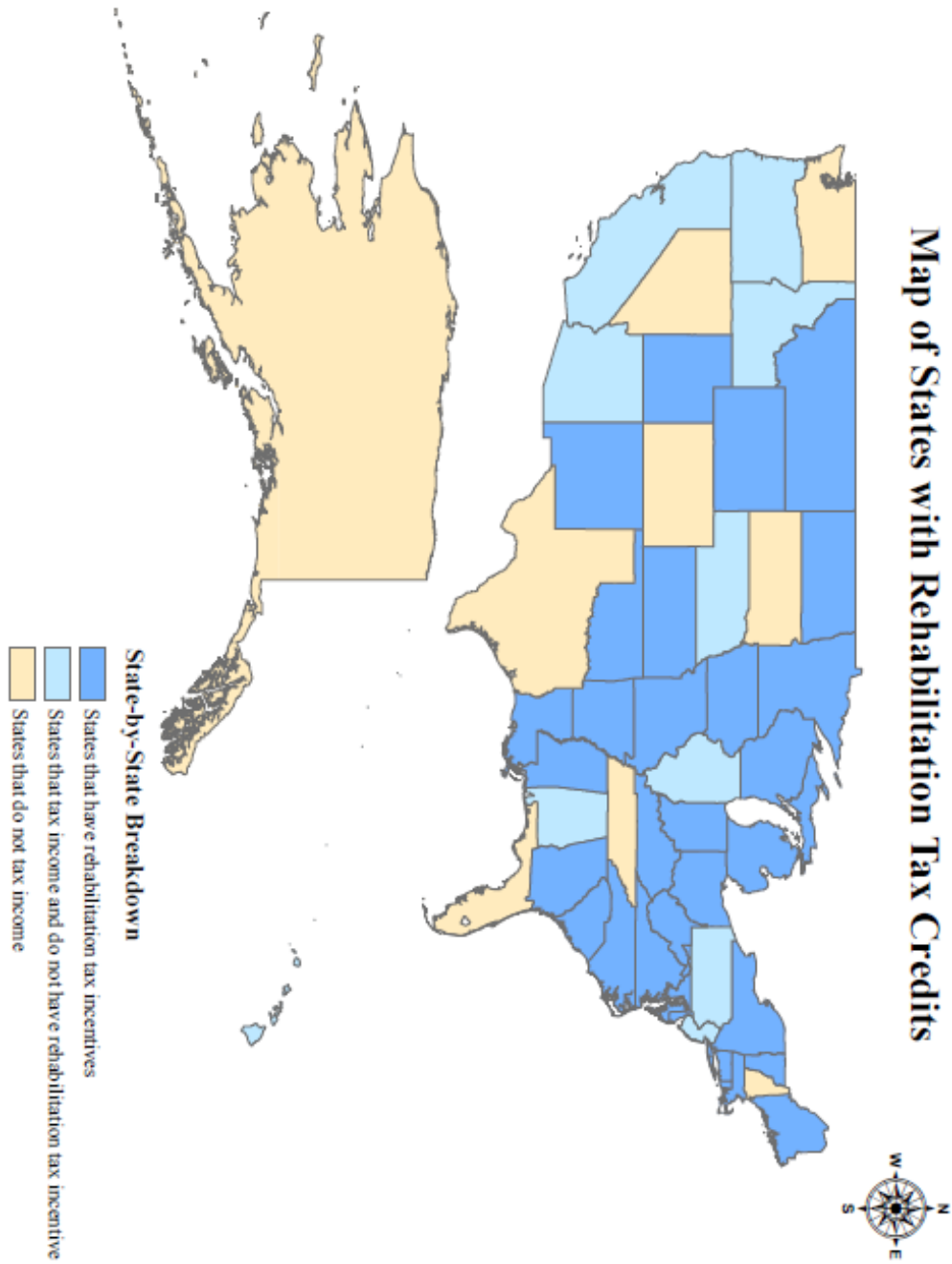
applications per year. In contrast to the steady rate of approved applications, the number of approved tax dollars spike about every ten years. Prince George's County sets the example of keeping digital records of the tax credit records.

Harford County has not trace of past approved applications or approved tax credit dollars. This is not to say that the program has not been used in the past. It would have been beneficial for the county to keep digital records of applications in order to increase the chances of being able to recall when the program was used, because now the only way to research is to trace back all property owners of the eligible properties and inquire whether they had ever used the historic rehabilitation tax credit program.

To conclude this case study, while secondary considerations such as race, and education indirectly play a role in how often the tax credit programs are used, they are not the motivating factors. The motivating factors in the utilization of local level historic rehabilitation tax credit programs in Harford, Montgomery, and Prince George's Counties are the number of eligible properties, the yearly income for each county, and the methods of which the programs are communicated to the public.

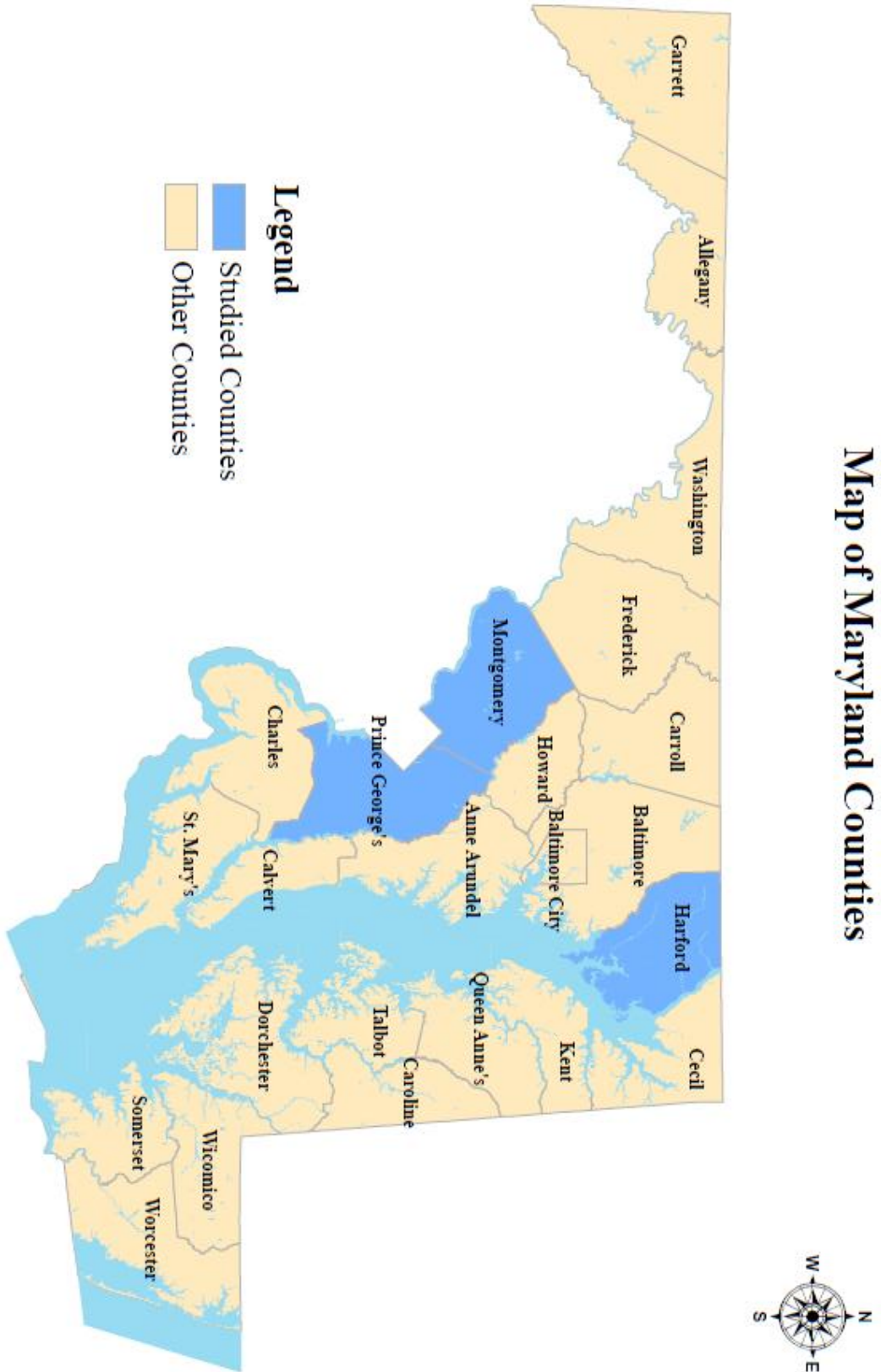
Appendix

Figure 2.1: State Tax Credits for Historic Preservation, A State-by-State Summary



National Weather Service OST/SEC GIS Map Group. United States and Territories. 2007. http://www.nws.noaa.gov/geodata/catalog/national/html/us_state.htm.

Figure 2.2: Map of Studied Maryland Counties



State Highway Administration. 2006.

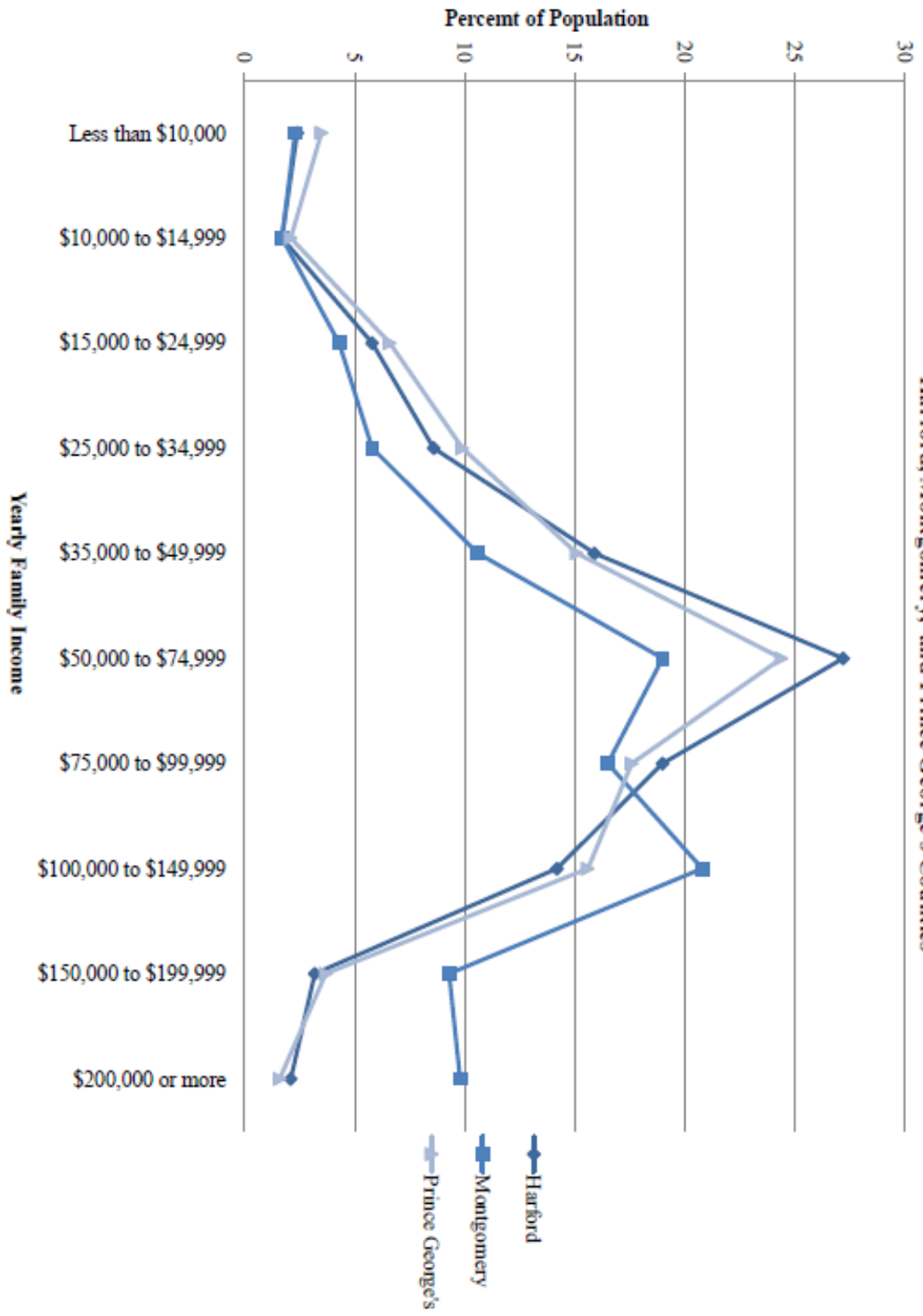
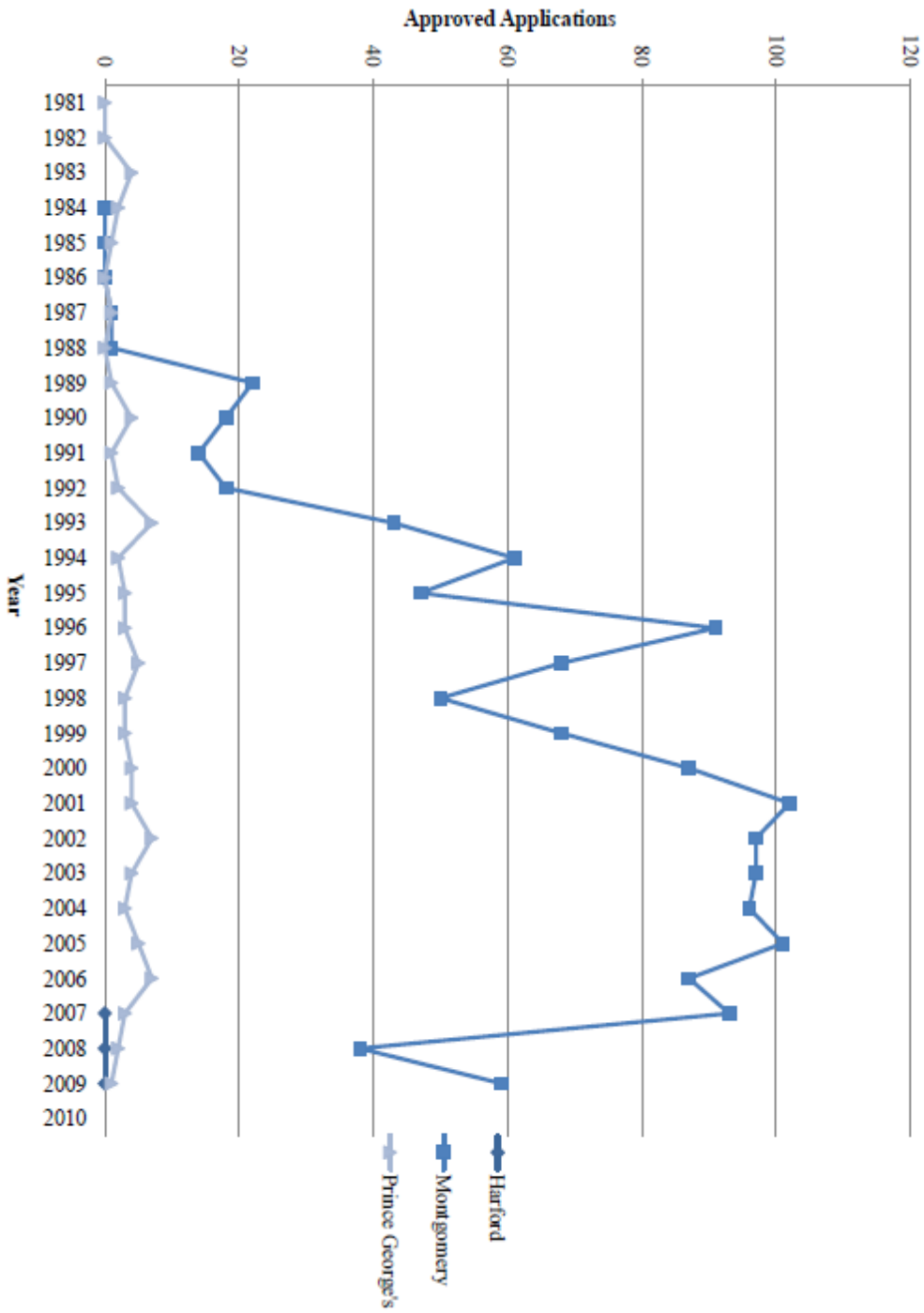


Figure 3.1 : Comparison of Yearly Family Income for Harford, Montgomery, and Prince George's Counties

Figure 6.1 : Comparison of Approved Applications for Local Level Tax Credit Programs in Harford, Montgomery, and Prince George's Counties



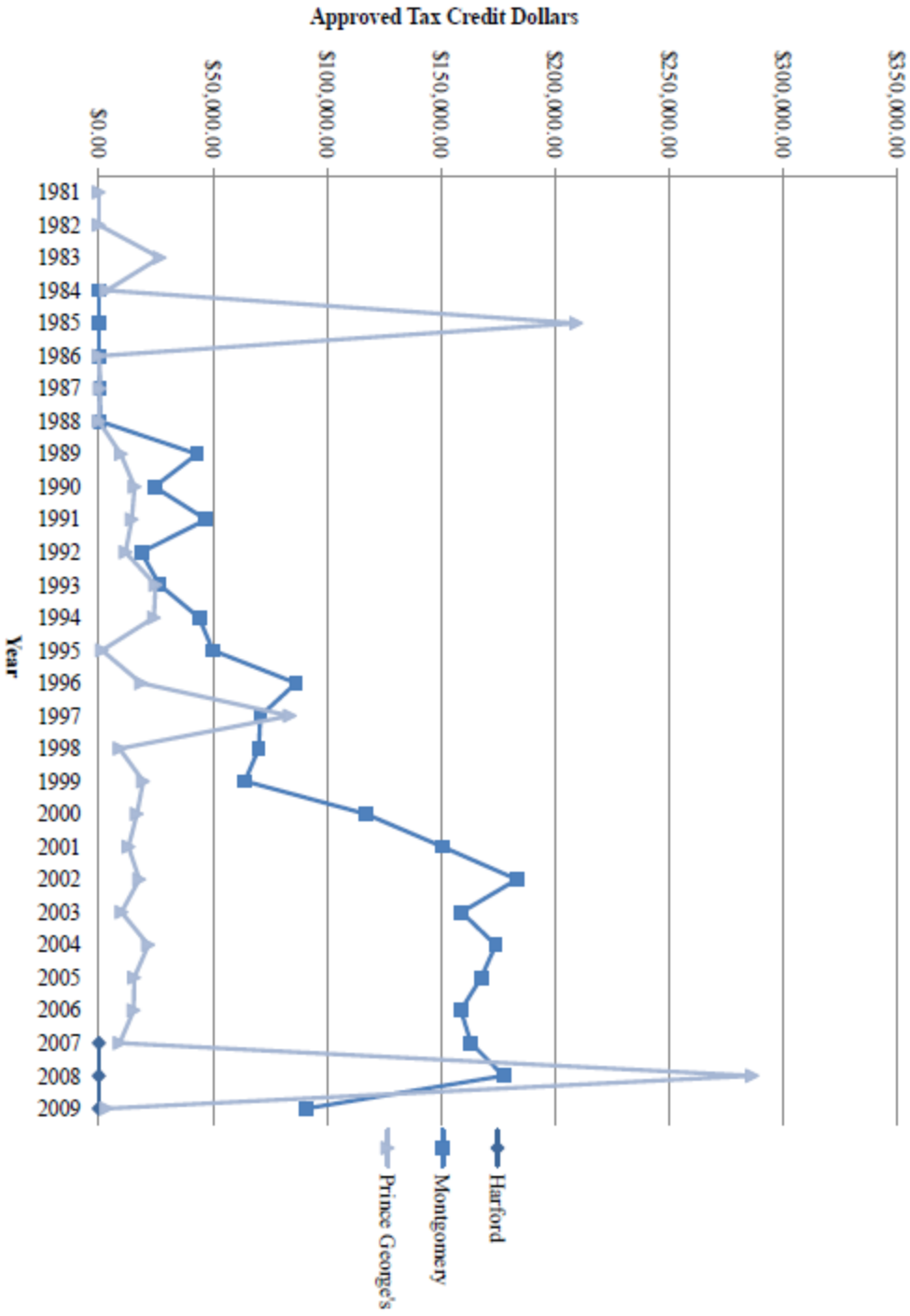


Figure 6.2: Comparison of Approved Tax Credit Dollars for Local Level Tax Credit Programs in Harford, Montgomery, and Prince George's Counties

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