

State Preferential Property Tax Assessment Program for Rehabilitated Historic Property

During its 1989 session, the Georgia General Assembly passed a statewide preferential property tax assessment program for rehabilitated historic property (Ga. Code Annotated Vol. 36, 48-5-2– 48-5-7.2). This incentive program is designed to encourage rehabilitation of both residential and commercial historic buildings by freezing property tax assessments for eight and one-half years. The assessment of rehabilitated property is based on the rehabilitated structure, the property on which the structure is located, and not more than two acres of real property surrounding the structure. This program requires action by the Historic Preservation Division (HPD) of the Department of Natural Resources (DNR) through Rules 391-5-11 and by the appropriate local county tax commission.

What properties are eligible?

The property must be listed or eligible for listing in the Georgia Register of Historic Places either individually, or as a contributing building within a historic district.

Requirements to Participate

The cost of rehabilitation must meet the substantial rehabilitation test. This test is met by increasing the fair market value of the building by the following percentages. The county tax assessor is the official who makes this determination.

Residential (owner-occupied residential property): rehabilitation must increase the fair market value of the building by at least 50%

Mixed-Use (primarily owner-occupied residential and partially income-producing property): rehabilitation must increase the fair market value of the building by at least 75%

Commercial and Professional Use (income-producing property): rehabilitation must increase the fair market value of the building by at least 100%

- 1) The property owner must obtain preliminary and final certification of the project from HPD.
- 2) Rehabilitation must be in accordance with the Department of Natural Resources' *Standards for Rehabilitation* and must be completed within two years.

Application Process

The Rehabilitated Historic Property Application is a two-part process: Part A and Part B, with supplemental information and amendments when necessary. **The program is designed to review projects before work begins; therefore, the earlier the application materials are submitted to HPD for review, the better.** Early submission of projects allows HPD to consult with the applicant if necessary and to comment on projects in a meaningful way in hopes of bringing them into conformance with the *Standards*.

Part A – Preliminary Certification

Part A is submitted to HPD to determine if the property is listed or eligible for listing in the Georgia Register of Historic Places, and to determine if the proposed work meets the *Standards for Rehabilitation*. Ideally this is submitted to HPD before rehabilitation begins. An application processing fee of \$50.00 must accompany the Part A (Preliminary Certification). If you are also participating in the Georgia State Income Tax Credit program, the total fee for both programs is \$75.00. A cashier's check, money order, or official bank check, made payable to the Georgia Department of Natural Resources, are the only acceptable forms of payment. Personal checks are not accepted. The fee is non-refundable. Once all application materials are submitted, HPD has 30 days to review and comment on the rehabilitation project. After the review, HPD mails the applicant the signed preliminary certification form. The applicant is then responsible for filing the Part A certified form with the county tax assessor to initiate the assessment freeze period beginning the following tax year for two years.

Amendments

Amendments are submitted to HPD when there is a change in the scope of work submitted in the Part A application. This allows a certain amount of flexibility as the project continues to be developed.

Part B – Final Certification

Part B is submitted to HPD after the project is completed and must be certified by HPD and submitted to the tax assessor within two years of filing the Part A preliminary certification form. Once all application materials are submitted, HPD has 30 days to review and certify the rehabilitation project. HPD is the final certification authority concerning all state rehabilitation applications. After HPD reviews the Part B application and approves the rehabilitation, the certified Part B form is mailed to the applicant. The applicant is then responsible for filing the Part B certified form with the county tax assessor in order to maintain the assessment freeze for an additional 6 ½ years. In the ninth year, the assessment will increase 50% of the difference between the value of the property at the time the freeze was initiated and the current assessment value. In the 10th year, the property tax assessment will increase to the 100% current assessment value.

Upon request, HPD will offer technical assistance to rehabilitation tax projects by meeting with individuals at HPD's office or on-site of the project to discuss specific rehab issues. HPD encourages early communication with our office.

For more information, visit our Web site at www.georgiashpo.org and click on Tax Incentives or contact Carole Moore, Tax Incentives Coordinator, at 404-651-5566 or carole.moore@dnr.state.ga.us.