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Saving historic property pays off Despite money back, few on Shore take part

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SALISBURY -- Free money is out there to restore historic property, but not enough owners on this side of the Bay Bridge use it, officials say.

Maryland's Heritage Tax Credits Program, which provides owners a "gift certificate" of 20 percent of the cost spent on rehabilitating a historic structure, has been sparsely used as a financial tool on the Lower Shore, said Tristan O'Connell, a tax attorney who is part of a Baltimore firm specializing in its use.

"It hasn't really been utilized, especially on the Eastern Shore," said O'Connell, who does most of his work in the booming Baltimore historic districts.

There were 224 projects in Baltimore's more than 80 historic districts last year, totaling about \$78.3 million in rehabilitation costs. On the Lower Shore, there were seven projects with \$1.1 million in rehabilitation costs.

"There's a lot of land on the Eastern Shore, and developers have been coming in and creating waterfront communities, but they're not really focusing on the properties that are already there," O'Connell said.

Salisbury officials, pointing to the city's three historic districts, want to change that.

"We're hoping to demystify some of the myths that surround applying for the tax credits," Mayor Barrie Parsons Tilghman said. "A lot of people understand that it's a very important tool at neighborhood revitalization."

The city will sponsor a "how-to" discussion on heritage tax credits Aug. 6.

To be eligible, a property outside historic districts must be deemed historic by the National Register and those in historic districts must be approved by the Maryland Historic Trust, which administers the tax credits.

The construction must rehabilitate the property, returning it to a "state of utility," while preserving its historic integrity, according to the MHT. Simple remodeling doesn't fit this criteria.

Even with these restrictions, the pay-off for homeowners or businesses investing in retrofitting properties can be immediate.

If the value of the tax credit, which is capped at \$50,000 for owner-occupied homes, exceeds their income tax return, they will receive a refund check of the difference.

"It's an extremely generous program. You don't have to wait around for benefits," said Daniel Sams, program administrator for the heritage tax credit program.

Randy Taylor, chairman of the Salisbury Historic District Commission, is now applying for a tax credit with his wife, Anne, which would help them renovate Parker Place, a brick building built downtown in 1887.

"It's really going to soften the blow, give us a tax credit against our expenditures," Taylor said.

These returns -- generous to individual owners -- can reward communities, too.

By recycling its existing buildings, an area is able to prevent the costly infrastructure upgrades that urban sprawl demands, such as water and sewer.

"Rehabilitating existing buildings is a key element to that, whether in small areas or in larger cities, like Salisbury," said Jack Lenox, Salisbury-Wicomico County Planning Director.

Recent changes to the heritage tax program, administered by the Maryland Historic Trust, have made it less restrictive.

Many of these changes affect owners of commercial property, which must compete with other owners in the state for the \$25 million the Maryland Historic Trust has to dole out for projects this year.

Those who rehabilitate homes they own don't have to compete with others for state funding, Sams said.

Starting Jan. 1, property owners are able to apply for the tax grants year round instead of until March 31. Additionally, nonprofits will no longer be guaranteed 10 percent of all commercial projects and it's also guaranteed that no county or city receive more than 75 percent of all projects.

In Baltimore, restoring historic districts has been used to revitalize historic areas blighted by crime. Tax credits gave the developer the necessary financial incentive, O'Connell said.

The tool should be used to save aspects of the Lower Shore towns, centuries old, he said.

"We have a responsibility to stay true to our history and make sure that those who come after us know where they came from."

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