



Preservation Easements Program: Questions & Answers

The following are answers to common questions about LPCI easement programs. For further information please contact LPCI at (312) 922-1742 or send an email to mail@lpci.org.

This information has been provided by the Landmarks Preservation Council of Illinois to visitors of the LPCI website as an accommodation and the same was prepared by sources that LPCI believes to be knowledgeable in preservation easements; however, the Landmarks Preservation of Illinois makes no representation or warranty with regard to the correctness of the above contents. Interested parties are advised to review this opportunity with their tax professional.

What is the Federal Historic Preservation Tax Incentive Program?

Tax legislation was passed by Congress in 1980 to encourage owners of qualifying historic properties to ensure that these structures are preserved and maintained in an architecturally and historically appropriate manner. The Federal Historic Preservation Tax Incentive Program (Public Law 96-541) encourages owners to make a donation of a Preservation Easement in exchange for federal IRS income tax deductions. A Preservation Easement is viewed by the government as a non-cash charitable deduction. In connection with the Preservation Easement Program, owners of qualifying properties may claim this tax deduction by donating a preservation easement on the exterior of their property to the LPCI.

What is a Preservation Easement?

A Preservation Easement is a legal agreement between a property owner and the LPCI to preserve and protect all four sides of a building's exterior. The Preservation Easement is granted in perpetuity and recorded at the county office. The basic premise of the preservation easement agreement stipulates that the owner will seek pre-approval from LPCI on any significant exterior change to the outside of the property.

How long does an easement last?

In order for the property owner to be eligible for the federal IRS income tax deduction, the tax laws require that the Preservation Easement must run with the land and remain in effect in perpetuity. The easement, in other words, is a permanent attachment to the deed which passes from owner to owner.

How can I determine if a property is eligible?

To be eligible, the subject property must be in a certified municipal Historic District, a National Register Historic District, or individually listed on the National Register as a "Landmark Property." The property may be residential (single or multi family), commercial or industrial.

What are the tax advantages of donating an easement?

A preservation easement donation is recognized as a charitable donation under Internal Revenue Tax Code Section 170(h). The donation value is deductible from federal income taxes in the same manner as other non-cash charitable contributions.

Do typical non-cash charitable contributions rules apply to the donation of a preservation easement?

Yes. The donation of a Preservation Easement is treated (for tax purposes) as any non-cash charitable contribution. A taxpayer may deduct in one year up to 30% of his or her adjusted gross income. The excess can also be carried over up to 5 years thereafter, as necessary. The taxpayer can elect to deduct the cost basis of the property, based on the original purchase price, if the taxpayer is making the donation within one year of the purchase of the residence. In this situation, the taxpayer may deduct up to 50% of his or her adjusted gross income. The excess is carried over to the following years (up to five years, as necessary). In either case, the taxpayer must deduct the highest amount possible, per IRS regulations, in the first year and each subsequent year until the entire deduction is used.

What document does a property owner file to obtain the tax benefit?

The owner must include a completed IRS #8283 tax form with his or her personal income tax filing. It reflects the appraisal information prepared by the appraiser and is signed by the LPCI as the recipient of the donation.

What changes are allowed to the historic property?

The Preservation Easement does not require that the property remain “frozen in time” but that any outside changes to the front, sides, and roof of the building need to be architecturally compatible to the original architectural integrity and design of the property. For major exterior changes and expansions, LPCI will work with the owner to ensure that any alterations remain sympathetic and compatible with the architectural character of the original structure. Changes to the interior are beyond the scope of the preservation easement and therefore allowed. Routine maintenance projects do not require LPCI’s review. However, switching/changing exterior materials (roofing, siding, windows), adding new additions, demolitions, and alterations to the protected sides, do need pre-approval from LPCI.

How do I get further information?

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