

# 25% Back on Your Home's Restoration.

*Michigan's State Historic Tax Credit for owner-occupied homes*

If your home is inside a designated local historic district, Michigan will give you 25% of what you spend on qualifying restoration work back — as a credit on your state income taxes. It's one of the most significant benefits of living in a historic district, and it's *money you receive for work you were probably going to do anyway.*

## THE MATH, PLAINLY

You spend \$1.00 · 25¢ comes back.

Spend \$10,000 on qualifying exterior work and Michigan credits you \$2,500 on your state income taxes. Spend \$40,000, and that's \$10,000 back — with a per-project cap of \$2 million that no typical homeowner will ever approach.

### WHAT QUALIFIES

- ✓ Roof repair and replacement
- ✓ Window repair, reglazing, and replacement
- ✓ Masonry tuckpointing and brick repair
- ✓ Siding restoration and repair
- ✓ Porch repair and reconstruction
- ✓ Paint prep, scraping, and painting
- ✓ Gutter and downspout work
- ✓ Chimney repair and rebuilding
- ✓ Foundation repair visible from exterior
- ✓ Interior work consistent with historic character

### WHAT DOES NOT QUALIFY

- ✗ New additions that expand the building
- ✗ Landscaping, driveways, fences, walkways
- ✗ Detached garages or outbuildings
- ✗ Swimming pools, decks (new)
- ✗ Appliances and personal property
- ✗ Work not meeting Secretary of Interior Standards
- ✗ Work you started *before* preapproval
- ✗ Acquisition costs (the price you paid)

### A REALISTIC EXAMPLE

#### The Johnsons restore their 1910 home

New slate-look asphalt roof & flashing	<b>\$14,500</b>
Repair & reglaze 12 original wood windows	<b>\$8,400</b>
Tuckpoint chimney and brick foundation walls	<b>\$5,200</b>
Restore and paint front porch (including column repair)	<b>\$6,900</b>
Scrape, prime, and paint siding (whole house)	<b>\$9,800</b>
<b>Total qualifying project cost</b>	<b>\$44,800</b>
<b>Michigan State Historic Tax Credit (25%)</b>	<b>\$11,200</b>

# How It Actually Works

The process, the timing, and the one critical thing you must know

## ⚠ MOST IMPORTANT RULE

**You MUST get preapproval BEFORE you start work.**

Work started before you receive a Part 2 preapproval letter from the State Historic Preservation Office (SHPO) **does not qualify for the credit** — even if everything else about the project is perfect. This is the single biggest mistake homeowners make. Plan ahead, apply, and wait for your preapproval letter in hand before your contractor breaks ground.

## PART 1

### Property Eligibility

Establish that your home is a qualifying historic resource. Inside the Flat Rock Historic District, your home is automatically eligible as a contributing resource. You submit photos, the address, and basic property information. **\$50 fee.**

## PART 2

### Work Preapproval

Describe the work you plan to do, with drawings, specifications, and itemized estimated costs. SHPO reviews against The Standards and issues a **preapproval letter** with your reserved credit amount. *Only after this letter arrives do you begin work.*

## PART 3

### Certificate of Completion

Once work is finished, submit before-and-after photos, final invoices, and documentation. SHPO issues your Certificate of Completed Rehabilitation, and the credit becomes claimable on your next Michigan income tax return (Form 5803).

## KEY FACTS & TIMING

<b>Minimum project spend:</b>	\$1,000 (adjusted annually for inflation)
<b>Maximum credit per project:</b>	\$2,000,000
<b>When to apply:</b>	Anytime — first-come, first-served each calendar year
<b>2026 residential window:</b>	Opened January 2, 2026; open until annual cap is met
<b>SHPO review period:</b>	Up to 120 days after complete application
<b>Time to start work after preapproval:</b>	Within 1 year
<b>Time to complete work:</b>	Within 8 years of preapproval
<b>Time to claim the credit:</b>	Within 5 years of Certificate of Completion
<b>Unused credit carry-forward:</b>	Up to 10 years against future tax liability
<b>How you claim it:</b>	Michigan Form 5803, attached to MI-1040

## Common Questions

### Q. What if my credit is larger than my Michigan tax bill?

You have two options. You can carry the unused amount forward for up to **10 years** against future state tax liability, or you can elect (in the year your certificate is issued) to receive a **refund for the excess**. The refund election is irrevocable, so think it through.

### Q. What if I sell my home within five years?

The credit has a **5-year compliance period** during which the credit vests at 20% per year. If you sell before the five years are up, a portion of the credit may be recaptured. Selling after year five triggers no recapture at all. Plan accordingly if you anticipate moving.

### Q. Can I combine this with federal historic tax credits?

Federal historic tax credits are **only available for income-producing property** — they don't apply to your own home. The Michigan 25% credit is your program as an owner-occupant, and it stands alone.

## LEARN MORE & GET HELP APPLYING

### We're Here to Help You Apply

The application takes time but isn't difficult, and the **Flat Rock Historic Preservation Commission** is available to help you understand the process, review your project idea, and point you to the right SHPO resources before you submit.

Contact: **Lesley Gilliland Harkai**, HD Study Committee Chair · [historicdistrict@flatrockhistory.org](mailto:historicdistrict@flatrockhistory.org)  
Michigan SHPO Tax Credit Program: [miplace.org/historic-preservation](http://miplace.org/historic-preservation)

General information, not tax or legal advice. Program rules set by Public Act 343 of 2020 (MCL 206.266a & 206.676), administered by Michigan SHPO. Consult SHPO and a tax professional before starting a project. Current as of 2026; details may change.