Federal Tax Incentives for Rehabilitating Historic Buildings

Statistical Report and Analysis
for Fiscal Year 2014

The Federal Historic Preservation Tax Incentives Program, administered by the National Park Service in partnership with the State Historic Preservation Offices, is the nation's most effective Federal program to promote community revitalization and encourage private investment through historic building rehabilitation.

Since the program's inception in 1976, the tax incentives have spurred the rehabilitation of historic structures of every period, size, style, and type. The incentives have been instrumental in preserving the historic places that give our cities, towns, and rural areas their special character and have attracted new private investment to our Main Streets and historic cores of our urban areas alike.

The tax incentives also generate jobs, enhance property values, create affordable housing, and augment revenues for Federal, state, and local governments. Through this program, vacant or underutilized schools, warehouses, factories, apartments, churches, retail stores, hotels, houses, farms, and offices throughout the country have been restored to life in a manner that maintains their historic character.

The historic tax credit applies specifically to income-producing historic properties, and throughout its history it has leveraged many times its cost in private expenditures on historic preservation. This program is the largest Federal program specifically supporting historic preservation, generating over $73 billion in historic preservation activity since 1976. During Fiscal Year (FY) 2014, the National Park Service approved 1,156 proposed projects (Part 2 applications) representing an estimated $5.98 billion of investment to restore and rehabilitate historic buildings.

Over 40,000 projects to rehabilitate historic buildings have been undertaken since the first project using the historic tax incentives was completed in 1977. Rehabilitation work has taken place in all 50 states, the District of Columbia, the Virgin Islands, and Puerto Rico. The completed projects have brought new life

(continued next page)

Photo above: The Arcade, Providence, Rhode Island, taken by Ben Jacobsen.

U.S. Department of the Interior, National Park Service
Technical Preservation Services, Washington, DC

March 2015

to deteriorated business and residential districts, created new jobs and new housing, and helped to ensure the long-term preservation of irreplaceable cultural resources.

In 1986, Congress amended the Federal Tax Code establishing the 20% historic tax credit that remains in effect today. Program activity in the 1990s reached record highs in the amount of investment dollars, before declining during the recent recession. With the economy in general, and the real estate market in particular, rebounding over the last several years, the amount of rehabilitation investment in proposed projects exceeded $5.9 billion for the second time in program history. The average investment in completed certified projects (Part 3 applications) in FY 2014 was $4.32 million, the third highest in program history.

The National Park Service review of project applications is undertaken by the Technical Preservation Services office in Washington, DC. For improved customer service, Technical Preservation Services continues to enhance its website, <*http://www.nps.gov/tps*>, where applicants, State Historic Preservation Offices, and others can check the status of projects online and find other information on the program. In addition, the certification application, guidance on applying the Secretary of the Interior's Standards for Rehabilitation, and technical information concerning the treatment of historic buildings are available on the website.

This statistical report and analysis was prepared by Kaaren Staveteig of the Technical Preservation Services office. Questions regarding the data and analysis may be addressed to Ms. Staveteig by e-mail at <kaaren_staveteig@nps.gov>. Special thanks are due to the staff of Technical Preservation Service for their assistance in the preparation of this report, particularly Charles Fisher, Michael Auer, and Liz Petrella, and to Brian Goeken, Chief, Technical Preservation Services.

Technical Preservation Services
March 2015

> "This program creates jobs and neighborhood stability. Small towns and larger cities benefit from this program both financially and from quality-of-life factors . . . "
>
> *St. Louis, MO*

*Highlights for FY 2014**

Investment in historic rehabilitation	*Part 2 (proposed)*	*Part 3 (completed)*
Rehabilitation costs	$5.98 billion	$4.32 billion
Median cost of projects	$989,464	$1,202,639
Number of approved applications	1,156	762

Number of housing units sets new record	
Number of housing units	19,786
Rehabilitated housing units	8,369
New housing units	11,417
New low and moderate income housing units	6,540

*Job creation remains strong***	
Average number of local jobs created per project	102
Estimated number of local jobs created	77,762

Program Accomplishments 1977-2014

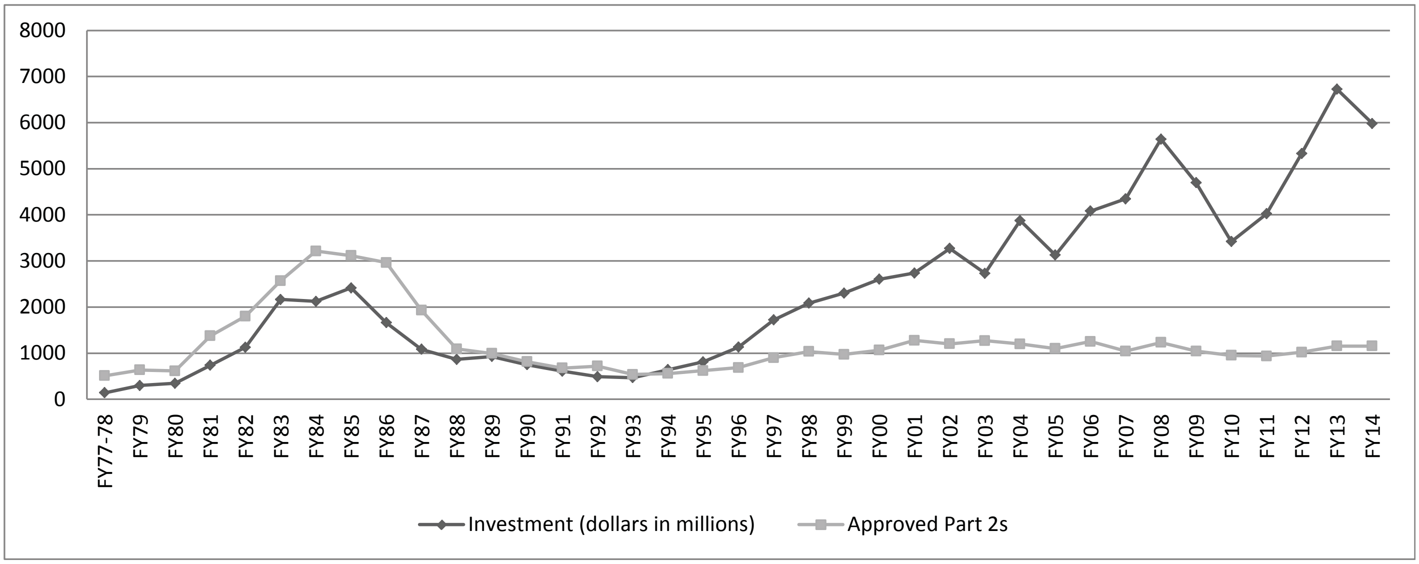
Number of historic rehabilitation projects certified	40,384
Rehabilitation investment	$73.8 billion
Rehabilitated housing units	255,994
New housing units	248,303
Low and moderate income housing units	137,978
Estimated total number of total jobs created**	2.47 million

** Statistics used in this report are based on the Part 1, 2 and 3 Historic Preservation Certification Applications and the voluntary User Profile and Customer Satisfaction Questionnaire. All rehabiltation costs are estimated as reported by the applications.*

***Jobs numbers are based on a National Park Service-funded study of the economic impacts of the historic tax credits by the Rutgers University Center for Policy Research.*

Federal Tax Incentives For Rehabilitating Historic Buildings 1977-2014

Approved Proposed Projects (Part 2 applications)



on the cover:

The Arcade in Providence, Rhode Island

The Arcade in Providence, Rhode Island, was built in 1828 and is regarded as the nation's "first enclosed shopping mall." Declared a National Historic Landmark in 1976, the three-story structure is notable for its classical Greek Revival architecture, with giant Ionic columns and a large central atrium lit from above by a vaulted glass ceiling. Inside, the third floor steps back from the second, and both are secured by mahogany handrails and ornate scrolled-iron balustrades. Throughout its history, shoppers have been invited to browse three floors of shops—however, few were willing to climb the stairs to the second and third floors, creating frequent shop closures and a history of economic hardship. A 1980 renovation only postponed its ultimate closing.

In 2005 the building was purchased by developer Evan Granoff, who, in collaboration with Northeast Collaborative Architects, began planning for a $8.9 million rehabilitation to convert the building into a mixed retail-residential use. Work began in 2012, with special care taken to respect the arcade's historic features, design and use. Thirteen small, locally-owned boutique shops and three restaurants would be located on the first floor; former shop spaces on the upper two floors were converted into 38 "micro-lofts"—small rental units ranging from 225 to 450 square feet. Inspired by passenger ship cabin design, each of the rental units includes a bedroom, kitchen, bathroom, and built-in storage. The units on the second floor even have guest accommodations in the form of a twin Murphy Bed. The small unit sizes and locations are ideal for students of the many nearby universities and others wishing to live in Providence's revitalized downtown. The Providence Arcade also contains ten larger apartments, a game room, and storage spaces. The rehabilitation work met the Secretary of the Interiors Standards for Rehabilitation for purposes of the Federal historic tax credits, and in FY 2014, the National Park Service declared the project a certified rehabilitation.

photo by Kaaren Staveteig

Preservation Tax Incentives Project Activity

As the real estate market, and, the economy in general, recovers from the recent recession, the historic tax credit has been a catalyst for continued economic growth. Total estimated investment in proposed rehabilitation projects was $5.98 billion in FY 2014, the second highest in the program's history, and the average investment in certified rehabilitation projects was $5.17 million.

The tax incentives program remains an outstanding means of leveraging private investment in the adaptive reuse and preservation of historic buildings. The program continues to help stimulate economic recovery in older communities, both large and small, throughout the nation, and created an estimated 77,762 jobs last year.

Table 1: Projects & Expenses (Part 2 applications): FY 2010-2014

	FY10	FY11	FY12	FY13	FY14
Approved Projects (Part 2s)	951	937	1,020	1,155	1,156
Rehabilitation Expenses (in millions)	$3,418	$4,023	$5.33	$6.73	$5.98
Average Expense/Project (in millions)	$3.59	$4.29	$5.23	$5.82	$5.17
Maximum Amount of Credit to be Claimed (in millions)	$684	$805	$1,066	$1,346	$1,196
Average Credit/Project (approx.)	$718,885	$858,767	$1,045,255	$1,164,648	$1,035,005

Size of Approved Project

Two major events have impacted the tax incentives program in the past 25 years. Changes in Federal tax law in 1986 led to a dramatic decline between FY 1989 and FY 1993 in the reported investment in new historic rehabilitation projects throughout the country. This trend reversed, starting in FY 1994, as the number of new projects steadily increased and the amount of investment in new projects reached a then-record high in FY 2008. The downturn in the economy during the recent recession resulted in another decline of nearly 25% in the number of approved projects over the suceeding three years, and a major reduction in investment dollars, including a 65% drop in just two years. Project activity has rebounded in the past three years, with a 23% increase in the number of approved projects in FY 2012-2014 and an increase of 63% in investment dollars. In FY 2014, the $5.98 billion in investment dollars (Part 2 approved applications for proposed projects) was the second highest in program history.

Table 2: Size of Approved Rehabilitation Projects (Part 2s) as Percentage of Total Cost

COST	FY10	FY11	FY12	FY13	FY14
Less than $20,000	0.5%	1%	2%	0.5%	0.5%
$20,000-$99,999	9.5%	7%	9%	9%	9%
$100,000-$249,999	15.5%	13%	12%	16%	16%
$250,000-$499,999	17.5%	18%	10%	14%	13.5%
$500,000-$999,999	13%	12%	18%	16%	11%
$1,000,000 and over	44%	49%	49%	44.5%	50%
TOTAL	100%	100%	100%	100%	100%

Certifications of Significance

Certification of Historic Significance (Part 1 applications) is the first step in establishing eligibility for the historic tax credit, and is an early economic indicator for future rehabilitation project activity. A building must be individually listed in the National Register of Historic Places or be certified as contributing to a registered historic district in order to qualify for the 20% credit. This year, 1,377 properties were approved for a Certification of Historic Significance, which is an 8% increase over the previous year and consistent with the recent growth in new projects. The National Park Service also certifies buildings as nonsignificant, i.e., not contributing to a National Register historic district. A nonsignificant building built before 1936 can qualify for a 10% tax credit if it is rehabilitated for income-producing, non-residential purposes. The National Park Service certifies state and local historic districts that are not listed in the National Register. This allows buildings in these districts to also qualify for tax credits. In addition, Part 1 submissions are certified when the applicant is seeking a charitable donation for a historic preservation easement. In such a case, no Part 2 or 3 submissions are necessary. In FY 2014, there were 14 Certifications of Significance for easement purposes.

Approvals of Proposed Rehabilitation Work

All owners of a certified historic structure who are seeking the 20% tax credit for rehabilitation work must complete a Part 2 application form, which is a description of the proposed rehabilitation work. Long-term lessees may also apply if their remaining lease term is more than 27.5 years for residential property or more than 39 years for nonresidential property. The owner submits the application to the State Historic Preservation Office (SHPO). The SHPO provides technical assistance and guidance on appropriate rehabilitation treatments, advises owners on their applications, makes site visits when possible, and forwards submitted applications to the NPS, with a recommendation. The NPS reviews the description of the proposed rehabilitation for conformance with the Secretary of the Interior's Standards for Rehabilitation. The entire project is reviewed, including related demolition and new construction, and the project is approved only if the overall rehabilitation project meets the Standards. The proposed work may also be given a conditional approval that outlines specific modifications to bring the project into conformance with the Standards. The NPS strongly encourages owners to submit for review before work is undertaken.

Certified Rehabilitation Projects

Certifications of completed projects (Part 3 applications) are issued only when all work has been finished on a certified historic building or building complex. These approvals are the last administrative action taken by the National Park Service for projects eligible for the historic rehabilitation tax credit. Estimated certified rehabilitation costs in FY 2014 were nearly $4.3 billion, from a 27% increase over the previous year.

Table 3: Comparisons of Proposed Projects (Part 1s and 2s) Received & Approved and Completed Projects (Part 3s) Received and Certified: FY 2010-2014

	FY10	FY11	FY12	FY13	FY14
Part 1s Received	1,048	1,140	1,222	1,323	1,478
Part 1s Approved	983	1,058	1,171	1,269	1,377
Part 2s Received	1,003	1,006	1,190	1,208	1,291
Part 2s Approved	951	937	1,020	1,155	1,156
Part 3s Received	910	733	792	838	779
Part 3s Certified	883	711	744	803	762

Project review by the National Park Service typically extends over more than one fiscal year, accounting for some of the differences in the number of Part 2s and Part 3s received and approved in any given year (see Table 3). Other factors include projects with pending approvals, phased projects, withdrawn projects, and those not approved. The National Park Service generally makes final decisions on certification within 30 days of receipt of a complete application and payment of a processing fee. However, more time may be required if the information provided by the owner is incomplete or treatments do not meet the Standards.

Estimated rehabilitation costs on Part 2 applications are for proposed rehabilitation work. While work usually is completed within 24 months, projects can be phased under a special 60-month provision, or otherwise delayed because of financing or other reasons. Thus, these figures cannot be relied upon for actual costs or activity in any given year. Certified rehabilitation costs, reported on the Part 3 application form, represent the estimated amount reported by the applicant to be claimed as qualifying costs associated with the rehabilitation. These costs do not include new construction and other work ineligible for the credit.

Table 4: Rehabilitation Investment (Part 2s/Part 3s) Since the Tax Reform Act of 1986

	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95
Estimated Rehab Costs (in millions)	$1,661	$1,083	$865	$927	$750	$608	$491	$468	$641	$812
Certified Rehab Costs (in millions)	N/A	N/A	N/A	N/A	N/A	N/A	$735	$547	$483	$569
	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Estimated Rehab Costs (in millions)	$1,130	$1,720	$2,085	$2,303	$2,602	$2,737	$3,272	$2,733	$3,877	$3,127
Certified Rehab Costs (in millions)	$757	$688	$694	$945	$1,676	$1,663	$2,110	$2,859	$2,204	$2,491
	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	
Estimated Rehab Costs (in millions)	$4,082	$4,346	$5,641	$4,697	$3,421	$4,023	$5,330	$6,726	$5,982	
Certified Rehab Costs (in millions)	$2,776	$2,988	$3,272	$4,539	$3,438	$3,473	$3,155	$3,390	$4,324	

Investment Activity on a State-by-State Basis

Comparisons of state-by-state activity may be made by referring to the chart on the next page. Project activity occurred in all 50 states, the District of Columbia, and the Virgin Islands, with only Puerto Rico reporting no projects in FY 2014.

Table 5: FY2014 State-by-State Project Activity and Estimated Qualified Rehabilitation Expenditures (QRE)

STATE	Part 1 R*	Part 2 R*	Part 3 R*	Part 1 A**	Part 2 A**	Part 3 A**	Estimated QRE at Part 2	Estimated QRE at Project Completion (Part 3)
AK	0	1	0	0	1	0	$78,000.00	$0.00
AL	21	20	6	20	19	7	$82,449,803.00	$11,423,841.00
AR	34	30	14	31	22	14	$12,503,023.00	$18,447,488.00
AZ	3	4	2	2	4	1	$57,439,618.00	$12,014,019.00
CA	6	6	10	5	4	10	$65,600,000.00	$204,098,492.00
CO	6	7	2	7	5	2	$21,512,900.00	$1,492,681.00
CT	19	13	3	18	11	3	$103,772,877.00	$13,513,340.00
DC	8	3	2	6	3	1	$201,100,000.00	$18,500,000.00
DE	3	1	2	3	0	1	$0.00	$40,000.00
FL	12	9	10	14	5	12	$8,945,000.00	$77,531,993.00
GA	46	34	19	48	37	17	$72,901,000.00	$30,356,140.00
HI	2	1	0	2	2	0	$2,487,385.00	$0.00
IA	45	36	21	43	39	16	$88,456,936.00	$75,993,542.00
ID	1	1	0	1	0	0	$0.00	$0.00
IL	26	19	27	25	17	26	$628,706,937.00	$726,641,040.00
IN	24	21	6	20	20	6	$107,242,747.00	$27,251,058.00
KS	14	16	10	13	11	9	$18,379,457.00	$32,340,132.00
KY	55	61	20	52	48	20	$75,033,385.00	$29,669,915.00
LA	159	126	63	151	106	64	$164,904,530.00	$228,237,249.00
MA	49	39	44	49	34	48	$162,909,183.00	$298,369,154.00
MD	69	64	21	67	63	21	$118,686,734.00	$266,317,511.00
ME	13	11	7	9	10	7	$36,432,419.00	$59,024,773.00
MI	51	38	22	46	31	15	$212,675,447.00	$72,041,995.00
MN	11	11	6	10	10	8	$253,032,709.00	$119,677,966.00
MO	102	104	51	89	109	60	$619,758,536.00	$155,051,092.00
MS	40	25	14	38	28	14	$37,340,000.00	$20,117,603.00
MT	2	1	3	2	1	3	$75,000.00	$2,336,631.00
NC	58	65	49	53	59	44	$76,080,136.00	$56,181,236.00
ND	0	1	1	0	1	0	$9,000,000.00	$0.00
NE	14	8	8	12	7	8	$16,995,567.00	$44,003,882.00
NH	2	3	4	2	4	3	$21,697,884.00	$30,757,492.00
NJ	17	10	8	18	7	6	$167,187,200.00	$28,852,602.00
NM	0	0	1	0	1	1	$5,411,980.00	$19,421,446.00
NV	1	0	0	1	0	0	$0.00	$0.00
NY	93	98	41	85	89	41	$468,166,306.00	$382,737,351.00
OH	104	82	48	98	75	52	$825,779,843.00	$207,910,835.00
OK	17	21	9	14	16	9	$82,979,149.00	$45,094,393.00
OR	5	7	8	6	9	8	$25,163,590.00	$42,947,470.00
PA	49	42	33	45	37	35	$409,026,043.00	$430,622,509.00
PR	0	0	0	0	0	0	$0.00	$0.00
RI	20	24	11	22	19	12	$42,518,655.00	$88,605,025.00
SC	26	15	10	25	16	7	$101,296,190.00	$33,689,897.00
SD	4	4	5	4	4	4	$7,920,000.00	$6,238,711.00
TN	24	10	14	21	15	18	$25,375,000.00	$30,914,517.00
TX	26	6	8	19	6	9	$22,823,000.00	$70,662,842.00
UT	11	10	1	9	7	1	$8,997,000.00	$14,692,882.00
VA	133	118	105	129	95	97	$278,310,316.00	$208,490,454.00
VI	1	0	0	1	0	0	$0.00	$0.00
VT	13	16	12	12	12	9	$8,862,345.00	$20,557,247.00
WA	8	12	6	8	10	3	$78,150,000.00	$25,751,910.00
WI	26	32	8	19	25	5	$139,067,520.00	$28,892,094.00
WV	5	3	4	2	1	5	$3,100,000.00	$6,265,657.00
WY	0	2	0	1	1	0	$6,000,000.00	$0.00
TOTAL	1478	1291	779	1377	1156	762	$5,982,331,350.00	$4,323,778,107.00

* Received ** Approved

In FY 2014, Virginia claimed the top spot for the most projects (Part 2s and 3s). The four states with the most rehabilitation activity were Virginia (192), Louisiana (170), Missouri (169), and New York (130).

Twenty-three states had more proposed projects approved in FY 2014 than in FY 2013. These states are Alabama, Colorado, Georgia, Hawaii, Indiana, Kentucky, Maryland, Maine, Michigan, Missouri, Mississippi, North Carolina, North Dakota, New Hampshire, New Jersey, New York, Oklahoma, Oregon, Rhode Island, South Carolina, Utah, West Virginia, and Wyoming.

Denials and Appeals

Projects are denied certification by the National Park Service if the rehabilitation work does not preserve the historic character of the building. Meeting the Secretary of the Interiors Standards for Rehabilitation is the basis for this determination. The Internal Revenue Service disallows the tax credit for projects without certification. If a project is denied certification, the owner may appeal the decision to the National Park Service's Chief Appeals Officer.

In FY 2014 1,377 certifications of significance (Part 1s) were approved and 28 were denied. For rehabilitation projects, 35 were denied certification (Part 2s and/or 3s). A large number of the denials involved rehabilitation projects where work was substantially underway or complete prior to review by the National Park Service. Twenty-three denials were appealed to the Chief Appeals Officers in FY 2014, with 27 being heard. (Appeals are not necessarily heard in the same fiscal year as the projects were denied. The data presented here refers to appeals heard during FY 2014.) During the year, 31 appeals were decided. Of these, six denials were overturned, 14 were upheld outright, and 11 were upheld with conditions. The ruling to uphold a denial decision with conditions allows the applicant the option to make changes to bring the project into conformance with the Secretary's Standards and then resubmit the project for further consideration regarding certification.

Table 5: Denials and Appeals: FY 2005-2014

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Initial Denials	45	48	52	43	54	49	39	60	60	63
Appeal Decisions	24	20	23	19	30	31	33	32	31	31

Ownership of Certified Rehabilitation Projects

Information collected from the voluntary User Profiles and Customers Satisfaction Questionnaires sent to property owners post-certification indicates that the limited liability company form of ownership continues to be the most common, and is used in almost two-thirds of all projects.

Table 6: Type of Ownership in FY 2014 (Part 3s)

Individual	Corporation	General partnership	Limited partnership	Limited liability company	TOTAL
20%	5%	1%	11%	63%	100%

Size of Completed Projects

Table 7 shows the breakdown of projects by the amount of rehabilitation investment. Historic tax credit projects are not all large projects, which is a common misconception of the program. In FY 2014, 12% of all projects were under \$100,000, 39% of all projects were under \$500,000, and the majority of all projects (56%) were less than \$1 million in costs.

Table 7: Comparison of Percentage of All Certified Projects (Part 3s) in Each Size Category: FY 2010-2014

	<\$20,000	\$20,000-\$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000-\$999,999	>\$1,000,000	TOTAL
FY14	1%	11%	14%	13%	17%	44%	100%
FY13	1%	7%	23%	15%	13%	41%	100%
FY12	0.5%	9%	16%	13%	13%	48.5%	100%
FY11	0.5%	8%	13%	19%	15.5%	44%	100%
FY10	0.5%	5%	30%	14%	12.5%	38%	100%

Primary Uses of Rehabilitated Properties

The following table (Table 9) shows the final primary use of projects certified over the past five fiscal years, as drawn from customer questionnaires. Of projects reporting housing as the final primary use, 70% were for multiple-family housing.

Table 9: Uses of Certified Rehabilitation Projects (Part 3s): FY 2010-2014

	FY10	FY11	FY12	FY13	FY14
Housing	43%	69%	47%	46%	42%
Office	23%	16%	21%	21%	18%
Commercial	24%	3%	16%	19.5%	25%
Other	10%	12%	16%	13.5%	15%

Housing and Preservation

The tax incentives program has been an invaluable tool in both the revitalization of historic communities and neighborhoods and in increased public awareness of the importance of preserving tangible links to the nation's past. In many cases, the rehabilitation of one key building has resulted in the rehabilitation of adjacent buildings.

Housing has been the single-most important use for rehabilitated historic buildings under the program. Over the past five years, between 36% and 69% of the projects have included housing. Since the program began, the National Park Service has approved the proposed rehabilitation of an estimated 255,994 housing units and the creation of an estimated 248,303 new units. In FY 2014, a reported 19,786 housing units were approved, including 8,369 housing units rehabilitated and 11,417 new units. Table 10 shows the total number of housing units reported as part of proposed projects, including rehabilitated units and new units, over the past decade.

One of the benefits of the program is the creation and retention of affordable housing. Various Department of Housing and Urban Development (HUD) programs, such as the low-income housing tax credits, have been used by private investors in conjunction with preservation tax credits to achieve this goal. Over the past 38 years, the National Park Service has approved as part of the historic tax credit program a reported 137,978 low and moderate income housing units.

Table 10: Historic Rehabilitation Projects (Part 2s) Involving Housing (Reported Unit Count): FY 2005-2014

	Number of Housing Units	Number of Units Rehabilitated	New Units	Number of Low/Moderate Units	Percentage of Low/Moderate Units to Total Number of Housing Units
FY14	19,786	8,369	11,417	6,540	33%
FY13	25,121	9,367	15,754	7,097	28%
FY12	17,991	6,772	11,219	6,366	35%
FY11	15,651	7,435	8,216	7,470	48%
FY10	13,273	6,643	6,630	5,514	42%
FY09	13,743	5,764	7,979	6,710	49%
FY08	17,051	6,659	10,392	5,220	31%
FY07	18,006	6,272	11,734	6,553	36%
FY06	14,695	6,411	8,284	5,622	38%
FY05	14,438	5,469	8,969	4,863	34%

Use of Additional Incentives and Funding Assistance

Using Federal historic preservation tax credits generally does not preclude the use of other Federal, state, or local funding sources that promote public benefits, or other programs designed to encourage rehabilitation. Information from the User Profile and Customer Satisfaction Questionnaire indicates that 88% of the respondents used one or more forms of additional incentives or publicly-supported financing in FY 2014. Of the additional incentives, 50% utilized state historic preservation tax incentives and 4% used the Federal low-income housing credit. Other incentives included HUD programs such as HOME, Insured Loan Programs and the Community Development Block Grant (CDBG); New Market Tax Credit Program (NMTC); Tax Increment Financing (TIF); Brownfields Economic Development Initiative Grant; and, USDA Rural Development Loan Programs. Local property tax/ad valorum tax abatement was used by 18% of the respondents, and 4% obtained low interest loans through their cities.

*Table 11: Other Incentives Used In Completed Projects In Addition to Historic Preservation Tax Credits in FY 2014**

None	8%
Low-income Rental Housing Credits	4%
Local Property Tax/Ad Valorum Tax Abatement	18%
Historic Preservation Easement	2%
Facade Grant Program	5%
State Historic Preservation Tax Incentives	50%
HUD Program	5%
Low Interest Loan	4%
Other	4%

*Many projects used more than one type of program. This is reflected in the percentage rates above. This data is taken from the post-certification questionnaire voluntarily returned by property owners.

State Historic Preservation Tax Incentives

Many states offer state tax incentives of various kinds for historic preservation rehabilitation projects. Over 50% of the projects receiving Part 3 certification also used state historic tax credits in FY 2014. Over half of the states currently offer state income tax credits. The four states with the most rehabilitation activity in FY 2014 (Virginia, Louisiana, Missouri and New York) all have state historic tax credits that can be "piggybacked" with the Federal historic tax credit. Property tax relief is also available for qualified projects through statewide programs in a number of states. Some states also offer property tax relief as a local option.

Tax Credits at Work
Helping to Preserve Our Nation's Heritage

Historic Lafayette Apartments, Butler, PA

Housing is the most common use of buildings listed in the National Register, and it is not surprising that 42% of tax credit projects last year included housing. Projects ranged from former single-family dwellings converted to rental units, to historic apartments upgraded with modern amenities, to a wide variety of commercial, institutional, and industrial buildings adaptively reused for housing. Whether affordable or market rate, these projects successfully preserve the historic character of the buildings; provide much needed community housing; and result in essential repairs, critical life-safety improvements, and energy upgrades for these buildings. While both of the following examples are individually listed in the National Register, they are in contrast quite different in terms of their recent certified rehabilitations.

Built in the French Renaissance Revival style, the imposing, former Butler County National Bank (now Historic Lafayette Apartments) in Butler, PA, was used as a bank and offices from 1903 until it was converted in 1993 into apartments. Creating 59 affordable housing units, the recent $5.7 million certified rehabilitation included a number of measures for improved energy performance, including upgrading the HVAC system and replacing the non-historic windows, as well as various work relating to improved accessibility.

Trinity Place Apartments, Portland, OR

The Trinity Place Apartments is a Tudor/Jacobethan-style residential building in Portland, OR, that has remained in use as apartments since its construction in 1910-11. Providing 36 market-rate housing units, Trinity Place Apartments recently underwent a $500,000 certified rehabilitation involving the seismic upgrading of the unreinforced masonry for life/safety.

Historic Tax Credits: Creating Jobs, Saving Historic Buildings, and Assisting Community Revitalization

The Rialto Theater, Cleveland, OH

The recent rehabilitations of the Rialto Theater in Cleveland, OH and the Central States Life Insurance Company Building in St. Louis, MO, have numerous things in common that highlight the successful use of the historic tax credits: both buildings were acquired by local companies seeking to expand; both buildings had been vacant a number of years following their last use as nightclubs; their new uses were welcomed by the surrounding neighborhood; their start to finish time were less than 18 months; and each involved a multi-million dollar investment. Both rehabilitations preserved the historic character-defining features and received certifications by the NPS in FY 2014.

The Rialto Theater (now Mitchell's Ice Cream), is located in the Market Square Historic District in Cleveland, OH. Opened in 1919 as a venue for silent films and vaudeville performances, the theater remained in use until 1957. Much of the interior was altered for its later use as a nightclub—a business forced to close around 2007 because of illegal activities. Mitchell's Ice Cream, a well-known local company, acquired the vacant building in 2011 for its adaptive use as their flagship ice cream store, headquarters, and production kitchen. Using local craftsmen, the work took place in 2013 with an investment of nearly $6 million. Repairs were made to the exterior of the building; the interior was adapted for the new use; and energy-saving features were incorporated as part of the project, including solar panels and a system to reuse rainwater for non-potable use. With community rooms upstairs for parties and events, the ice cream parlor below, and a factory area opened for tours, the former Rialto Theater is once again a neighborhood jewel.

Central States Life Insurance Co. Building, St. Louis, MO

The former Central States Life Insurance Company Building recently became the headquarters of Chameleon Integrated Services (CSI), a St. Louis, MO-based information technology firm, following a $3 million rehabilitation. Individually listed in the National Register, this 1921 Mission Revival-style building was designed for a local corporate headquarters, complete with an impressive two-story atrium. Later used for many purposes, and most recently as a series of nightclubs, CSI purchased the building and returned it to its original use as corporate offices. The building's exterior and surviving historic features on the inside were restored, and state-of-the-art security systems installed. Twenty-seven percent of the work was completed by minority-owned businesses from Greater St. Louis. With their new offices and a building rich in architectural detail, CSI has not only saved an impressive historic resource, but also is contributing to the rebirth of the local community.

All photos from NPS files.