Federal Tax Incentives for Rehabilitating Historic Buildings

Statistical Report and Analysis
for Fiscal Year 2013

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 the main streets and historic cores of our cities and towns.

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 $69 billion in historic preservation activity since 1976. During fiscal year (FY) 2013, the National Park Service approved 1,155 proposed projects (Part 2 applications) representing an estimated $6.73 billion of investment to restore and rehabilitate historic buildings.

Over 39,600 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: Schmucker Hall, Gettysburg, Pennsylvania, taken by Bonnie Wilkinson Mark, Delta Development Group, Inc.

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

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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, reducing the Federal tax incentives for historic preservation and creating more stringent rules for their use. The result was a dramatic decline in activity. Starting in the mid-1990s, activity nationwide rebounded, reaching record highs in the amount of investment dollars just prior to the recent recession. With the economy in general, and the real estate market in particular, rebounding from the recent recession, the amount of rehabilitation investment in proposed projects increased 26% over the past year, surpassing the $6 billion mark for the first time in the program history. The average investment in completed certified projects (Part 3 applications) in FY 2013 was $3.39 million, the fourth highest in program history.

The National Park Service review of project applications is undertaken by the Technical Preservation Services office in Washington, DC. To enhance 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 2014

"The United States Conference of Mayors supports the goals of the Federal Historic Tax Credit because of the well documented economic and job benefits to the nation's cities . . . "

The United State Conference of Mayors
81st annual meeting, June 2013

*Highlights for FY 2013**

Investment in historic rehabilitation	*Part 2 (proposed)*	*Part 3 (completed)*
Rehabilitation costs	$6.73 billion	$3.39 billion
Median cost of projects	$770,000	$760,976
Number of approved applications	1,155	803

Number of housing units sets new record

Number of housing units	25,121
Rehabilitated housing units	9,367
New housing units	15,754
New low and moderate income housing units	7,097

*Job creation remains strong***

Average number of local jobs created per project	78
Estimated number of local jobs created	62,923

Program Accomplishments 1977-2013

Number of historic rehabilitation projects certified	39,622
Rehabilitation investment	$69.49 billion
Rehabilitated housing units	247,625
New housing units	236,886
Low and moderate income housing units	131,438
Estimated total number of total jobs created**	2.4 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 by the Rutgers University Center for Policy Research.*

Federal Tax Incentives For Rehabilitating Historic Buildings 1977-2013

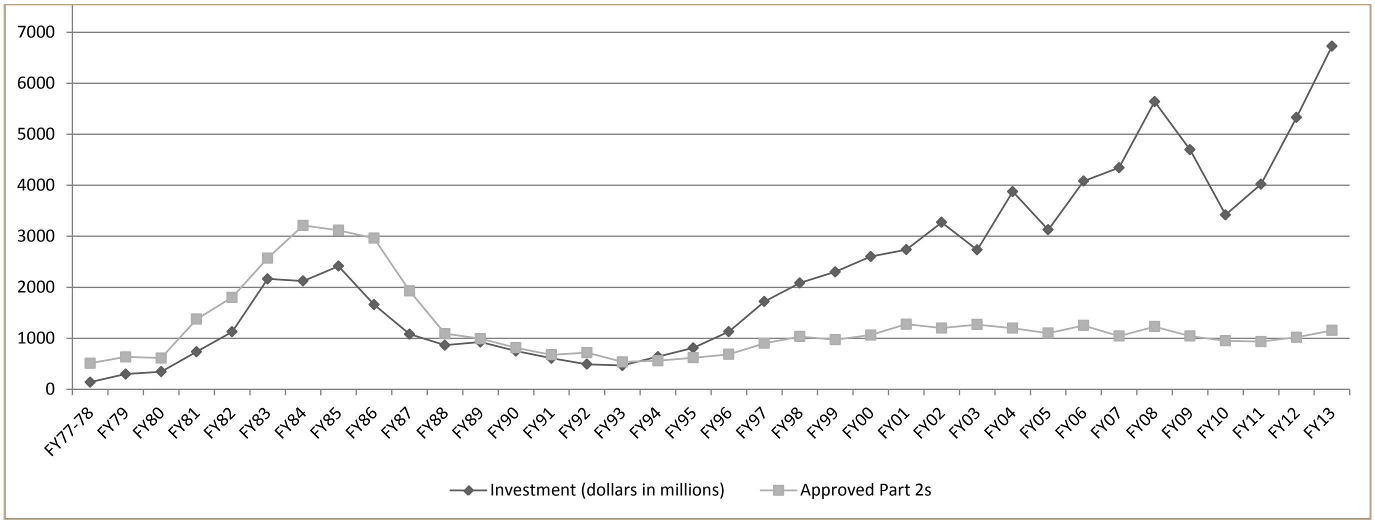

Figure 1. Note: Investment dollars above are not adjusted for inflation.

Serving the Community:
New Uses for Historic Buildings
Fargo, North Dakota, and Detroit, Michigan

The historic tax credit not only encourages the preservation and reuse of historic buildings, but it often helps provide new homes for community-based groups providing invaluable local services. Rehabilitating historic buildings and serving those in need can go hand-in-hand, helping to strengthen and revitalize older communities, towns, and cities.

Pence Automobile Company Warehouse, Fargo, ND
Photo: Michael J. Burns Architects, Ltd.

Family HealthCare in Fargo, North Dakota, was formed 20 years ago to improve community access to healthcare. As their services grew over time at scattered locations, consolidation to a more central location became a priority in order to best serve those most in need. In 2011 Family HealthCare acquired the historic **Pence Automobile Company Warehouse**, listed in the National Register, and three smaller adjacent buildings and undertook a $7 million rehabilitation project in under 18 months, saying, "It fit perfectly with our mission because it allowed us to treat this forgotten building with dignity and respect, creating a tribute to the health and wellness of our community." The high ceilings, large window openings, terrazzo floor, and the original pink marble staircase were all historic features that the new owners capitalized on while creating their new medical center.

Built in 1929 as offices and distribution center for telephone and communication supplies, the **Michigan Bell & Western Electric Warehouse** provided essential communication services to Detroit and surrounding areas. The Neighborhood Services Organization (NSO), a community-based human service organization, acquired the building and began a $48 million rehabilitation in 2011 to create permanent supportive housing for the formerly homeless. With the grand opening of the NSO Bell Building in the fall of 2013, NSO now provides 155 one-bedroom units with onsite supportive services for the formerly homeless. Serving a critical need in the community within a newly rehabilitated historic building, NSO has created an award-winning project, certified by the National Park Service for the Federal historic tax credit.

Michigan Bell & Western Electric Warehouse, Detroit, MI
Photo: NPS file

Preservation Tax Incentives Project Activity

As the real estate market and economy in general recovers from the recent recession, the historic tax credit has been a catalyst for continued growth. Total estimated investment in proposed rehabilitation projects increased 26% to $6.73 billion in FY 2013, and the average investment in certified rehabilitation projects rose 11% to $5.82 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 62,923 jobs last year.

Table 1: Projects & Expenses (Part 2 applications): FY 2009-2013

	FY09	FY10	FY11	FY12	FY13
Approved Projects (Part 2s)	1,044	951	937	1,020	1,155
Rehabilitation Expenses (in millions)	$4,697	$3,418	$4,023	$5.33	$6.73
Average Expense/Project (in millions)	$4.49	$3.59	$4.29	$5.23	$5.82
Maximum Amount of Credit to be Claimed (in millions)	$939	$684	$805	$1,066	$1,346
Average Credit/Project (approx.)	$899,938	$718,885	$858,767	$1,045,255	$1,164,648

Size of Approved Project

Two major events have impacted the tax incentives program in the past 25 years. Changes in the 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 record high in FY 2008. The downturn in the economy which led to 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 two years, with an encouraging 23% increase in the number of approved projects in FY 2012-2013 and an increase of 67% in investment dollars. In FY 2013, $6.73 billion in investment dollars (Part 2 approved applications for proposed projects) was the highest in program history.

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

COST	FY09	FY10	FY11	FY12	FY13
Less than $20,000	0.5%	0.5%	1%	2%	0.5%
$20,000-$99,999	8%	9.5%	7%	9%	9%
$100,000-$249,999	17%	15.5%	13%	12%	16%
$250,000-$499,999	17%	17.5%	18%	10%	14%
$500,000-$999,999	14.5%	13%	12%	18%	16%
$1,000,000 and over	43%	44%	49%	49%	44.5%
TOTAL	100%	100%	100%	100%	100%

Certifications of Significance

Certification of Historic Significance (Part 1s) is the first step in establishing eligibility for the historic tax credit and 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 (Part 1) in order to qualify for the 20% credit. Last year, 1,269 properties were approved for 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 building that has been certified as nonsignificant but was 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 or local historic districts that are not listed in the National Register. This allows buildings in these districts to also qualify for tax credits in these areas. In addition, the Part 1 submissions are certified when the applicant is seeking only to take a charitable donation for a historic preservation easement. In such a case, no Part 2 or 3 submissions are necessary. In FY 2013, there were 14 Certifications of Significance for easement purposes, nearly twice that of the previous year.

Approvals of Proposed Rehabilitation Work

All owners of a certified historic structure who are seeking the 20% tax credit for the 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 3s) 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 taxpayers eligible for the historic rehabilitation tax credit. Certified rehabilitation costs in FY 2013 were nearly $3.4 billion, a 7% 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 2009-2013

Empty Cell	FY09	FY10	FY11	FY12	FY13
Part 1s Received	1,277	1,048	1,140	1,222	1,323
Part 1s Approved	1,369	983	1,058	1,171	1,269
Part 2s Received	1,138	1,003	1,006	1,190	1,208
Part 2s Approved	1,044	951	937	1,020	1,155
Part 3s Received	849	910	733	792	838
Part 3s Certified	806	883	711	744	803

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 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 ineligible work.

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		
Estimated Rehab Costs (in millions)	$4,082	$4,346	$5,641	$4,697	$3,421	$4,023	$5,330	$6,726		
Certified Rehab Costs (in millions)	$2,776	$2,988	$3,272	$4,539	$3,438	$3,473	$3,155	$3,390		

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 2013.

Table 5: FY2013 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	1	0	2	1	$180,000.00	$65,495.00
AL	21	14	6	19	14	5	$33,879,844.00	$6,674,385.00
AR	18	23	13	18	26	14	$23,753,805.00	$6,982,870.00
AZ	3	6	1	3	7	1	$44,550,000.00	$145,000.00
CA	12	9	12	12	7	11	$187,215,315.00	$351,910,108.00
CO	4	1	3	2	2	4	$698,500.00	$30,439,317.00
CT	22	20	2	22	23	3	$143,324,940.00	$4,834,397.00
DC	4	2	3	4	6	3	$123,312,595.00	$25,382,707.00
DE	6	6	5	6	6	5	$13,483,613.00	$17,868,126.00
FL	19	13	6	14	6	4	$43,110,000.00	$6,288,540.00
GA	45	43	30	34	33	29	$22,498,085.00	$26,195,596.00
HI	1	1	1	1	1	1	$75,000.00	$491,941.00
IA	54	56	32	49	49	37	$125,719,816.00	$95,232,741.00
ID	1	1	1	1	1	1	$5,500,000.00	$157,789.00
IL	33	23	6	33	23	5	$308,241,803.00	$205,106,123.00
IN	22	9	8	23	11	11	$34,031,000.00	$13,743,775.00
KS	29	19	23	27	25	23	$75,445,909.00	$48,905,129.00
KY	34	40	21	31	37	23	$28,202,380.00	$28,117,278.00
LA	103	112	76	99	119	73	$252,937,267.00	$193,241,315.00
MA	71	69	30	66	72	27	$528,081,944.00	$288,902,962.00
MD	42	42	30	41	43	29	$190,113,445.00	$32,272,527.00
ME	4	4	9	3	3	11	$11,806,500.00	$39,219,868.00
MI	29	16	15	25	16	15	$185,003,476.00	$146,653,564.00
MN	25	22	11	24	21	9	$102,966,401.00	$226,729,935.00
MO	105	114	92	104	94	72	$420,488,941.00	$363,054,053.88
MS	16	17	9	16	12	12	$24,282,236.00	$15,971,512.90
MT	2	5	4	2	6	4	$14,889,655.00	$6,377,249.00
NC	67	45	41	68	38	35	$143,479,175.00	$40,026,786.00
ND	0	0	1	0	0	1	$0.00	$4,138,003.00
NE	5	7	6	5	8	6	$55,850,000.00	$44,900,918.00
NH	3	3	2	3	3	2	$19,100,000.00	$25,253,405.00
NJ	9	4	2	7	3	2	$15,425,800.00	$9,118,871.00
NM	0	2	3	0	3	3	$22,685,878.00	$9,753,711.00
NV	1	1	0	1	1	0	$4,500,000.00	$0.00
NY	110	66	66	113	63	65	$1,165,241,566.00	$238,146,223.00
OH	73	82	83	74	78	80	$612,609,800.77	$142,651,364.00
OK	17	15	8	15	14	7	$67,442,753.00	$43,275,073.00
OR	12	11	4	13	8	2	$31,591,038.00	$2,400,000.00
PA	66	53	32	67	47	30	$462,413,388.00	$249,523,976.00
PR	0	0	0	0	0	0	$0.00	$0.00
RI	7	10	8	6	9	9	$84,240,000.00	$44,420,172.00
SC	17	14	1	15	9	0	$72,477,010.00	$0.00
SD	3	5	1	3	4	1	$5,150,000.00	$79,563.00
TN	22	18	10	19	16	7	$227,572,535.00	$15,503,515.00
TX	11	12	2	10	12	3	$367,454,829.00	$33,802,168.00
UT	2	2	1	3	5	0	$15,300,000.00	$0.00
VA	134	125	79	129	128	74	$315,745,327.00	$200,053,578.00
VI	0	0	0	0	0	1	$0.00	$426,759.00
VT	9	16	19	10	15	20	$17,369,026.00	$15,320,933.00
WA	9	11	0	9	10	2	$26,700,000.00	$15,214,539.00
WI	13	11	13	14	10	13	$40,794,790.00	$67,398,559.00
WV	7	7	4	6	6	5	$8,909,550.00	$4,151,750.00
WY	1	0	2	0	0	2	$0.00	$3,525,325.00
TOTAL	1323	1208	838	1269	1155	803	$6,725,844,935.77	$3,390,049,494.78

* Received ** Approved

In FY 2013, Ohio claimed the top spot for the most certified projects. The four states with the most rehabilitation activity were Ohio (80), Virginia (74), Louisiana (73), and Missouri (72).

Twenty-nine states and the District of Columbia had more proposed projects approved in FY 2013 than in FY 2012. These states are Alaska, Alabama, Arizona, Arkansas, Connecticut, Georgia, Iowa, Idaho, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, Montana, New Hampshire, New Mexico, Nevada, New York, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Vermont, and Washington.

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 2013, 1,269 certifications of significance (Part 1s) were approved and 23 were denied. For rehabilitation projects, 43 were denied certification (Part 2s and/or 3s). The large majority of the denials involved projects where work was substantially underway prior to review by the National Park Service. Fifty-five denials were appealed to the Chief Appeals Officers in FY 2013, with 41 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 2013.) During the year, 31 appeals were decided. Of these, seven denials were overturned, 13 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 for Parts 2s and 3s: FY 2004-2013

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Initial Denials	46	45	48	52	43	54	49	39	60	60
Appeal Decisions	18	24	20	23	19	30	31	33	32	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 is the most common and is used in over two-thirds of all projects.

Table 6: Type of Ownership in FY 2013 (Part 3s)

Individual	Corporation	General partnership	Limited partnership	Limited liability company	TOTAL
11.9%	7.6%	0%	14.4%	66.1%	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 2013 almost 8% of all projects were under $100,000; almost half (46%) of all projects were under $500,000; and the majority of all projects (59%) were less than $1 million in costs.

Table 7: Comparison of Percentage of All Certified Projects (Part 3s) in Each Size Category: FY 2009-2013

Empty Cell	<$20,000	$20,000-$99,999	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	>$1,000,000	TOTAL
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%
FY09	0%	8%	12.5%	9.5%	15%	55%	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 a final primary use, 70% were for multiple-family housing.

Table 9: Uses of Certified Rehabilitation Projects (Part 3s): FY 2009-2013

	FY09	FY10	FY11	FY12	FY13
Housing	36%	43%	69%	47%	46%
Office	25%	23%	16%	21%	21%
Commercial	31%	24%	3%	16%	19.5%
Other	8%	10%	12%	16%	13.5%

Housing and Preservation

The tax incentives program has been an invaluable tool in both the revitalization of historic communities and neighborhoods and in the 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 247,625 housing units and the creation of an estimated 236,886 new units. In FY 2013, a reported 25,121 housing units were approved, including 9,367 housing units rehabilitated and 15,754 new units. Table 10 shows the total number of housing units reported as part of proposed projects, including units to be rehabilitated and new units, over the past decade.

One of the objectives 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 35 years, the National Park Service has approved as part of the historic tax credit program a reported 131,438 low and moderate income housing units.

Table 10: Historic Rehabilitation Projects (Part 2s) Involving Housing (Reported Unit Count): FY 2004-2013

	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
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%
FY04	15,784	5,738	10,046	5,357	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 91.5% of the respondents used one or more forms of additional incentives or publicly-supported financing in FY 2013. Of the additional incentives, 40.5% utilized state historic preservation tax incentives and 3.5% 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 18.5% 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 2013**

None	8.5%
Low-income Rental Housing Credits	3.5%
Local Property Tax/Ad Valorum Tax Abatement	18.5%
Historic Preservation Easement	0%
Facade Grant Program	7%
State Historic Preservation Tax Incentives	40.5%
HUD Program	5.5%
Low Interest Loan	4%
Other	12.5%

*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 40% of the projects receiving Part 3 certification also used state historic tax credits in FY 2013. Over 30 states currently offer state income tax credits. The four states with the most rehabilitation activity in FY 2013 (Ohio, Virginia, Louisiana and Missouri) 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

A historic building may be listed individually in the National Register or qualify as a certified historic structure because of its contribution to a historic district. Its significance may be because of its architecture or history—and often both. The Mohawk Niagara Building, acclaimed for its architecture, and Schmucker Hall, a witness to the Battle of Gettysburg and best known for its historic significance, reflect quite different aspects of our heritage worthy of preservation.

Niagara Hudson Building
Photo: Ted Bartlett, Crawford & Stearns

Niagara Hudson Building (National Grid building), Syracuse, New York

Completed in 1932, the highly sculpted and richly detailed building is an outstanding example of American Art Deco architecture. Constructed in a ziggurat form, its modern design by Syracuse architect Melvin L. King masterfully integrated black Vitrolite glass, cast stone, aluminum, terra cotta, aluminum coated concrete, and stainless steel expressed in stylized geometric patterns. A utility company headquarters, it had sophisticated neon/helium exterior lighting, making it a standout both day and night. Acquired by the National Grid Group, the building had suffered from years of deferred maintenance, inappropriate alterations, and poor workmanship. Correcting the major deficiencies on the exterior with an emphasis on preservation of materials and design required the commitment of the owners, expertise of the design team, and quality workmanship of the contractors.

As part of the $10 million rehabilitation, previously shortened windows were replaced with energy efficient units, matching the original appearance. Where Vitrolite had been replaced with painted aluminum panels, now faded and decomposing, new frit glass with sandblasted details like the originals were installed, returning the long-missing shiny black appearance of the original design. The chrome-nickel metal detail work was repaired, cleaned and polished, returning the crisp contrast between shiny metal and black glass. The result was an award-winning project.

Schmucker Hall (Gettysburg Seminary Ridge Museum), Gettysburg, Pennsylvania

Constructed in 1823 as a dormitory and classroom building, Schmucker Hall is located on the campus of the Lutheran Theological Seminary of Gettysburg, just outside Gettysburg National Historical Park. During the opening day of the Battle of Gettysburg, July 1, 1863, the Seminary was part of the Union Army line, and the building's cupola used as an observation post. Changing hands to Southern forces, the building served as a field hospital for more than 600 Union and Confederate soldiers. One of the most important Civil War sites not in public ownership, the building was rehabilitated as a museum through the cooperative efforts of the Seminary, the Adams County Historical Society, and the Seminary Ridge Historic Preservation Foundation. Over 200 construction jobs were supported during the nearly $9 million rehabilitation and additional museum and tourism jobs were created as a result of the museum opening.

Schmucker Hall
Photo: Bonnie Wilkinson Mark, Delta Development Group, Inc.

Among the project work, the historic windows were repaired, the 1914 Peace Portico was restored, and the roof replaced. A geothermal system was installed for heat and cooling and, along with other green features, led to LEED certification. While installing new restrooms, elevator, fire suppression, electrical system, and interactive exhibits, significant interior features were preserved. Opening on the 150th anniversary of the battle, the museum is expected to generate $5 million in new tourism.