



# Federal Tax Incentives for Rehabilitating Historic Buildings

Annual Report  
for Fiscal Year 2016



## Federal Tax Incentives for Rehabilitating Historic Buildings

A Successful Federal/State Partnership Since 1976

*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 program to promote historic preservation and community revitalization through historic rehabilitation. With over 42,000 completed projects since its inception in 1976, the program has generated over \$84 billion in the rehabilitation of income-producing historic properties. The largest Federal program specifically supporting historic preservation, the historic tax credit also generates much needed jobs, enhances property values in older communities, creates affordable housing, and augments revenue for Federal, state and local governments. The widely recognized program has been instrumental in preserving historic places that give our cities, towns, and communities their special character.*

### Job Creation Remains Strong

Completed projects certified in Fiscal Year 2016 created an estimated 108,528 jobs based on a National Park Service-funded study by the Rutgers University Center for Policy Research. From Main Streets to central cities, the federal tax credits are consistently a strong catalyst for job creation and economic growth.

#### Adaptive Reuse of Historic Bank Buildings Benefits Older Neighborhoods

The Stony Island Arts Bank building is one of the last remnants of what was once a dense commercial strip along Stony Island Avenue on the South Side of Chicago, IL. The gray terra-cotta structure, originally the Stony Island Savings and Trust, was built in 1923 with a dramatic vaulted banking lobby. It served a succession of financial institutions, but lost its tenants in the late 1970s, remained vacant for many years, and was almost demolished. Now, this landmark has been restored and reopened as the

Stony Island Arts Bank, a hub for free arts and cultural programming for the Rebuild Foundation founded by Theaster Gates, a nonprofit organization that seeks specifically to foster culture and development in underinvested neighborhoods.



Stony Island Bank, Chicago, IL

The First National Bank of Stephenville is a two-story Romanesque-style bank building in Stephenville, TX. One of the oldest remaining structures in the downtown, it was constructed in 1889 and housed the town's first bank. The bank moved out in 1925, and the building became home to a variety of tenants under multiple ownerships. In 2014, work began to rehabilitate this distinctive landmark into a

mixed-commercial use building using the Federal historic tax credits. This enabled the restoration of many of the original features and finishes including the windows, interior plaster and frieze, wood trim, and floors. The building is once again a focal point for the surrounding community.



First National Bank, Stephenville, TX.  
Photos: NPS files

### FY 2016 at a glance

- 1,299 proposed projects and \$7.16 billion in rehabilitation work approved
- 1,039 completed projects and \$5.85 billion in rehabilitation work certified
- 108,528 jobs created by completed projects
- 7,181 new low and moderate income housing units / 21,139 new or renovated housing units overall

### Over 1.6 Million Buildings Listed

Over 1.6 million historic buildings are listed in or contribute to historic districts in the National Register of Historic Places, with thousands of contributing resources added each year. The National Park Service estimates that 20% of these buildings qualify as income-producing. Income-producing buildings listed individually or certified as contributing to a registered historic district are eligible for tax credits.

### “Piggybacked” State Credits

Last year 80% of the completed projects certified by the National Park Service were estimated to have used both Federal and state historic tax credits. Over half of the states offer historic tax credits that can be used in tandem with the Federal historic tax incentives. The four states with the most rehabilitation activity in FY 2016 (Louisiana, Virginia, Missouri, and New York) all have “piggyback” state historic credits. Piggybacking state credits has proven to be an invaluable additional incentive for rehabilitating vacant and deteriorated historic buildings.



## Economic Revitalization Utilizing Federal Historic Preservation Tax Incentives

For 40 years the Federal historic preservation tax incentives have spurred the rehabilitation of historic structures of every period, size, style, and type. Abandoned or underutilized schools, warehouses, factories, churches, barns, retail stores, apartments, hotels, houses, offices, and theaters throughout the country have been given new life in a manner that maintains their historic character. In FY 2016, 57% of the completed projects included housing, with a third of those units for affordable housing. Office space accounted for 14% of the projects, while 17% was for other commercial uses. This year, 55% of the historic structures undergoing rehabilitation work are for a continued use rather than an adaptive reuse.



1. 21c Museum Hotel, Lexington, KY; 2. Sheridan Inn, Sheridan, WY; 3. Rainwater Building, Florence, SC; 4. Washington School House, Park City, UT; 5. Erwin House, Bourbon, IN. Photos: NPS files

## Over \$7.1 Billion Investment in Historic Rehabilitation

While the historic preservation tax credit encourages the rehabilitation of historic buildings of national, state, and local significance, it also stimulates major private investment in our older, disinvested neighborhoods. Older cities and small towns across the country rely upon the historic tax credit program as an important tool to foster economic revitalization. Sometimes it takes only a single project to be a catalyst for other development on a Main Street or in a downtown neighborhood. Other times, several historic tax credit projects scattered within a community are needed to have a similar effect.

In FY 2016 the number of approved proposed projects was 1,299. The investment in these projects totaled an estimated \$7.16 billion, while the investment in the 1,039 certified completed projects totaled \$5.85 billion. The median cost for proposed projects was \$900,000 and \$1,028,571 for certified projects.

## Historic Schools Revitalizing Communities

*With their neighborhood locations and handsome architecture, vacant school buildings are being adapted utilizing the Federal historic tax credit to help meet the needs of older communities. Both of the projects shown here were certified by the National Park Service in FY 2016.*

Standing empty for seven years, the Ben Day School has become a new home for 24 families in historic central Leavenworth, KS. Originally built in 1909, the two-story Tudor revival-style building served elementary students, then primary students, and finally early childhood programs. Completed in FY 2016, this \$2.3 million project repaired and preserved the wide corridor spaces with many of the original, wooden hall cupboards, trim, and plaster, and incorporated classroom chalkboards, cloakrooms, and built-in cabinets within the apartment units.



Ben Day School, Leavenworth, KS



Harnett County Training School, Dunn, NC  
Photos: NPS files

The Harnett County Training School has been a landmark in Dunn, North Carolina, since its construction in 1922. The school was built to provide education for the African-American students in the area. After several expansions, the school became one of the largest Rosenwald schools in the state. Over time, desegregation made the buildings obsolete and the school sat vacant for many years. In 2014, a \$7.8 million rehabilitation project was undertaken to bring the school building, as well as a gymnasium/auditorium, a classroom annex building, and a multi-purpose building, back to life to provide multiple uses.

Besides providing 37 units of affordable housing for seniors, classrooms and multi-purpose rooms are leased to the Central Carolina Community College, and the gym serves as the Dunn Police Athletic League's youth recreation center.

## Finding Out More About the Program

Information on the historic rehabilitation tax credits and copies of technical publications that explain methods of repairing and maintaining historic buildings are available from the Technical Preservation Services office of the National Park Service and from State Historic Preservation Offices. Our Website <<http://www.nps.gov/tps>> has detailed information about the tax incentives program as well as a wealth of information on the preservation and rehabilitation of historic buildings. A list of publications is available on our website or can be obtained by writing to Technical Preservation Services, National Park Service, 1849 C Street NW, Washington, DC 20240 or by emailing your request to <[nps\\_tps@nps.gov](mailto:nps_tps@nps.gov)>.

State Historic Preservation Offices (SHPOs) are the first point of contact for property owners wishing to use the rehabilitation tax credit. They can be contacted to help determine whether a historic building is eligible for Federal or state historic preservation tax incentives; to provide guidance before the project begins so as to make the process as fast and economical as possible; and to advise on appropriate preservation work. For the phone number or website of your state preservation office, call the National Conference of State Historic Preservation Officers at (202) 624-5465 or visit their website at [www.ncshpo.org](http://www.ncshpo.org).

On the cover

### Corning Free Academy, Corning, NY

With the continuing consolidation of neighborhood schools or simple replacement of older buildings, hundreds of historic school buildings are at risk each year. Once closed and left vacant, schools soon suffer from lack of maintenance, vandalism, and general neglect. The Federal historic tax credit has helped rescue many neighborhood school buildings with reuses varying from charter schools and hotels to apartments providing much needed community housing. Through the reuse of historic schools, new jobs are created and vacant buildings are renewed with broad positive economic impact on the local community—and the history of communities embodied by the schools that educated multiple generations of local children is preserved.

First a high school and later a middle school, the Corning Free Academy located in the Southside Historic District in Corning, New York, is an imposing four-story Romanesque Revival brick building, embellished by terra cotta. Built in 1922 and added onto over time, the school closed in 2014. Thanks to the foresight of the local school board and community leaders, plans were soon in place for New York-based developer Purcell Construction Company to acquire and undertake a \$13 million rehabilitation of the building. In just about a year's time, the building reopened with a new name, Academy Place, and a new use, providing 58 market-rate apartments.

The Elmira Savings Bank and the Empire State Development Corporation provided financing, with the local bank noting it was their largest single project ever financed in its 145-year history. In 2016, the project was certified by the National Park Service for purpose of the historic tax credit.

Not only was the exterior of the building repaired and preserved, but also distinctive interior features and spaces were retained, including the auditorium which will be used as a community space. A physical fitness center is located in space formerly used as the gym. The experience today of again walking along the wide hallways so distinctive of older schools is enhanced by the retention of the many large arched openings. "Once you walk in that front door you realize it is a special building," according to Mark Purcell, President of the family-owned business that developed the property.



Cover and interior corridor photos: David R. Miller for Johnson-Schmidt & Associates, Architects ; drone and auditorium photos: B Square Web for Riedman Companies

This annual report includes information from the Federal Tax Incentives for Rehabilitating Historic Buildings, Statistical Report and Analysis for FY 2016, prepared by Technical Preservation Services, and can be found on our website: <<http://www.nps.gov/tps>>.