



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

# Federal Tax Incentives for Rehabilitating Historic Buildings

Annual Report for Fiscal Year 2005



The Raymond M. Hilliard Center, Chicago, Illinois

## Federal Tax Incentives for Rehabilitating Historic Buildings

### A Successful 29 Year Federal/State Partnership

The Historic Preservation Tax Incentives Program, administered by the National Park Service in partnership with the State Historic Preservation Officers, is the nation's most effective Federal program to promote urban and rural revitalization and to encourage private investment in rehabilitating historic buildings. The tax credit applies specifically to preserving income-producing historic properties and has generated over \$36 billion in historic preservation activity since its inception in 1976. With a 5 to 1 ratio of private investment to federal tax credits, the program is an outstanding means of leveraging private investment in adaptive reuse and preservation of our nation's historic buildings. With over 32,800 approved projects, the tax incentives program has attracted private investment to historic cores of cities and Main Street towns across America. The program generates jobs, enhances property values, creates affordable housing and augments revenues for Federal, State, and local governments. (Cover image: The Raymond M. Hilliard Center in Chicago, Illinois, a project of Holstein Real Estate Development Corp., and the cooperative support of many different local, state and federal entities. Image courtesy of Holstein Real Estate Development Corp.)

### Over 1.4 Million Buildings Listed in the National Register

Over 1.4 million historic buildings are listed in or contribute to historic districts in the National Register of Historic Places, with 65,971 contributing resources added last year. The National Park Service estimates that 20% of these buildings qualify as income-producing. Under current tax law, income-producing buildings listed individually or certified as contributing to these historic districts are eligible for historic preservation rehabilitation credits.

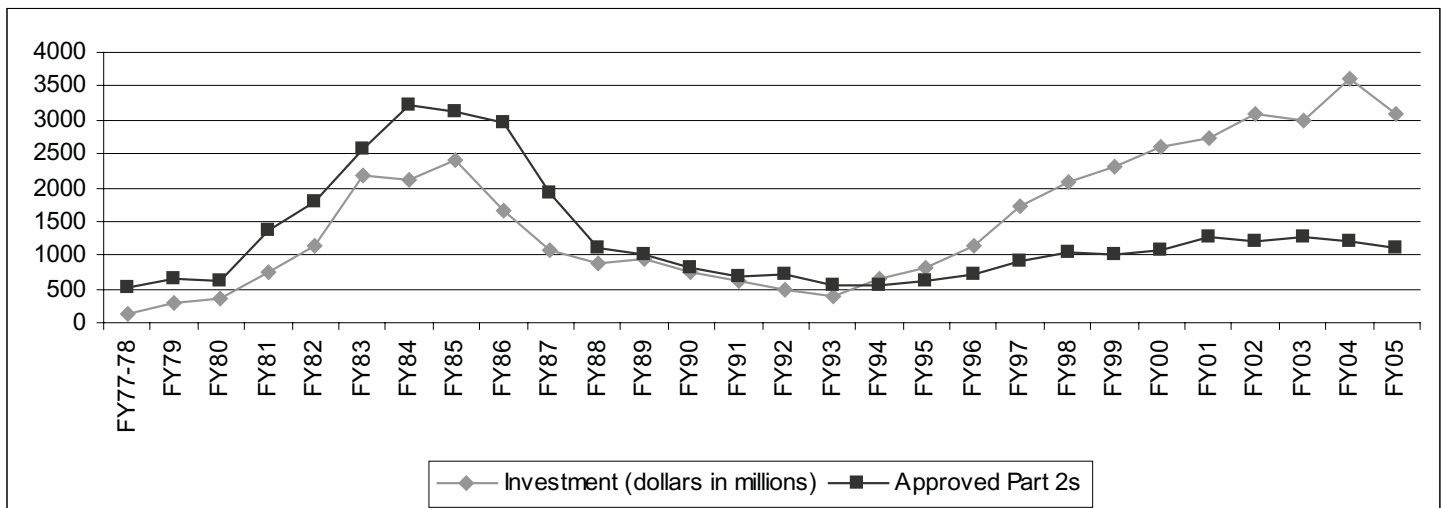
### Widespread Economic Benefits

Each project approved in 2005 by the National Park Service created on the average 48 new jobs (principally local). In 2005 over 52,464 jobs were created. Besides Federal income tax generated from these new jobs, taxes generated from other activities involving these rehabilitations provide further tax revenues to Federal, State and local governments. These projects also result in enhanced property values and economic rejuvenation of older neighborhoods.

## 2005 at a glance

- More than \$3.1 billion in private investment leveraged
- 52,464 jobs created
- 1,101 projects approved
- 4,863 low and moderate income housing units created
- 14,354 housing units created or renovated overall

## Federal Tax Incentives For Rehabilitating Historic Buildings - 1977-2005



## Committee on the Federal Historic Rehabilitation Tax Credit Program

In 2006, the federal historic preservation tax incentives program will celebrate its 30th anniversary. In advance of this anniversary, Fran Mainella, the Director of the National Park Service, requested that the National Park System Advisory Board (NPSAB) establish a committee to examine the program and to consider how effective it is today for those who utilize the program. The committee, which consists of nine members representing the public and private sectors, is chaired by Jay Parmer, a member of the NPSAB. The committee has been charged to address the following: Are the requirements of the Federal Historic Rehabilitation Tax Credit Program clear to program users? Do program users have realistic expectations when they undertake projects? If the process is not clear, how can it be made clearer?; and How can the interpretation of the Secretary of the Interior's Standards for Rehabilitation be made more user-friendly so that program users and the community can better understand them?

Individuals from across the country were invited to talk about their experience with the tax credit program at two meetings in Washington, DC, and San Francisco in the fall of 2005. Speakers at the meetings included: State Historic Preservation Officers, the Internal Revenue Service, project developers and preservation professionals and consultants. A tour of tax credit projects chosen to illustrate a variety of historic building types and adaptive uses was included in both meetings. The information presented at these meetings was to form the basis of the Committee's recommendations to be made to the Director of the National Park Service in 2006 concerning the administration of the program and the interpretation of the Secretary of the Interior's Standards for Rehabilitation.

## 1,101 Projects Approved in 2005

The Historic Preservation Tax Incentives Program continues to be the Federal government's largest program to stimulate the preservation and reuse of historic buildings that give our older communities their unique character. In Fiscal Year 2005, the National Park Service approved 1,101 projects—continuing a 5 year trend outpacing the previous decade. Many of these projects involved multiple historic buildings. This high level of activity can be attributed, in part, to an increase in public awareness of the benefits of the Federal Historic Preservation Tax Incentives Program as well as the existence of various state and local preservation tax incentives that can be piggybacked onto the Federal incentives.

## More Than \$3.1 Billion in Private Funds Invested

While the Federal historic preservation tax incentives encourage the rehabilitation of historic buildings, they also stimulate major private investment in our older communities. Rehabilitation projects approved by the National Park Service last year represented a private investment of more

than \$3.1 billion. Taking into account new construction, which often occurs in conjunction with approved rehabilitations and is ineligible for the credit, the program leverages far greater than 5 to 1 in private to public investment in the preservation and renewal of our old communities.

### Using Federal Tax Incentive Credits on Unique Historic Sites: Castle Farms, Charlevoix, Michigan



Upper right: aerial view of cow barn; lower left: cow barn looking south; lower right: office and horse barn.

A \$3.3 million seven-phase project using Federal historic rehabilitation tax credits transformed Castle Farms from a crumbling farm complex badly in need of stabilization, into a modern, multi-use event and meeting facility. The historic integrity and character of this unique complex has been preserved as a result.

Castle Farms, located in Charlevoix, Michigan, was originally a 1600 acre farm operated by Albert Loeb, the acting president of Sears and Roebuck Company. He wanted an experimental farm where the latest farming techniques and newest Sears, Roebuck equipment could be im-

plemented. Modeled after French castles in the Loire Valley, the numerous stone agricultural buildings were designed by Arthur Huen. More than 200 men, including 35 stone masons, took 4 years to construct the eight-building complex, utilizing many local materials. The property served as a working farm until 1927, when it simply became too expensive to run. For the next 30 years it was rented out for storage and then passed out of the Loeb family's ownership. A variety of ownerships and uses came into play until Linda Mueller purchased the complex and brought it back to life.



## A Successful Pairing of the Federal Tax Incentives for Rehabilitating Historic Buildings with LEED Certification

The W.P. Fuller Paint Building of Salt Lake City, Utah, constructed in 1922 for \$100,000, was recently renovated utilizing the historic rehabilitation tax credits. The former paint warehouse was converted to 68,000 square feet of modern functional office space at a cost of \$4.6 million to serve as the headquarters for Big D Construction Corporation.

The historic significance of the building stems from its association with the twentieth century development of Salt Lake City's west side railroad and industrial district. It was a transitional design to accommodate both rail and trucking traffic. Architecturally, the building was a very early and substantial example of a reinforced concrete frame warehouse, declared by some to be the first all concrete warehouse west of the Mississippi. This innovative form of warehouse construction was reportedly chosen by the original owners as a result of their catastrophic property losses stemming from the San Francisco earthquake and subsequent fires in 1906.

Warehouses were one of the earliest buildings to stress utility and functional honesty in architecture. Their main elements were structural strength and access to natural light. The Fuller Paint Building's strength was largely articulated on the outside by the piers, which were an unbroken line from sidewalk to skyline, and which served as pilasters to divide the wall into bays as well as to stiffen the walls. The light came through multi-light windows set in slender sash. Prior to 1922, most Salt Lake City warehouses were mill construction—built of heavy timbers and brick masonry.

Fuller Paint Company vacated the building in 1966. Subsequently it saw many occupants and a variety of uses, though never fully developed. Under the new ownership, the building will be the Salt Lake City headquarters for Big D Construction, with offices for approximately 100 employees.

The building's recent rehabilitation is a good example of how a project can benefit from two national programs—LEED (Leadership in Energy and Environmental Design) certification and the use of historic rehabilitation tax credits. The LEED Green Building Rating System promotes high performance,



W. P. Fuller Paint Building, Salt Lake City, Utah-- interior and exterior views following rehabilitation.

sustainable buildings and green building practices. The project incorporated a wealth of "greenification" designed to conserve natural resources, decrease greenhouse emissions and provide for a healthy work environment. Among the "green building" techniques incorporated into the Fuller Building renovation was the use of 75% of the two million pounds of debris removed from the warehouse and recycled for other use on the site. In particular, the concrete removed for the building's new atrium was recycled for the parking lot. For Federal historic rehabilitation tax credits, the project needed to meet the Secretary of the Interior's Standards for Rehabilitation. This was accomplished by maintaining the historic character of the building including major interior and exterior features, most notably the steel sash, fire doors, and shutters.

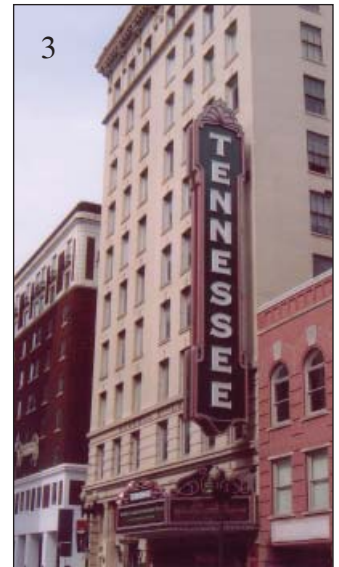
## Historic Preservation Tax Credits Save Many Types of Buildings



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1. The Florida Hotel, Lakeland, Florida; 2. One Charles Center, Baltimore, Maryland; 3. Tennessee Theater, Knoxville, Tennessee; 4. John Bell Block, Dubuque, Iowa; 5. Berkeley Mill Village Housing, Cumberland, Rhode Island; 6. West Technical High School, Cleveland, Ohio; 7. The Hotel Stockton, Stockton, California. (Photos from NPS files)

Since 1976, the historic preservation tax incentives have spurred the rehabilitation of historic structures of every period, size, style and type. Abandoned or underused schools, warehouses, factories, churches, retail stores, apartments, hotels, houses and offices throughout the country have been given new life in a manner that maintains their historic character. In FY2005, 46% of the completed historic preservation tax credit projects provided multiple family housing with a third of these being affordable housing units, while 24% created new office spaces, and 27% provided new commercial facilities.



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## Finding Out More About the Program

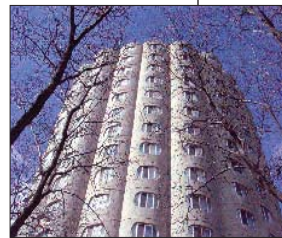
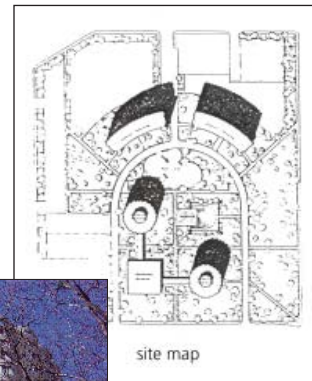
Information on the historic rehabilitation tax credits and copies of technical publications that explain cost-effective methods of repairing and maintaining historic buildings are available from the National Park Service and from State Historic Preservation Offices. The NPS catalog of publications entitled *Caring for the Past*, provides a current listing of free and for sale publications currently available from the National Park Service and the Government Printing Office. The more than 100 publications are the most comprehensive source of information available on the preservation and rehabilitation of historic buildings. Copies of the publications catalog can be obtained by writing to Heritage Preservation Services, National Park Service, (2255), 1849 C Street, N.W., Washington, DC 20240 or <nps\_hps-info@nps.gov>. The National Park Service's "Links to the Past" world wide web site <<http://www.cr.nps.gov>> also provides helpful information about preserving historic buildings.

State Historic Preservation Offices (SHPOs) are the point of contact for property owners wishing to use the rehabilitation tax credit. SHPOs can guide property owners to existing historic districts and contributing buildings that are already eligible and give technical guidance before the project begins to make the process as fast and economical as possible. Interested property owners may call the National Conference of State Historic Preservation Officers at (202) 624-5465 for the phone number and address of their state office or visit their website at <http://www.ncshpo.org>.

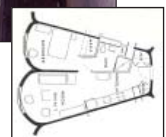
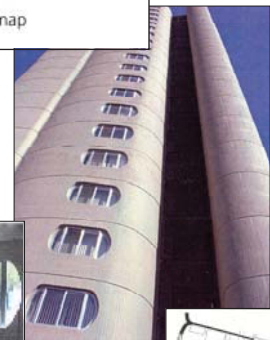
### The Raymond M. Hilliard Center, Chicago, Illinois

The Raymond M. Hilliard Center was built in 1966 by the Chicago Housing Authority as a public housing complex. It is comprised of two identical 16 story cylindrical-shaped senior citizen apartment buildings connected by glazed corridors to a one-story administration and activity center and two identical 22 story arc-shaped multi-family apartment buildings. Although less than 50 years old, the complex was listed in the National Register of Historic Places in 1999 for exceptional architectural and historic significance. Its designer, prominent architect Bertrand Goldberg, also designed Marina Towers and River City in Chicago. The modern new-expressionist architectural form of the cylindrical towers is established with simple reeded concrete bays that envelope the unusual petal-like interior spaces. The arc-shaped towers have undulating bays similar to those on the elderly housing towers—Goldberg maintained that he had kept the circular plan there, but simply “unfolded.”

Two of the four highrises were rehabilitated in 2005 by the General Contractor, Linn-Mathes Inc. of Chicago, Illinois in Phase One of a \$100 million two-phase project. A grand opening in November celebrated the successful efforts of its private developer, Holstein Real Estate Development, and the cooperative support of many different local, state and federal entities, including the U.S. Department of Housing and Urban Development, Chicago Housing Authority, Illinois Housing Development Authority, Chicago Department of Planning, the Illinois Historic Preservation Agency, the National Park Service, and the Hilliard tenant association.



Photos and plans from NPS file.



A total of 645 living units, providing both public-housing rental and affordable rental units, will be available with the completion of Phase Two. Twenty percent of the units are ADA accessible. The project cost for the first phase was \$47 million, and is eligible for \$9.4 million in Federal Historic Preservation Tax Credits.

### For Additional Information:

Please contact Kaaren Staveteig, Technical Preservation Services, Heritage Preservation Services, National Park Service, (2255), 1849 C Street, N.W., Washington, DC 20240, (202) 354-2053. Information on Federal Tax Incentives for Rehabilitating Historic Buildings is available on the National Park Service's Technical Preservation Services web site at <<http://www.cr.nps.gov/hps/tps/>>.