Federal Tax Incentives for Rehabilitating Historic Buildings

Statistical Report and Analysis
for Fiscal Year 2012

The 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 both urban and rural revitalization and encourage private investment in 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 $66 billion in historic preservation activity since 1976. During fiscal year (FY) 2012, the National Park Service approved 1,020 proposed projects (Part 2 applications) representing an estimated $5.33 billion of investment to restore and rehabilitate historic buildings.

Over 38,700 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

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U.S. Department of the Interior, National Park Service
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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. While the economy in general, and the real estate market in particular slowly recovers from the recent recession, the amount of rehabilitation investment in submitted projects increased 32% over the past year, surpassing the $5 billion mark for only the second time in the program history. The average investment in completed certified projects (Part 3 applications) in FY 2012 was $3.15 million, the fourth highest in program history.

The National Park Service review of project submissions is undertaken by the Technical Preservation Services office in Washington, DC. To enhance customer service, Technical Preservation Services expanded 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
December, 2012

"*If there weren't federal tax credits attached to historic buildings, I don't think developers would have a motivation to work on an existing building because, quite frankly, it takes more effort.*"
Danny Patel, Co-Principal, Newcrest Hotels, Dallas, TX

"The Courtyard by Marriott at the Fisk will…be a great example of historic preservation of one of Amarillo's finest buildings."
Beth Duke, Executive Director of Center City of Amarillo

Highlights for FY 2012

Estimated investment in historic rehabilitation

Rehabilitation costs (Part 2s):	$5.33 billion
Median cost of projects:	$600,000
Number of approved applications (Part 2s):	1,020

Number of housing units sets new record

Number of housing units:	17,991
Rehabilitated housing units:	6,772
New housing units:	11,219
New low and moderate income housing units:	6,366

*Job creation sets new record high**

Average number of local jobs created per project:	78
Estimated number of local jobs created:	57,783

Program Accomplishments 1977-2012

Number of historic rehabilitation projects certified (Part 3s):	38,819
Rehabilitation investment:	$66.09 billion
Rehabilitated housing units:	238,258
New housing units:	221,132
Low and moderate income housing units:	124,341

** 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. Jobs numbers are based on a National Park Service's funded study by Rutgers University Center for Policy Research.*

Federal Tax Incentives For Rehabilitating Historic Buildings 1977-2012

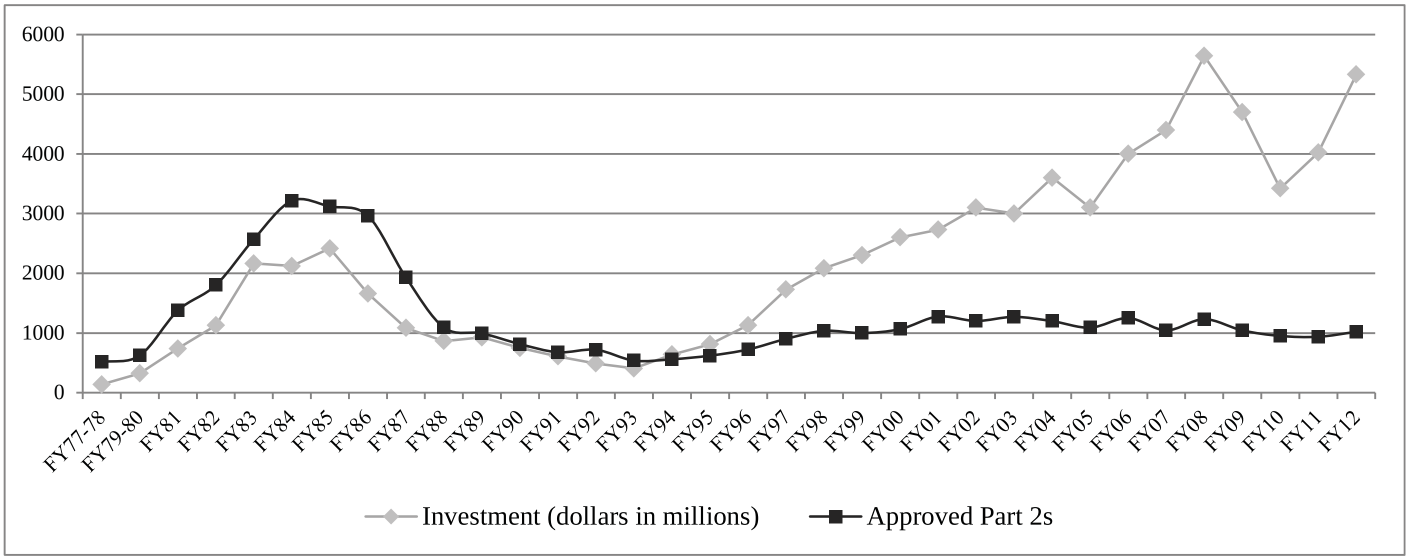

Figure 1 above shows estimated rehabilitation investments and number of proposed projects approved by the National Park Service. Investment dollars above are not adjusted for inflation.

The John Marshall Hotel, Richmond, VA (Photo: Michael M Campbell, John Marshall Building, LLC)

Large, vacant historic buildings in downtowns can be obstacles to economic revitalization, but the historic tax credit presents an opportunity for these buildings to be rehabilitated and have a catalytic effect on the redevelopment of the surrounding area. The 16-story historic John Marshall Hotel in Richmond, Virginia and the 10-story historic Fisk building in Amarillo, Texas are two examples where the center city has benefited economically from a Federal historic tax credit project.

The John Marshall Hotel, located within walking distance of the State Capitol was one of the finest hotels In Virginia when it opened in 1929. It had over 400 rooms and numerous meeting spaces, including a ballroom that could accommodate 1200 people. By 1988, however, the hotel had closed and much of the building remained underutilized or vacant in the ensuing years. After several ownership changes and false starts at rehabilitation, the current owners undertook a $64 million adaptive reuse, converting the hotel to 238 market-rate apartments, and opening the refurbished building in December 2011. Once again the building houses two restaurants and a well-known regional caterer leases kitchen and office space and operates the two ballrooms in the former hotel.

Located in the panhandle of Texas, Amarillo regarded a downtown hotel to be important to their greater re-development effort for the city. The 1927 Fisk Medial Arts Building after years of service was in need of updating; rents were not even offsetting the building operation. Placed up for sale, it was acquired in 2008 by a Dallas, TX company, Newcrest Hotels, and rehabilitated at a cost of nearly $12 million for use as a Courtyard by Marriott Hotel. It received National Park Service tax credit certification in 2012. This project represented the largest private investment in the city's central business district in 40 years and provided for a much needed hotel with 107 rooms. Besides new jobs and benefiting the downtown revitalization, the hotel property at a local taxable value of $5.4 million has helped increase the tax base.

Fisk Medical Arts Building, Aramillo, TX (photo: Chirage Patel, Amarillo Hospitality LLC)

Preservation Tax Incentives Project Activity

While the real estate market and economy in general is slowly recovering from the recent recession, the historic tax credit remains a catalyst for growth. Total estimated investment in proposed rehabilitation projects increased 22% to $5.33 billion in FY 2012 and the average investment in certified rehabilitation projects rose 22% to $5.23 million.

The Historic Preservation Tax Incentives program remains an outstanding means of leveraging private investment in the adaptive reuse and preservation of historic buildings. The program continues to be a major stimulus for economic recovery in older communities both large and small throughout the nation, including an estimated 57,783 jobs created last year.

Table 1: Projects & Expenses (Part 2 applications): FY 2008-2012

	FY08	FY09	FY10	FY11	FY12
Approved Projects (Part 2s)	1,231	1,044	951	937	1.020
Rehabilitation Expenses (in millions)	$5,641	$4,697	$3,418	$4,023	$5.33
Average Expense/Project (in millions)	$4.58	$4.49	$3.59	$4.29	$5.23
Maximum Amount of Credit to be Claimed (in millions)	$1,128	$939	$684	$805	$1,066
Average Credit/Project (approx.)	$916,328	$899,938	$718,885	$858,767	$1,045,255

Size of Approved Project

Two major events have impacted the Historic Preservation 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 estimated investment in new historic rehabilitation projects throughout the country. This trend was 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 a decline of nearly 25% in the number of approved projects over the next three years and a major reduction in investment dollars, including a 65% drop in just two years. Reversing this downturn, FY 2012 experienced an encouraging 9% increase in the number of approved projects and an impressive increase of more than 30% in the investment dollars over the previous year. In FY 2012, $5.33 billion in investment dollars was the second highest in program history, reflecting in part, a greater number of larger projects which are finally moving forward in construction.

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

COST	FY08	FY09	FY10	FY11	FY12
Less than $20,000	2%	0.5%	0.5%	1%	2%
$20,000-$99,999	15%	8%	9.5%	7%	9%
$100,000-$249,999	19%	17%	15.5%	13%	12%
$250,000-$499,999	15%	17%	17.5%	18%	10%
$500,000-$999,999	12%	14.5%	13%	12%	18%
$1,000,000 and over	37%	43%	44%	49%	49%
TOTAL	100%	100%	100%	100%	100%

Certifications of Significance

Certifications of Historic Significance (Part 1s) are 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, 1,171 properties were approved for Certification of Historic Significance, which is a 11% 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 2012, there were five Certifications of Significance for easement purposes, a 76% decline from 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 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 SHPO. The SHPO provides technical assistance and literature on appropriate rehabilitation treatments, advises owners on their applications, makes site visits when possible, and forwards the application 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 required to bring the project into conformance with the Standards. The NPS strongly encourage owners to apply 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 2012 were lower than in the previous four years, reflecting the lower level of project activity during the height of the recession.

Table 3: Comparisons of Proposed Projects (Part 1s and 2s) Received & Approved and Completed Projects (Part 3s) Received and Certified: FY 2008-2012

	FY08	FY09	FY10	FY11	FY12
Part 1s Received	1,587	1,277	1,048	1,140	1,222
Part 1s Approved	1,365	1,369	983	1,058	1,171
Part 2s Received	1,278	1,138	1,003	1,006	1,190
Part 2s Approved	1,231	1,044	951	937	1,020
Part 3s Received	903	849	910	733	792
Part 3s Certified	830	806	883	711	744

Project review by the National Park Service may extend 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 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.

Estimated rehabilitation costs on Part 2 applications are given 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 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
Estimated Rehab Costs (in millions)	$1,661	$1,083	$865	$927	$750	$608	$491	$468	$641
Certified Rehab Costs (in millions)	N/A	N/A	N/A	N/A	N/A	N/A	$735	$547	$483
	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03
Estimated Rehab Costs (in millions)	$812	$1,130	$1,720	$2,085	$2,303	$2,602	$2,737	$3,272	$2,733
Certified Rehab Costs (in millions)	$569	$757	$688	$694	$945	$1,676	$1,663	$2,110	$2,859
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Estimated Rehab Costs (in millions)	$3,877	$3,127	$4,082	$4,346	$5,641	$4,697	$3,421	$4,023	$5,330
Certified Rehab Costs (in millions)	$2,204	$2,491	$2,776	$2,988	$3,272	$4,539	$3,438	$3,473	$3,155

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 49 states, District of Columbia, and the Virgin Islands, with only Nevada and Puerto Rico reporting no rehabilitation projects in FY 2012.

Table 5: FY2012 State-by-State Project Activity and Estimated Qualified Rehabilitation Expenditures (QRE)

STATE	PART 1 RECEIVED	PART 2 RECEIVED	PART 3 RECEIVED	PART 1 APPROVED	PART 2 APPROVED	PART 3 APPROVED	EST QRE at PART 2	EST QRE at PROJECT COMPLETION
AK	2	1	0	2	0	0	$0.00	$0.00
AL	7	3	3	6	3	3	$868,000.00	$4,394,338.00
AR	36	30	11	35	24	10	$26,071,349.00	$10,045,328.00
AZ	3	4	0	3	1	0	$3,000,000.00	$0.00
CA	8	13	7	11	16	7	$386,801,306.00	$46,652,881.00
CO	7	10	5	6	5	4	$21,903,000.00	$10,528,389.00
CT	13	7	5	12	4	4	$84,307,973.00	$57,478,982.00
DC	7	9	4	4	5	4	$25,832,225.00	$31,602,495.00
DE	6	6	3	6	6	3	$1,043,131.00	$7,304,688.00
FL	8	16	10	9	10	9	$124,378,672.00	$82,136,973.00
GA	32	27	20	33	25	15	$49,532,500.00	$16,785,130.00
HI	1	1	1	1	1	1	$110,000.00	$3,750,554.00
IA	39	51	29	36	40	23	$121,097,204.00	$64,020,451.00
ID	0	0	0	0	0	0	$0.00	$0.00
IL	27	23	10	23	23	9	$321,886,413.00	$35,047,796.00
IN	16	14	8	13	9	5	$17,129,821.00	$21,461,327.00
KS	13	28	20	18	18	22	$101,490,655.00	$61,457,219.00
KY	39	36	26	37	26	26	$63,541,841.00	$23,681,712.00
LA	154	124	72	151	104	72	$351,985,061.00	$173,488,505.00
MA	58	56	27	53	52	28	$461,016,668.00	$527,679,445.00
MD	59	68	21	59	62	19	$73,925,020.00	$33,734,223.00
ME	12	10	11	11	12	9	$84,850,762.00	$26,179,963.00
MI	28	38	22	27	34	24	$231,992,374.00	$78,904,683.00
MN	8	12	6	9	11	6	$265,996,200.00	$30,738,556.00
MO	67	61	90	62	60	89	$241,330,206.00	$403,632,849.00
MS	35	22	26	32	18	21	$15,283,005.00	$27,319,684.00
MT	2	5	2	2	4	2	$13,990,340.00	$3,387,360.00
NC	53	49	33	50	39	34	$87,765,088.00	$106,737,509.00
ND	0	1	0	0	1	0	$7,500,000.00	$0.00
NE	5	14	8	6	11	8	$68,574,975.00	$28,363,481.00
NH	4	3	0	4	2	0	$14,200,000.00	$0.00
NJ	9	9	3	10	11	3	$104,636,000.00	$3,546,000.00
NM	3	2	0	3	0	1	$0.00	$2,117,702.00
NV	0	0	1	0	0	1	$0.00	$42,000,000.00
NY	64	43	42	59	36	36	$915,375,192.00	$241,023,626.00
OH	109	126	41	107	123	36	$212,223,429.00	$187,547,671.00
OK	6	10	7	7	9	4	$29,924,190.00	$17,059,053.00
OR	5	12	9	3	10	7	$51,626,900.00	$76,083,896.00
PA	39	39	58	38	38	53	$192,585,557.00	$176,801,376.00
PR	0	0	0	0	0	0	$0.00	$0.00
RI	17	16	8	14	16	9	$58,227,000.00	$57,649,512.00
SC	13	6	3	13	4	3	$5,989,955.00	$928,015.00
SD	4	7	3	3	5	3	$5,925,000.00	$3,968,000.00
TN	13	15	4	11	8	4	$14,430,756.00	$11,829,153.00
TX	14	10	6	13	9	3	$87,900,045.00	$37,856,910.00
UT	3	5	4	2	5	4	$9,700,000.00	$4,650,000.00
VA	123	106	89	121	82	87	$256,506,864.00	$262,214,996.00
VI	1	1	0	1	0	0	$0.00	$0.00
VT	20	15	11	18	14	9	$16,194,801.00	$24,214,923.00
WA	3	4	5	3	2	6	$30,136,782.00	$66,509,951.00
WI	15	14	8	15	16	8	$58,394,464.00	$10,508,712.00
WV	12	8	9	9	6	9	$13,622,965.00	$11,539,201.00
WY	0	0	1	0	0	1	$0.00	$440,826.00
TOTAL	1222	1190	792	1171	1020	744	$5,330,803,689.00	$3,155,004,044.00

In FY 2012, Ohio claimed the top spot for the most approved projects. The four states with the most rehabilitation activity were Ohio (123), Louisiana (104), Virginia (82), and Maryland (62).

Twenty-five states and the District of Columbia had more proposed projects approved in FY 2012 than in FY 2011. These states are Arizona, California, Colorado, Connecticut, Delaware, Georgia, Iowa, Illinois, Indiana, Louisiana, Massachusetts, Maryland, North Carolina, Nebraska, New Hampshire, New Jersey, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah and Wisconsin.

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 2012, 1,171 certifications of significance (Part 1s) were approved and 27 were denied. For rehabilitation projects, 60 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 2012, with 32 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 2012.) During the year 32 appeals were decided. Of these, eight denials were overturned, 10 were upheld outright, and 14 were upheld with conditions. The ruling to uphold a denial decision with conditions allows the developer/owner the option to make changes to bring the project into conformance with the Secretary's Standards and then resubmit the project for further consideration.

Table 5: Denials and Appeals for Parts 2s and 3s: FY 2003-2012

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Initial Denials	51	46	45	48	52	43	54	49	39	60
Appeal Decisions	30	18	24	20	23	19	30	31	33	32

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 half of all projects.

Table 6: Type of Ownership in FY 2012

Individual	Corporation	General partnership	Limited partnership	Limited liability company	TOTAL
16.5%	7%	2%	16.5%	58%	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 2012, almost 10% of all projects were under $100,000; and the majoroity of all projects (51.5%) were less than $1 million in costs.

Table 7: Comparison of Percentage of All Certified Projects in Each Size Category: FY 2008-2012

	<$20,000	$20,000-$99,999	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	>$1,000,000	TOTAL
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%
FY08	0%	5%	15%	17%	10%	53%	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, 76% were for multiple-family housing.

Table 9: Uses of Certified Rehabilitation Projects: FY 2008-2012

	FY08	FY09	FY10	FY11	FY12
Housing	40%	36%	43%	69%	47%
Office	23%	25%	23%	16%	21%
Commercial	34%	31%	24%	3%	16%
Other	3%	8%	10%	12%	16%

Housing and Preservation

The Historic Preservation 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 Historic Preservation Tax Incentives 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 238,258 housing units and creation of 221,132 new units. In FY 2012, 17,991 housing units were approved, including 6,772 housing units rehabilitated and 11,219 new units. Table 10 shows the total number of housing units 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 124,341 low and moderate income housing units.

Table 10: Historic Rehabilitation Projects (Part 2s) Involving Housing: FY 2003-2012

	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
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%
FY03	15,374	5,715	9,659	5,485	36%

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% of the respondents used one or more forms of additional incentives or publicly-supported financing in FY 2012. Of the additional incentives, 43.5% utilized state historic preservation tax incentives and 9% used the 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 13.5% of the respondents, and 2 % obtained low interest loans through their cities.

*Table 11: Other Incentives Used In Completed Projects In Addition to Historic Preservation Tax Credits in FY 2012**

None	9%
Low-income Rental Housing Credits	9%
Local Property Tax/Ad Valorum Tax Abatement	13.5%
Historic Preservation Easement	1%
Facade Grant Program	6%
State Historic Preservation Tax Incentives	43.5%
HUD Program	5%
Low Interest Loan	2%
Local Historic Preservation Tax Credits	0%
Other	11%

*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 preservation rehabilitation projects. Over 43.5% of the projects receiving Part 3 certification also used state historic tax credits in FY 2012. At least 30 states offer state income tax credits, including: Arkansas, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, Utah, Vermont, Virginia, West Virginia, and Wisconsin. Property tax relief is available for qualified projects through statewide programs in a number of states. Some states also offer property tax relief as a local option.

On the cover:

Preservation helps sustain older communities

Druid Mill (Union Mill)
Baltimore, Maryland

Located in the Hampden Historic District in Baltimore, Maryland, Druid Mill is listed in the National Register of Historic Places for its association with the industrial history of the Jones Falls. Respecting the massive historic industrial structure with its thick walls of locally quarried stone, heavy timber framing and a very early use of decorative cast iron columns, the owner successfully retained the industrial character of this massive mill complex while integrating green sustainable features to create an award winning project.

Built in 1866, with a brick addition in 1872, Druid Mill, now known as Union Mill, was once the state's largest stone mill and the largest producer of cotton duck in the world. It remained a mill into the 1920s, the only one along the Jones Falls that burned coal for steam instead of using water. Later it was converted to a machine shop, then a general warehouse, and, in the 1960's, a plant for making toy train set accessories. Surviving years of reincarnation and then vacancy, the property was purchased by the Seawall Development Company in 2009. With a $21 million renovation, the 86,000 square-foot mill and surrounding 3.6 acres were converted into an active and vibrant mixed-use residential and commercial development, providing affordable apartments and office space. The project created fifty-six one- and two-bedroom apartments designed exclusively for school teachers new to Baltimore, 30,000 square feet of office space targeted for Baltimore's education, health and human service nonprofit organizations, and a 1,500-square-foot café restaurant in the former boiler house building. The project also included a half-acre central courtyard, for the use of both the commercial and residential tenants.

The rehabilitation work met the Secretary of the Interior's Standards for Rehabilitation, creatively adapting the building to a new use while retaining its historic character and features. The project was also awarded the Baltimore City Green Standards Two Stars rating – the equivalent of LEED-NC Silver Certification from the United States Green Building Council. The preservation and reutilization of this former mill building will serve as an anchor and catalyst to the positive redevelopment momentum in a portion of Baltimore City that is seeing a rebirth in recent years.

Above: Exterior and interior views (photo: Paul Burk Photography; bottom: Hampden Historic District, Baltimore, MD (photo: Acroterion).