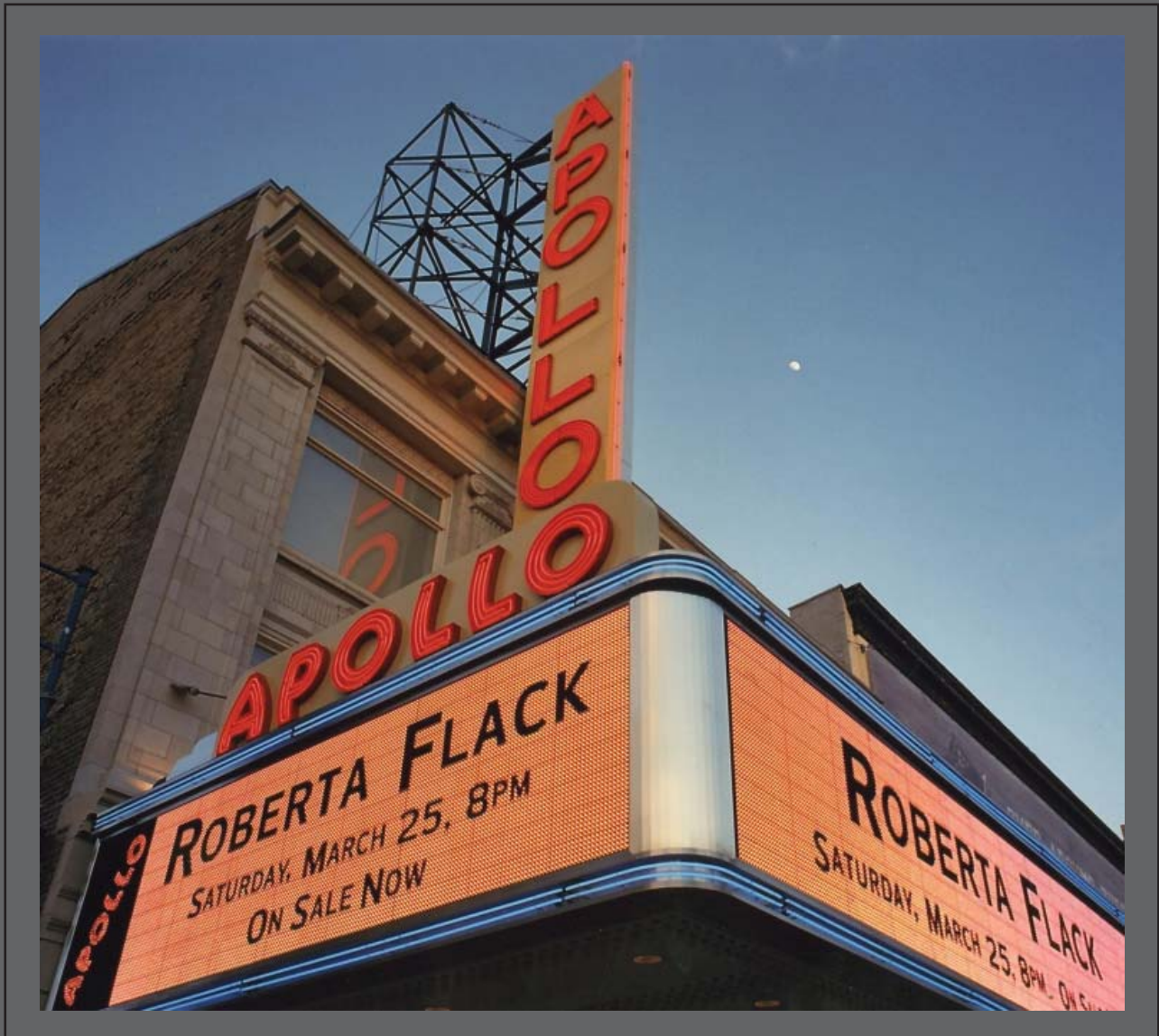




National Park Service
U.S. Department of the Interior
Technical Preservation Services

Federal Tax Incentives for Rehabilitating Historic Buildings

Annual Report for Fiscal Year 2006



The Apollo Theater, New York, New York

Federal Tax Incentives for Rehabilitating Historic Buildings

A Successful 30 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 \$40 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 33,900 approved projects, the tax incentives program has attracted private investment to historic cores of cities and Main Street towns across America and generates jobs, enhances property values, creates affordable housing and augments revenues for Federal, State and local governments. (Cover image: courtesy of the Apollo Theater Foundation.)

Widespread Economic Benefits

Projects approved in 2006 by the National Park Service created on the average 49 jobs each with a total of 61,397 new jobs nationwide. 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.

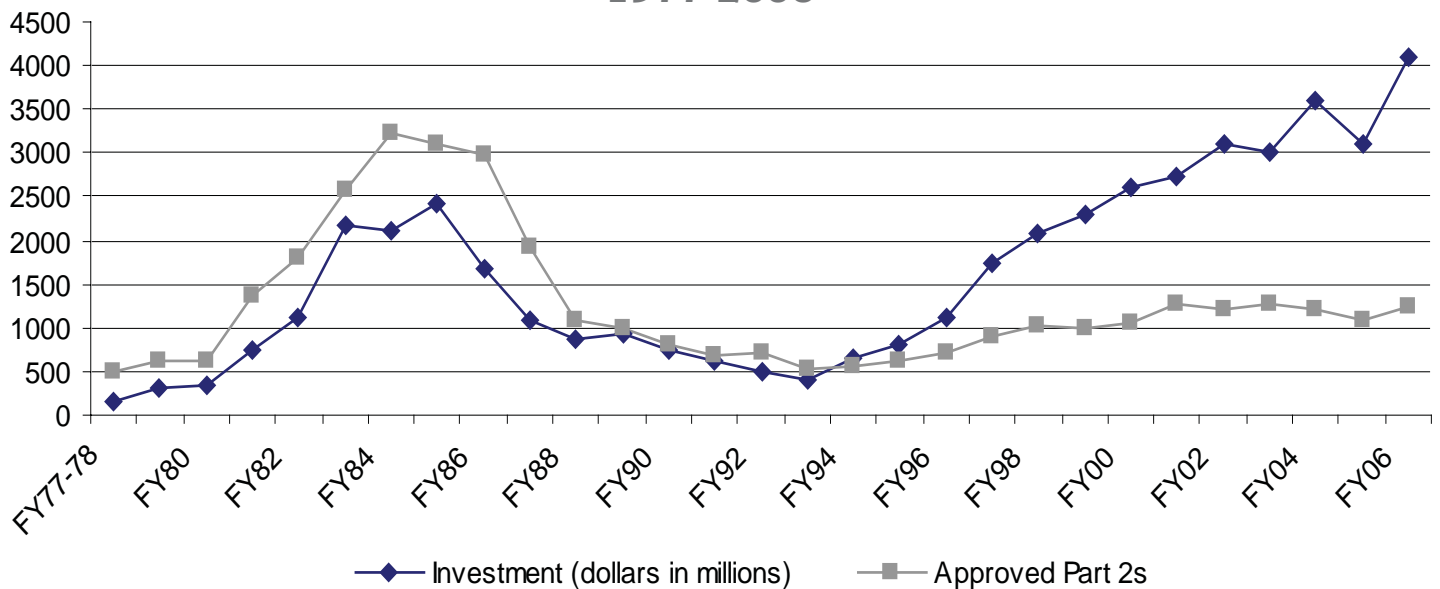
Over One Million Buildings Listed in the National Register

Over one million historic buildings are listed in or contribute to historic districts in the National Register of Historic Places, with 40,017 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.

2006 at a glance

- More than \$4 billion in private investment leveraged
- 61,397 jobs created
- 1,253 projects approved
- 5,622 low and moderate income housing units created
- 14,695 housing units created or renovated overall

Federal Tax Incentives For Rehabilitating Historic Buildings 1977-2006



1,253 Projects Approved in 2006

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 2006, the National Park Service approved 1,253 projects--continuing a 7 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.

A Record \$4 Billion in Private Funds

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 \$4.08 billion at a cost to the Federal Treasury of less than \$817 million in the form of tax credits. Taking into account new construction, which often takes place 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.

Committee on the Federal Historic Rehabilitation Tax Credit Program

The Committee on the Federal Historic Rehabilitation Tax Credit Program, established by the National Park System Advisory Board to evaluate the program at the request of the Director of the National Park Service, concluded its review in 2006. Individuals were invited from across the country to discuss their experiences with the program at meetings held in Washington DC and San Francisco, CA. Based on the information gathered, the Committee prepared a report entitled "Federal Historic Rehabilitation Tax Credit Program: Recommendations for Making a Good Program Better" which was presented to the National Park Service Director. The National Park Service is currently addressing the recommendations of the Committee with plans for implementation by December 2007.

Historic Preservation Tax Credits Save Many Types of Buildings and Create A Variety of New Use Programs

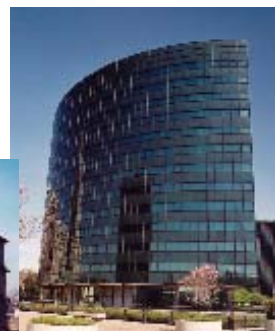
Since 1976, the historic preservation tax incentives have spurred the rehabilitation of historic structures of every period, size, style and type. Abandoned or underused schools, warehouses, factories, churches, retail stores, apartments, hotels, houses and offices throughout the country have been given new life in a manner that maintains their historic character. In FY2006, 45% of the new use programs provided multiple family housing with a third of these being affordable housing units, 22% created new office spaces, and 23% provided new commercial facilities.



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1. Renwick House, Davenport, IA; 2. New England Confectionery Company Factory, Cambridge, MA; 3. Phoenix Life Insurance Company, Geneva, IL; 4. Riverbank Laboratories-Engineering Building, Geneva, IL; 5. Building 35, The Presidio of San Francisco, San Francisco, CA; 6. General Stores and Mold Loft Building, Bristol, PA. 7. Carling (Roosevelt) Hotel, Jacksonville, FL.

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 our website at http://grants.cr.nps.gov/shpos/shpo_search.cfm.



Photo: NPS file

The Apollo Theater, New York, New York

Private investment in completed certified projects this year once again exceeded the \$2 billion mark with over 1/3 of the projects costing more than \$1 million. The rehabilitation costs to preserve and modernize the Apollo Theater, the venerable Harlem landmark featured on our cover, exceeded \$20 million. The rehabilitation of this theater has brought renewed vitality to the economic and cultural life of the neighborhood.

During much of the nineteenth century, Harlem was a fashionable suburb for wealthy and upper-middle class Manhattan residents. Originally built in 1913 as the Hurtig and Seamon's New Burlesque Theatre, it featured live entertainment with a variety of acts, such as dancing girls, chanson singers, comedians, mime artists and strip tease artistes, all satirical and with a saucy edge.

In 1934, under new ownership and with a new name, the Apollo Theater was transformed into a showcase for African-American talent, reflecting the changing demographics of Harlem. The Apollo featured a variety of popular entertainment, including comedy, drama, dance, blues, jazz, swing gospel, rhythm and blues, soul and rock and roll and was the nation's most important arenas for the display of leading black performing talent. Starting in 1934, its legendary Amateur Night helped launch the careers of such renowned artists as Ella Fitzgerald, Billie Holiday, James Brown, Gladys Knight and countless others.

Under the direction of the current owners, The Apollo Theater Foundation, Inc., an ambitious rehabilitation project was launched both to upgrade the facility and to preserve and restore its distinguishing historic features, utilizing Federal historic preservation tax credits. The work involved a major exterior restoration of the West 125th Street facade including cleaning of all terra cotta units, the recasting of missing units, and the repair and restoration of the historic blade sign. It also included the repair of the wood windows and the installation of an electronic (LED) marquee that helps recapture the appearance of the historic 1940s plastic sign panels. The interior work involved the expansion of the lobby and supporting public facilities and code and handicapped access upgrades. A state-of-the-art sound system has been installed along with a dimming board and intelligent stage-light fixtures. Future plans involve the restoration of the historic auditorium.

With its strong community-centered programs, Wednesday's Amateur Night, varied entertainment venues, and taping of the nationally syndicated television program, Showtime at the Apollo, the Apollo Theater continues to build on its legacy and has become Manhattan's third most popular tourist attraction.

Beyer Blinder Belle, Architect; Barr & Barr, Construction Manager; Jones Lang LaSalle, Project Manager; Higgins & Quasebarth, Historic Preservation Consultants

For Additional Information:

Please contact Kaaren Staveteig, Technical Preservation Services, Heritage Preservation Services Division, 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/tps/>>.