



# Federal Tax Incentives for Rehabilitating Historic Buildings

Annual Report for  
Fiscal Year 2008



## Federal Tax Incentives for Rehabilitating Historic Buildings

### A Successful 32 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 \$50 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 the adaptive reuse and preservation of our nation's historic buildings. With over 35,600 approved projects, the tax incentives program continues to attract private investment to historic cores of cities and Main Street towns across America and generates needed jobs, enhances property values, creates affordable housing, and augments revenues for Federal, State and local governments.*

### Widespread Economic Benefits

Projects approved in FY 2008 by the National Park Service created on the average 55 jobs each with a total of 67,705 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. The 55 jobs per project is a record high for the Federal Historic Preservation Tax Incentives program.

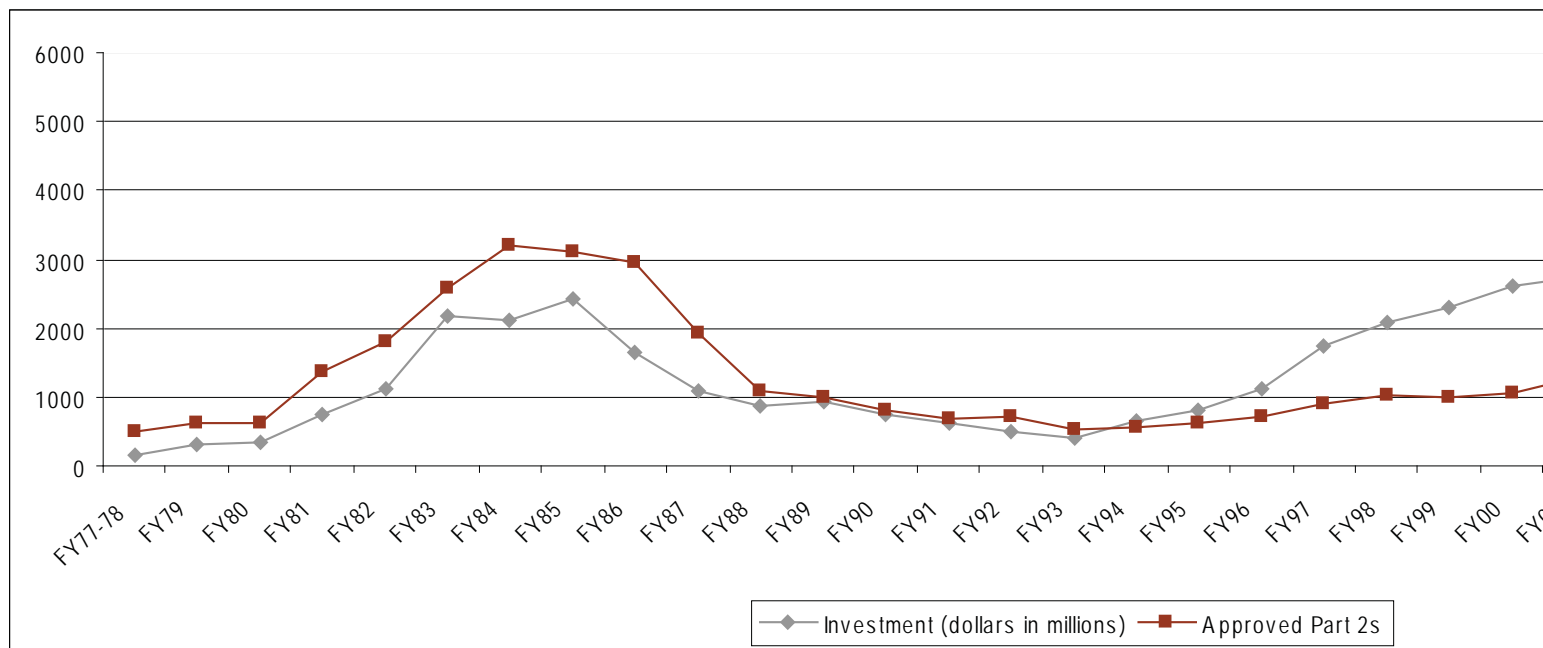
### Over 1.3 Million Buildings Listed

Over 1.3 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. Under current tax law, income-producing buildings listed individually or certified as contributing to a historic district are eligible for tax credits.

## 2008 at a glance

- \$ 5.64 billion in rehabilitation work approved
- 67,705 jobs created
- 1,231 new projects approved
- 5,220 low and moderate income housing units created
- 17,051 housing units created or renovated overall

## Federal Tax Incentives For Rehabilitating Historic Buildings — 1977-2008

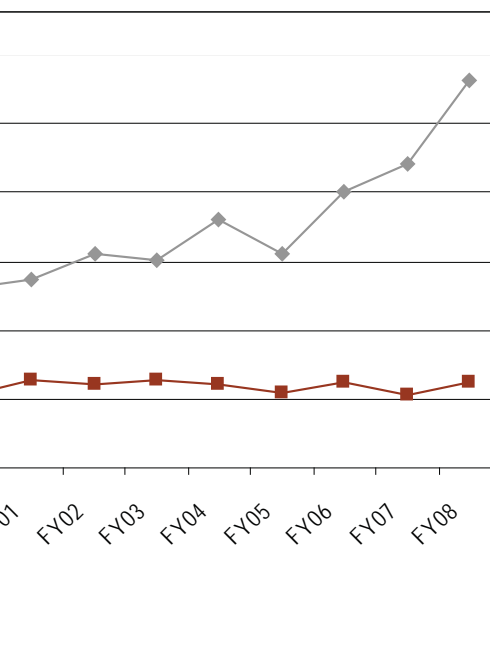


## 1,231 Projects Approved in 2008

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 2008, the National Park Service approved 1,231 projects--continuing a trend outpacing the previous decade. Many of these projects involve multiple historic buildings, such as old textile mills and former military bases. This high level of activity can be attributed, in part, to an increase in public awareness of the benefits of the 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 \$5.64 Billion in Private Funds

While the Federal historic preservation tax incentives encourage the rehabilitation of historic buildings of national, state, and local significance, they also stimulate major private investment in our older, disinvested neighborhoods. Rehabilitation projects approved by the National Park Service last year represented a private investment of a record \$5.64 billion at a cost to the Federal Treasury of less than \$1.128 billion 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 older communities.



### Economic Community Revitalization Utilizing Federal Historic Preservation Tax Incentives

Investing in older communities, providing local jobs, and stimulating neighborhood revitalization are all signature features of the Federal historic preservation tax incentives program. An essential financial tool for historic building rehabilitation, the Federal tax incentives help preserve historic structures of every period, size, style, and type. Abandoned or under-utilized 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 FY 2008, 40% of the new use programs provided housing with a third of those being affordable units. Offices accounted for 23% while 34% were other commercial uses.



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1. Zip Auto, Missoula, MT (revitalized auto repair shop); 2. Minnequa Steel Works Medical Building, Pueblo, CO (medical building to museum); 3. Rosedale Apartments, Cranston, RI (revitalized apartment building); 4. Edward Tatnall House, Wilmington, DE (vacant residence to senior housing); and 5. Dubuque Star Brewery, Dubuque, IA (vacant brewery to retail/offices).

Photo credits: 1. A&E Architects, P.C., Missoula, MT; 2. Bob Campbell, Bessemer Historical Society, Pueblo, CO; 3. NPS files; 4. Scott Ellis; 5. NPS files.

## 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. Our website <[www.nps.gov/history/hps/tps](http://www.nps.gov/history/hps/tps)> has a wealth of information that helps explain how to utilize the National Park Service's Historic Preservation Tax Incentives Program and on the preservation and rehabilitation of historic buildings. Technical Preservation Service's catalog of publications, entitled *Caring for the Past*, provides a 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 care and reuse of historic buildings. The publications catalog 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\\_hps-info@nps.gov](mailto:nps_hps-info@nps.gov)>.

State Historic Preservation Offices (SHPOs) are the 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 address of a state office near you, 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:

### **Sears, Roebuck and Company Power House, Chicago, Illinois Charles H. Shaw Technology and Learning Center**

The original Sears, Roebuck & Company world headquarters was constructed in North Lawndale on the west side of Chicago at the beginning of the 20th Century to serve its blossoming mail order business. The 55-acre site included a number of buildings at the time, among them: the five-story administration building; the largest privately-owned laboratory building in the country; the world's largest wood-frame structure - the Sears catalog plant; a 1,000 car garage; and a 55,000 square-foot power house that electrified, heated, and cooled the entire complex.

Starting in the late 1980's after Sears vacated the site, developer Charlie Shaw and the Homan Arthington Foundation, in partnership with the City of Chicago and neighborhood residents, created over 300 units of housing and a community center, and began to renovate the remaining buildings to serve new purposes. The latest project involves converting the power house (shown to the right of the tower in the photograph to the right) into the Charles H. Shaw Technology and Learning Center, the new home for the Henry Ford Power House Charter High School. When completed in 2009, the adaptation of the power house to classroom facilities will enable the school enrollment to grow to 460 high school students, largely drawn from the neighboring African-American community.



Photo: NPS file.

Utilizing Federal tax credits, the \$31 million rehabilitation includes the retention of the monumental north hall; repair and energy improvements to the original window frames and sash; addition of two new floor levels within the south hall; and installation of a new elevator and connecting stairs. As part of the classroom experience that focuses on the environment, elements of the original energy production technology are being preserved while at the same time, modern sustainable energy technology is being utilized, including geothermal heating and cooling. Exterior work will also provide new multilevel egress incorporated within the original railroad hopper structure attached to the building. This structure allowed coal to be mechanically unloaded and conveyed directly to the furnaces. Additional work includes the reconstruction of existing sidewalk vaults and main entry stairs. The 14 foot wide and 185 foot tall radial brick chimney is also being fully restored and incorporated into the future life of the education facility through the eventual introduction of a wind turbine within it.



Interior fitouts in progress in the north hall. Photo by Leslie Schwartz Photography, Chicago, IL.

### **For Additional Information:**

Please contact Kaaren Staveteig, Technical Preservation Services, Heritage Preservation Services Division (2255), National Park Service, 1849 C Street, NW, 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.nps.gov/history/hps/tps/index.htm>>.