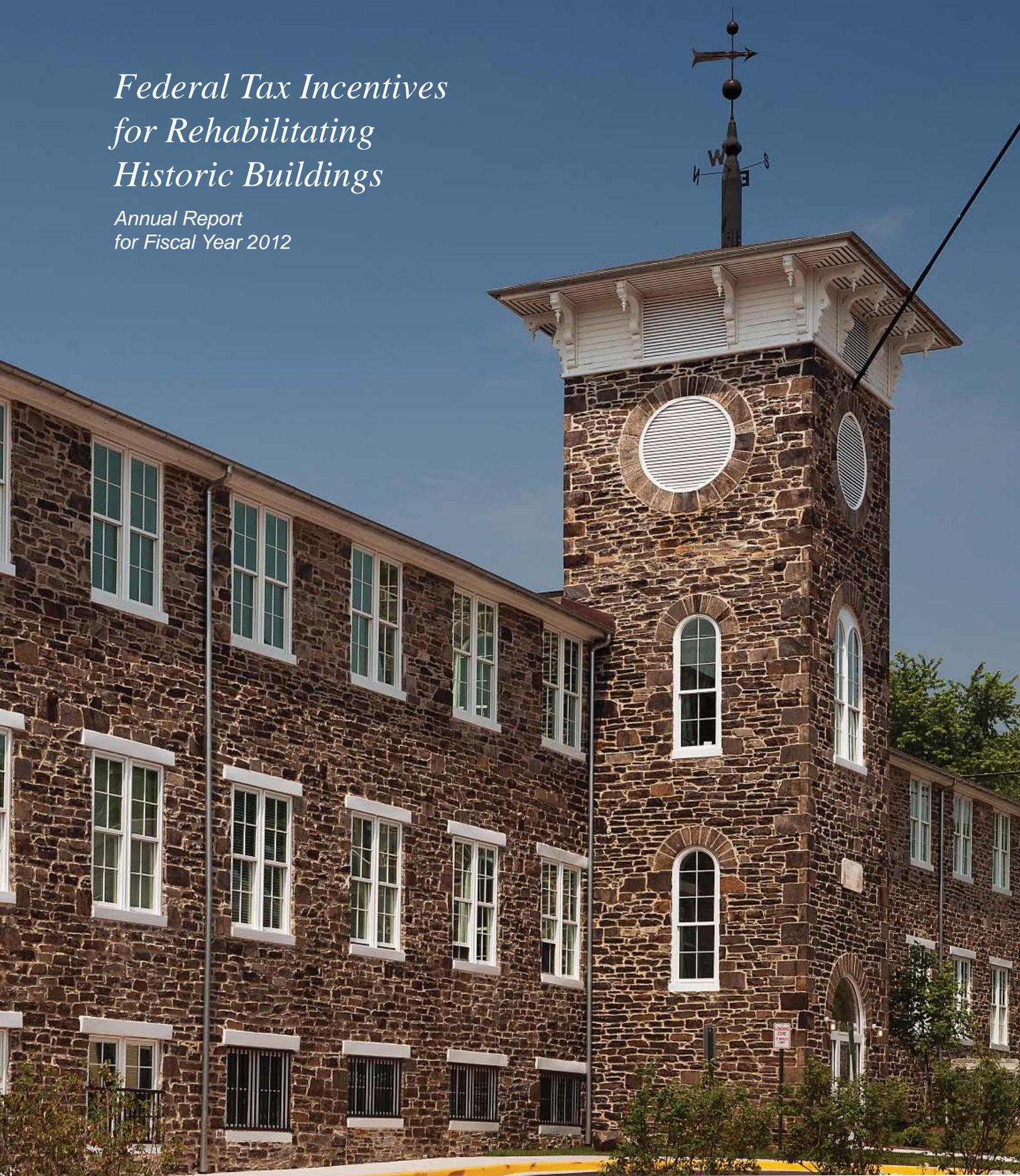


Federal Tax Incentives for Rehabilitating Historic Buildings

*Annual Report
for Fiscal Year 2012*



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

Druid Mill, Baltimore, Maryland

December 2012

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 38,700 completed projects since its inception in 1976, the program has generated \$66 billion in the rehabilitation of income-producing historic properties. The largest federal program specifically supporting historic preservation, the tax incentives also generates much needed jobs, enhances property values in older communities, creates affordable housing, and augments revenue for Federal, state and local governments.

Record Number of Jobs Created

Completed projects certified in FY 2012 created an estimated 57,783 jobs based on a National Park Service's funded study by the Rutgers University Center for Policy Research. Throughout the recent downturn in the economy, and particularly in the real estate market, the federal tax credits have remained a strong catalyst for job creation and economic growth in older communities.

FY 2012 at a glance

- 1,020 proposed projects and \$5.33 billion in rehabilitation work approved
- 744 completed projects and \$3.15 billion in rehabilitation work certified
 - 57,783 jobs created by completed projects
 - 6,366 new low and moderate income housing units/17,991 new or renovated housing units overall



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

Benefiting Downtowns: Adaptive Reuse of Historic Buildings

Richmond, Virginia, and Amarillo, Texas

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 downtowns have 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 1,200 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 project, 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 redevelopment efforts for the city. After years of service, the 1927 Fisk Medical Arts Building was in need of updating; rents were not even offsetting the building operation. Put up for sale, it was acquired in 2008 by a Dallas, Texas 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 increased the tax base.



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

Over \$5.3 Billion Investment in Historic Rehabilitation

While the historic preservation tax credits encourage the rehabilitation of historic buildings of national, state, and local significance, they also stimulate major private investment in our older, disinvested neighborhoods. Older cities and small towns across the country rely upon the historic tax credits program as an important marketing tool to foster economic revitalization. In FY 2012 the number of approved proposed projects was 1,020. The investment in these projects totaled an estimated \$5.33 billion, while the investment in the 744 approved completed projects totaled \$3.15 billion.

Over 1.42 Million Buildings Listed

Over 1.42 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 over 43% of the completed projects certified by the National Park Service also benefited from the use of state historic tax credits, the largest percentage-use ever. Over half of the states now offer historic tax credits that can be used in tandem with the Federal historic tax credit. Piggybacking state credits have proven to be an invaluable additional incentive for rehabilitating vacant and deteriorated historic buildings.

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Economic Revitalization Utilizing Federal Historic Preservation Tax Incentives

For over 35 years the Federal historic preservation tax incentives have spurred the rehabilitation of historic structures of every period, size, style, and type. Abandoned or under utilized 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 2012, 47% of the completed projects provided housing with a third of these being for affordable units. Office space accounted for 21% of the new uses while 16% were other commercial uses. This year, 60% of the historic structures undergoing rehabilitation work will provide for continued use rather than an adaptive reuse.



1. Merced Theater, Merced, CA (photo : T. Elaine Post); 2. Portland Fire Station, Portland, OR (photo: Sally Painter); 3. Babcock Theater, Billings, MT (photo: Paul Whiting); 4. ASM International Headquarters, Materials Park, OH (photo: Jeff Goldberg/Esto Courtesy of The Chesler Group, Inc.); 5. Carson Pirie Scott Building, Chicago, IL (photo: Paul Schlishmann Photography); 6. Mason City Bank, Mason City, IA (photo: John Zeller); 7. Ottawa Street Power Station, Lansing, MI (photo: Justin Maconochie); 8. Win-Mock Barns, Bermuda Run, NC (photo: West & Stem Architects).

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 Web site <<http://www.nps.gov/tps>> has detailed information about the program. The Federal historic tax credits have been instrumental in preserving the historic places that give cities, towns, and rural communities their special character and attracting new investment and jobs to the historic cores and Main Streets of the nation's cities and towns.

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 regarding the proposed work and the program requirements; 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 Web site at <www.ncshpo.org>.

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 view of tower and interior view (photo: Paul Burk Photography);
bottom: Hampden Historic District, Baltimore, MD (photo: Acroterion).
Photo on front cover: Paul Burk Photography.*

This annual report includes information excerpted from Federal Tax Incentives for Rehabilitating Historic Buildings, Statistical Report and Analysis for Fiscal Year 2012 prepared by the staff at Technical Preservation Services and The Annual Report of the Economic Impact of the Federal Historic Tax Credit for FY 2012, a study funded by the National Park Service and prepared by the Rutgers University Center for Policy Research. Both reports can be found on our website: <<http://www.nps.gov/tps>>.