Federal Tax Incentives for Rehabilitating Historic Buildings

Statistical Report and Analysis
for Fiscal Year 2016

Corning Free Academy in Corning, NY

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 Federal program to promote community revitalization and encourage private investment through 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 our Main Streets and historic cores of our urban areas alike.

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 $84 billion in historic preservation activity since 1976. During Fiscal Year (FY) 2016, the National Park Service approved 1,299 proposed projects (Part 2 applications) representing an estimated $7.16 billion of investment to restore and rehabilitate historic buildings.

Over 42,000 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 to deteriorated business and residential districts, created new jobs and new housing, and helped to ensure the

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

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long-term preservation of irreplaceable cultural resources.

In 1986, Congress amended the Federal Tax Code establishing the 20% historic tax credit that remains in effect today. Program activity in the 1990s reached record highs in the amount of investment dollars, before declining during the recent recession. Program activity has rebounded in recent years, with the amount of rehabilitation investment in proposed projects exceeding $7 billion for the first time in program history. The average investment in completed certified projects (Part 3 applications) in FY 2016 was $5.8 billion, the highest in program history.

The National Park Service review of project applications is undertaken by the Technical Preservation Services office in Washington, DC, in partnership with the State Historic Preservation Offices. State Historic Preservation Offices 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 so as to make the process as fast and economical as possible; and to advise on appropriate preservation work.

The Technical Preservation Services website, <http:// www.nps.gov/ tps>, allows applicants to 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 and Liz Petrella, and to Brian Goeken, Chief, Technical Preservation Services.

Technical Preservation Services
March 2017

> “*The historic tax credit program has had a very positive effect on the revitalizaion of our community--crime is down, the business retail community thrives and property taxes are up . . . .*”
>
> *Little Rock, Arkansas*

*Highlights for FY 2016**

Investment in historic rehabilitation	*Part 2 (proposed)*	*Part 3 (completed)*
Rehabilitation costs	$7.16 billion	$5.85 billion
Median cost of projects	$900,000	$1,028,571
Number of approved applications	1,299	1,039

Number of housing units sets new record

Number of housing units	21,139
Rehabilitated housing units	6,572
New housing units	14,567
New low and moderate income housing units	7,181

*Job creation remains strong***

Average number of local jobs created per project	104
Estimated number of local jobs created	108,528

Program Accomplishments 1977-2016

Number of historic rehabilitation projects certified	42,293
Rehabilitation investment	$84.15 billion
Rehabilitated housing units	271,174
New housing units	277,831
Low and moderate income housing units	153,255
Estimated total number of total jobs created**	2.44 million

** 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. All rehabiltation costs are estimated as reported by the applications.*

***Jobs numbers are based on a National Park Service-funded study of the economic impacts of the historic tax credits by the Rutgers University Center for Policy Research.*

Federal Tax Incentives For Rehabilitating Historic Buildings 1977-2016

Approved Proposed Projects (Part 2 applications)

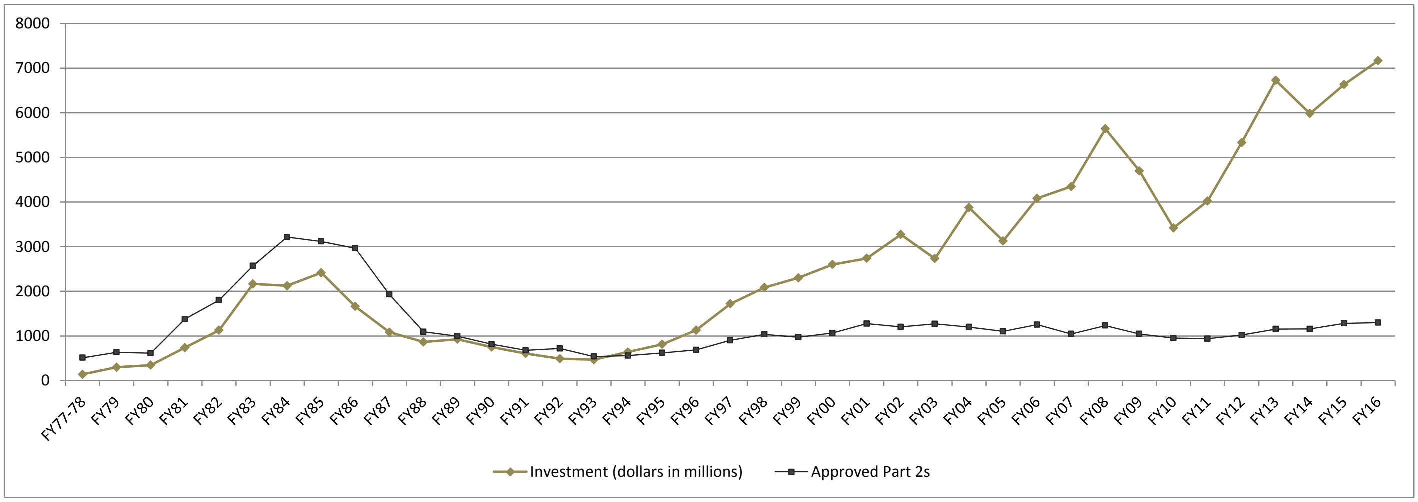

Figure 1. Note: Investment dollars above are not adjusted for inflation.

Adaptive Reuse of Historic Bank Buildings Benefits Older Neighborhoods

The Stony Island Arts Bank building is one of the last remnants of what was once a dense commercial strip along Stony Island Avenue on the South Side of Chicago, IL. The gray terra-cotta structure, originally the Stony Island Savings and Trust, was built in 1923 with a dramatic vaulted banking lobby. It served a succession of financial institutions, but lost its tenants in the late 1970s, remained vacant for many years, and was almost demolished. Now, this landmark has been restored and reopened as the Stony Island Arts Bank, a hub for free arts and cultural programming for the Rebuild Foundation founded by Theaster Gates, a nonprofit organization that seeks specifically to foster culture and development in underinvested neighborhoods.

Stony Island Bank, Chicago, IL

First National Bank, Stephenville, TX.
Photos: NPS files

The First National Bank of Stephenville is a two-story Romanesque-style bank building in Stephenville, TX. One of the oldest remaining structures in the downtown, it was constructed in 1889 and housed the town's first bank. The bank moved out in 1925, and the building became home to a variety of tenants under multiple ownerships. In 2014, work began to rehabilitate this distinctive landmark into a mixed-commerical use building using the Federal historic tax credits. This enabled the restoration of many of the original features and finishes including the windows, interior plaster and frieze, wood trim, and floors. The building is once again a focal point for the surrounding community.

Preservation Tax Incentives Project Activity

The historic tax credit is a catalyst for community revitalization and economic development. Total estimated investment in proposed rehabilitation projects was $7.16 billion in FY 2016, the highest in the program's history, and the median investment in proposed rehabilitation projects was $900,000.

The tax incentives program remains an effective means of leveraging private investment in the adaptive reuse and preservation of historic buildings. The program continues to help stimulate economic recovery in older communities, both large and small, throughout the nation, and created an estimated 108,528 jobs last year.

Table 1: Projects & Estimated Expenses (Part 2 applications): FY 2012-2016

	FY12	FY13	FY14	FY15	FY16
Approved Projects (Part 2s)	1,020	1,155	1,156	1,283	1,299
Rehabilitation Expenses (in millions)	$5.33	$6.73	$5.98	$6.63	$7.16
Maximum Amount of Credit (in millions)	$1,066	$1,346	$1,196	$1,326	$1,432
Median Expense/Project	$600,000	$770,000	$989,464	$937,865	$900,000
Average Credit/Project (approx.)	$1,045,255	$1,164,648	$1,035,005	$1,033,515	$1,103,124

Two major events have impacted the tax incentives program in the past 25 years. Changes in Federal tax law in 1986 led to a dramatic decline between FY 1989 and FY 1993 in the reported investment in new historic rehabilitation projects throughout the country. This trend reversed, starting in FY 1994, as the number of new projects steadily increased and the amount of investment in new projects reached a then-record high in FY 2008. The downturn in the economy during the recent recession resulted in a decline of nearly 25% in the number of approved projects over the suceeding three years, and a major reduction in investment dollars, including a 65% drop in just two years. Project activity has rebounded in the past five years, with a 27% increase in the number of approved projects in FY 2012-2016 and an increase of 34% in investment dollars. In FY 2016, the $7.17 billion in investment dollars (Part 2 approved applications for proposed projects) is the highest in program history.

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

COST	FY12	FY13	FY14	FY15	FY16
Less than $20,000	2%	0.5%	0.5%	0.5%	0%
$20,000-$99,999	9%	9%	9%	8%	7%
$100,000-$249,999	12%	16%	16%	15%	10%
$250,000-$499,999	10%	14%	13.5%	13.5%	12%
$500,000-$999,999	18%	16%	11%	14%	21%
$1,000,000 and over	49%	44.5%	50%	49%	50%
TOTAL	100%	100%	100%	100%	100%

Certifications of Significance

Certification of Historic Significance (Part 1 applications) is the first step in establishing eligibility for the historic tax credit, and is 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 in order to qualify for the 20% credit. This year, 1,553 properties were approved for a Certification of Historic Significance, which is an 4% 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 nonsignificant building 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 and local historic districts that are not listed in the National Register. This allows buildings in these districts to also qualify for tax credits. In addition, Part 1 submissions are certified when the applicant is seeking a charitable donation for a historic preservation easement. In such a case, no Part 2 or 3 submissions are necessary. In FY 2016, there were 9 Certifications of Significance for easement purposes.

Approvals of Proposed Rehabilitation Work

All owners of a certified historic structure who are seeking the 20% tax credit for 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 lease 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 State Historic Preservation Office (SHPO). The SHPO provides technical assistance and guidance on appropriate rehabilitation treatments, advises owners on their applications, makes site visits when possible, and forwards submitted applications 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 to bring the project into conformance with the Standards. The NPS strongly encourages owners to submit for review before work is undertaken.

Certified Rehabilitation Projects

Certifications of completed projects (Part 3 applications) 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 projects eligible for the historic rehabilitation tax credit. Estimated certified rehabilitation costs in FY 2016 were $5.85 billion, a 31% increase over the previous year.

Table 3: Comparisons of Proposed Projects (Part 1s and 2s) Received & Approved and Completed Projects (Part 3s) Received and Certified: FY 2010-2016

	FY12	FY13	FY14	FY15	FY16
Part 1s Received	1,222	1,323	1,478	1,616	1,717
Part 1s Approved	1,171	1,269	1,377	1,491	1,553
Part 2s Received	1,190	1,208	1,291	1,416	1,521
Part 2s Approved	1,020	1,155	1,156	1,283	1,299
Part 3s Received	792	838	779	966	1,040
Part 3s Certified	744	803	762	870	1,039

Project review by the National Park Service typically extends 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 generally 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 or treatments do not meet the Standards.

Estimated rehabilitation costs on Part 2 applications are 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 rehabilitation costs, reported on the Part 3 application form, represent the estimated amount reported by the applicant to be claimed as qualifying costs associated with the rehabilitation. These costs do not include new construction and other work ineligible for the credit.

Table 4: Estimated Rehabilitation Investment (Part 2s/Part 3s) Since the Tax Reform Act of 1986

	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96
Part 2 Est. Rehab Costs (in millions)	$1,661	$1,083	$865	$927	$750	$608	$491	$468	$641	$812	$1,130
Part 3 Est. Rehab Costs (in millions)	N/A	N/A	N/A	N/A	N/A	N/A	$735	$547	$483	$569	$757
	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Part 2 Est. Rehab Costs (in millions)	$1,720	$2,085	$2,303	$2,602	$2,737	$3,272	$2,733	$3,877	$3,127	$4,082	$4,346
Part 3 Est. Rehab Costs (in millions)	$688	$694	$945	$1,676	$1,663	$2,110	$2,859	$2,204	$2,491	$2,776	$2,988
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16		
Part 2 Est. Rehab Costs (in millions)	$5,641	$4,697	$3,421	$4,023	$5,330	$6,726	$5,982	$6,630	$7,165		
Part 3 Est. Rehab Costs (in millions)	$3,272	$4,539	$3,438	$3,473	$3,155	$3,390	$4,324	$4,474	$5,855		

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, the Virgin Islands, Puerto Rico, and the District of Columbia, with only Idaho, reporting no new projects in FY 2016.

Table 5: FY2016 State-by-State Project Activity and Estimated Qualified Rehabilitation Expenditures (QRE)

STATE	Part 1 R*	Part 2 R*	Part 3 R*	Part 1 A**	Part 2 A**	Part 3 A**	Estimated QRE at Part 2	Estimated QRE at Project Completion (Part 3)
AK	0	1	1	0	1	1	$90,000	$90,000
AL	21	9	13	13	9	11	$45,576,627	$46,061,788
AR	33	25	24	23	22	23	$56,354,383	$44,927,514
AZ	1	4	8	2	3	8	$4,450,000	$38,934,676
CA	18	7	6	17	7	5	$387,133,675	$80,116,630
CO	8	5	5	7	4	5	$20,756,000	$13,014,852
CT	9	15	6	11	8	17	$186,856,681	$155,553,302
DC	11	9	3	9	4	2	$61,769,684	$17,151,804
DE	7	6	4	6	5	4	$6,299,352	$17,571,967
FL	25	16	9	24	13	8	$101,405,050	$20,981,104
GA	79	71	31	28	16	22	$104,204,513	$37,528,139
HI	1	1	0	1	1	0	$700,000	$0
IA	39	35	28	42	43	25	$193,323,823	$113,019,293
ID	0	0	0	0	0	0	$0	$0
IL	39	29	15	38	29	15	$235,452,035	$271,976,061
IN	39	24	14	32	12	14	$80,363,845	$46,607,634
KS	26	27	16	24	13	15	$31,817,500	$61,151,971
KY	46	46	55	41	38	50	$157,179,398	$74,235,891
LA	188	163	91	161	144	91	$465,015,328	$308,665,795
MA	79	89	48	75	52	40	$355,862,497	$306,051,457
MD	51	47	47	48	38	42	$77,728,890	$199,025,809
ME	12	13	12	10	12	12	$47,792,615	$44,551,963
MI	40	42	21	39	40	17	$307,039,129	$132,442,994
MN	19	15	20	17	13	14	$160,378,135	$242,318,696
MO	133	133	95	146	121	96	$309,950,691	$600,969,399
MS	31	19	15	26	15	14	$20,021,908	$25,173,430
MT	1	1	5	1	0	5	$0	$13,038,964
NC	76	50	44	55	52	40	$174,204,995	$389,575,926
ND	2	2	0	2	0	0	$0	$0
NE	8	12	16	8	10	18	$27,224,423	$62,715,818
NH	8	5	1	8	4	1	$10,870,640	$870,000
NJ	21	16	7	18	18	9	$81,600,000	$370,091,835
NM	2	0	0	2	0	0	$0	$0
NV	0	1	1	0	1	1	$1,148,850	$1,148,850
NY	130	120	97	124	104	85	$711,419,303	$748,105,782
OH	90	95	50	94	90	102	$975,522,511	$299,628,958
OK	25	22	20	21	22	25	$102,371,516	$122,667,485
OR	10	9	8	10	8	9	$38,901,455	$24,816,461
PA	51	50	28	50	54	25	$451,010,301	$172,708,797
PR	1	1	0	1	1	0	$150,000	$0
RI	16	17	19	16	16	18	$127,215,000	$101,398,296
SC	20	24	9	21	16	7	$208,575,194	$52,922,856
SD	4	1	1	4	2	1	$2,700,000	$350,000
TN	18	9	9	11	11	3	$82,962,580	$2,737,927
TX	44	32	10	44	20	10	$146,273,318	$148,860,579
UT	5	7	4	2	5	2	$4,119,337	$2,940,341
VA	154	133	77	147	142	80	$278,857,684	$223,321,032
VI	1	0	0	0	0	0	$0	$0
VT	10	10	10	10	10	13	$8,124,699	$16,383,487
WA	9	12	8	11	11	10	$174,401,599	$112,481,692
WI	37	30	22	35	30	18	$116,176,921	$81,998,440
WV	16	10	6	15	9	5	$23,440,000	$6,700,819
WY	3	1	1	3	0	1	$0	$1,641,520
TOTAL	1717	1521	1040	1553	1299	1039	$7,164,792,085	$5,855,228,035

* Received ** Approved

In FY 2016, Louisiana claimed the top spot for the most Part 2s and Ohio the most Part 3s. The four states with the most rehabilitation activity were Louisiana (144), Virginia (142), Missouri (121), and New York (104).

Twenty-seven states had more proposed projects approved in FY 2016 than in FY 2015. These states are Alaska, California, Colorado, District of Columbia, Delaware, Hawaii, Iowa, Illinois, Indiana, Kansas, Kentucky, Michigan, Missouri, New Hampshire, New Jersey, Nevada, New York, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, and West Virginia.

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 2016, 1,553 certifications of significance (Part 1s) were approved and 33 were denied. For rehabilitation projects, 41 were denied certification (Part 2s and/or 3s). A large number of the denials involved rehabilitation projects where work was substantially underway or complete prior to review by the National Park Service. Thirty-two denials were appealed to the Chief Appeals Officers in FY 2016, with 22 heard during the fiscal year. (Appeals are not necessarily heard in the same fiscal year that the projects were denied. The data presented here refers to appeals heard during FY 2016.) During the year, 26 appeals were decided. Twenty-two denials were upheld, in whole or in part, and four denials were overturned. Of the upheld denials, 14 projects were approved based on new information and/or proposed changes to the project; or the denial letter outlined changes or remedial work that could be undertaken for the project to be approved. One appeal was withdrawn, and two appeals were denied hearings due to untimely filing.

Table 5: Denials and Appeals (Parts 1, 2, and 3): FY 2007-2016

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Initial Denials	52	43	54	49	39	60	60	63	73	74
Appeal Decisions	23	19	30	31	33	32	31	31	40	26

Ownership of Certified Rehabilitation Projects

Information collected from the voluntary User Profiles and Customers Satisfaction Question-naires sent to property owners post-certification indicates that the limited liability company form of ownership continues to be the most common, and is used in over half of all projects.

Table 6: Type of Ownership in FY 2016 (Part 3s)

Individual	Corporation	General partnership	Limited partnership	Limited liability company	TOTAL
14%	4%	2%	23%	57%	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 2016, 7% of all projects were under $100,000, 29% of all projects were under $500,000, and the majority of all projects (51%) were gerater than $1 million in costs.

Table 7: Comparison of Percentage of All Certified Projects (Part 3s) in Each Size Category: FY 2012-2016

	<$20,000	$20,000-$99,999	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	>$1,000,000	TOTAL
FY16	0%	7%	10%	12%	20%	51%	100%
FY15	1%	12%	10%	15%	17%	39%	100%
FY14	1%	11%	14%	13%	17%	44%	100%
FY13	1%	7%	23%	15%	13%	41%	100%
FY12	0.5%	9%	16%	13%	13%	48.5%	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 the final primary use, 57% were for multiple-family housing.

Table 9: Uses of Certified Rehabilitation Projects (Part 3s): FY 2012-2016

	FY12	FY13	FY14	FY15	FY16
Housing	47%	46%	42%	50%	57%
Office	21%	21%	18%	21%	13%
Commercial	16%	19.5%	25%	14%	17%
Other	16%	13.5%	15%	15%	13%

Housing and Preservation

The tax incentives program has been an invaluable tool in both the revitalization of historic communities and neighborhoods and in 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 program. Over the past five years, between 47% and 57% of the projects have included housing. Since the program began, the National Park Service has approved the proposed rehabilitation of an estimated 271,174 housing units and the creation of an estimated 277,831 new units. In FY 2016 a reported 21,139 housing units were approved, including 6,572 housing units rehabilitated and 14,567 new units. Table 10 shows the total number of housing units reported as part of proposed projects, including rehabilitated units and new units, over the past decade.

One of the benefits 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 40 years, the National Park Service has approved as part of the historic tax credit program a reported 153,255 low and moderate income housing units.

Table 10: Historic Rehabilitation Projects (Part 2s) Involving Housing (Reported Unit Count): FY 2007-2016

	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
FY16	21,139	6,572	14,567	7,181	34%
FY15	23,569	8,608	14,961	8,096	34%
FY14	19,786	8,369	11,417	6,540	33%
FY13	25,121	9,367	15,754	7,097	28%
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%

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 88% of the respondents reportedly used one or more forms of additional incentives or publicly-supported financing in FY 2016. Of the additional incentives, 80% utilized state historic preservation tax incentives and 21% used the Federal 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 23% of the respondents, and 15% obtained low interest loans through their cities.

Table 11: Other Incentives Used In Completed Projects
*In Addition to Historic Preservation Tax Credits in FY 2016**

None	10%
Low-income Rental Housing Credits	21%
Local Property Tax/Ad Valorum Tax Abatement	23%
Historic Preservation Easement	2%
Facade Grant Program	6%
State Historic Preservation Tax Incentives	80%
HUD Program	21%
Low Interest Loan	15%
Other	8%

*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.

Historic Schools Revitalizing Communities

With their neighborhood locations and handsome architecture, vacant school buildings are being adapted utilizing the Federal historic tax credit to help meet the needs of older communities. Both of the projects shown here were certified by the National Park Service in FY 2016.

Standing empty for seven years, the Ben Day School has become a new home for 24 families in historic central Leavenworth, KS. Originally built in 1909, the two-story Tudor revival-style building served elementary students, then primary students, and finally early childhood programs. Completed in FY 2016, this $2.3 million project repaired and preserved the wide corridor spaces with many of the original, wooden hall cupboards, trim, and plaster, and incorporated classroom chalkboards, cloakrooms, and built-in cabinets within the apartment units.

Ben Day School, Leavenworth, KS

Harnett County Training School, Dunn, NC
Photos: NPS files

The Harnett County Training School has been a landmark in Dunn, North Carolina, since its construction in 1922. The school was built to provide education for the African-American students in the area. After several expansions, the school became one of the largest Rosenwald schools in the state. Over time, desegregation made the buildings obsolete and the school sat vacant for many years. In 2014, a $7.8-million rehabilitation project was undertaken to bring the school building, as well as a gymnasium/auditorium, a classroom annex building, and a multi-purpose build ing, back to life to provide multiple uses. Besides providing 37 units of affordable housing for seniors, classrooms and multi-purpose rooms are leased to the Central Carolina Community College, and the gym serves as the Dunn Police Athletic League's youth recreation center.

on the front cover . . .

Corning Free Academy, Corning, NY

With the continuing consolidation of neighborhood schools or simple replacement of older buildings, hundreds of historic school buildings are at risk each year. Once closed and left vacant, schools soon suffer from lack of maintenance, vandalism, and general neglect. The Federal historic tax credit has helped rescue many neighborhood school buildings with reuses varying from charter schools and hotels to apartments providing much needed community housing. Through the reuse of historic schools, new jobs are created and vacant buildings are renewed with broad positive economic impact on the local community—and the history of communities embodied by the schools that educated multiple generations of local children is preserved.

First a high school and later a middle school, the Corning Free Academy located in the Southside Historic District in Corning, New York, is an imposing four-story Romanesque Revival brick building, embellished by terra cotta. Built in 1922 and added onto over time, the school closed in 2014. Thanks to the foresight of the local school board and community leaders, plans were soon in place for New York-based developer Purcell Construction Company to acquire and undertake a $13-million rehabilitation of the building. In just about a year's time, the building reopened with a new name, Academy Place, and a new use, providing 58 market-rate apartments.

The Elmira Savings Bank and the Empire State Development Corporation provided financing, with the local bank noting it was their largest single project ever financed in its 145-year history. In 2016, the project was certified by the National Park Service for purpose of the historic tax credit.

Not only was the exterior of the building repaired and preserved, but also distinctive interior features and spaces were retained, including the auditorium which will be used as a community space. A physical fitness center is located in space formerly used as the gym. The experience today of again walking along the wide hallways so distinctive of older schools is enhanced by the retention of the many large arched openings. "Once you walk in that front door you realize it is a special building," according to Mark Purcell, President of the family-owned business that developed the property.

Cover and interior corridor photos: David R. Miller for Johnson-Schmidt & Associates, Architects; drone and auditorium photos: B Square Web for Riedman Companies

State Historic Preservation Tax Incentives

More then half of the states offer state tax incentives of various kinds for historic preservation rehabilitation projects. Approximately half of the projects receiving Part 3 certification also used state historic tax credits in FY 2016. Over half of the states currently offer state income tax credits. The four states with the most rehabilitation activity in FY 2016 (Louisiana, Virginia, Missouri, and New York) all have "piggyback" state historic credits. Piggybacking state credits has proven to be an invaluable additional incentive for rehabilitating vacant and deteriorated historic buildings. Property tax relief is also available for qualified projects through statewide programs in a number of states. Some states also offer property tax relief as a local option.

Economic Revitalization Utilizing Federal Historic Preservation Tax Incentives

For 40 years the Federal historic preservation tax incentives have spurred the rehabilitation of historic structures of every period, size, style, and type. Abandoned or underutilized 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 2016, 57% of the completed projects included housing, with a third of those units for affordable units. Office space accounted for 14% of the projects, while 17% was for other commercial uses. This year, 55% of the historic structures undergoing rehabilitation work are for a continued use rather than an adaptive reuse.

1. Erwin House, Bourbon, IN; 2. Rainwater Building, Florence, SC; 3. 21c Museum Hotel, Lexington, KY; 4. Sheridan Inn, Sheridan, WY; 5. Washington School House, Park City, UT; . Photos: NPS files

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