

# *Federal Tax Incentives for Rehabilitating Historic Buildings*

*Annual Report  
for Fiscal Year 2014*



## 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 40,380 completed projects since its inception in 1976, the program has generated over \$73 billion in the rehabilitation of income-producing historic properties. The largest federal program specifically supporting historic preservation, the historic tax credit also generates much needed jobs, enhances property values in older communities, creates affordable housing, and augments revenue for Federal, state and local governments. The widely recognized program has been instrumental in preserving historic places that give cities, towns, and communities their special character.*

### Job Creation Remains Strong

Completed projects certified in FY 2014 created an estimated 77,762 jobs based on a National Park Service-funded study by the Rutgers University Center for Policy Research. From Main Streets to central cities, the federal tax credits are consistently a strong catalyst for job creation and economic growth.

### FY 2014 at a glance

- 1,156 proposed projects and \$5.98 billion in rehabilitation work approved
- 762 completed projects and \$4.32 billion in rehabilitation work certified
- 77,762 jobs created by completed projects
  - 6,540 new low and moderate income housing units / 19,786 new or renovated housing units overall

### Historic Tax Credits: Creating Jobs, Saving Historic Buildings, and Assisting Community Revitalization

The recent rehabilitations of the Central States Life Insurance Company Building in St. Louis, MO, and the Rialto Theater in Cleveland, OH, have numerous things in common that highlight the successful use of the historic tax credits: both buildings were acquired by local companies seeking to expand; both buildings had been vacant a number of years following their last use as nightclubs; their new uses were welcomed by the surrounding neighborhood; their start to finish time were less than 18 months; and each involved a multi-million dollar investment. Both rehabilitations preserved the historic character-defining features and received certifications of rehabilitation by the NPS in FY 2014.

The Rialto Theater (Mitchell's Ice Cream), is located in the Market Square Historic District in Cleveland, OH. Opened in 1919 as a venue for silent films and vaudeville performances, the theater remained in use until 1957. Much of the interior was altered for its later use as a nightclub—a business forced to close around 2007 because of illegal activities. Mitchell's Ice Cream, a well-known local company, acquired the vacant building in 2011 for its adaptive use as their flagship ice cream store, headquarters, and production kitchen. Using local craftsmen, the work took place in 2013 with an investment of nearly \$6 million. Repairs were made to the exterior of the building; the interior was adapted for the new use; and energy-saving features were incorporated as part of the project, including solar panels and a system to reuse rainwater for non-potable use. With community rooms upstairs for parties and events, the ice cream parlor below, and a factory area opened for tours, the former Rialto Theater is once again a neighborhood jewel.

The former Central States Life Insurance Company Building recently became the headquarters of Chameleon Integrated Services (CSI), a St. Louis, MO-based information technology firm, following a \$3 million rehabilitation. Individually listed in the National Register, this 1921 Mission Revival-style building was designed for a local corporate headquarters, complete with an impressive two-story atrium. Later used for many purposes, and most recently as a series of nightclubs, CSI purchased the building and returned it to its original use as corporate offices. The building's exterior and surviving historic features on the inside were restored, and state-of-the-art security systems installed. Twenty-seven percent of the work was completed by minority-owned businesses from Greater St. Louis. With their new offices and a building rich in architectural detail, CSI has not only saved an impressive historic resource, but also is contributing to the rebirth of the local community.



The Rialto Theater, Cleveland, OH



Central States Life Insurance Co. Building, St. Louis, MO

Photos from NPS files.

## Over \$5.9 Billion Investment in Historic Rehabilitation

While the historic preservation tax credit encourages the rehabilitation of historic buildings of national, state, and local significance, it also stimulates major private investment in our older, disinvested neighborhoods. Older cities and small towns across the country rely upon the historic tax credit program as an important marketing tool to foster economic revitalization. In FY 2014 the number of approved proposed projects was 1,156. The investment in these projects totaled an estimated \$5.98 billion, while the investment in the 762 certified completed projects totaled \$4.32 billion.

## Nearly 1.59 Million Buildings Listed

Nearly 1.59 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 50% of the completed projects certified by the National Park Service were estimated to have used both Federal and state historic tax credits. Over half of the states offer historic tax credits that can be used in tandem with the Federal historic tax incentives. The four states with the most rehabilitation activity in FY 2014 (Virginia, Louisiana, Missouri, and New York) all have “piggybacked” state historic credits. Piggybacking state credits has proven to be an invaluable additional incentive for rehabilitating vacant and deteriorated historic buildings.

## Economic Revitalization Utilizing Federal Historic Preservation Tax Incentives



For 38 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 2014, 42% of the completed projects were for housing, with a third for affordable units. Office space accounted for 18% of the new uses, while 25% was for other commercial uses. This year, 52% of the historic structures undergoing rehabilitation work are for a continued use rather than an adaptive reuse.



1. Chase Grain Elevator, Sun Prairie, WI; 2. Sengelmann Hall, Schulenburg, TX; 3. Cincinnati Color Building, Cincinnati, OH; 4. Carlin's Amoco Station, Roanoke, VA; 5. Breakwater Hotel, Miami Beach, FL; 6. Croke Patterson-Campbell Mansion, Denver, CO; 7. Old Masonic Temple and City Hall, Vallejo, CA; 8. Inland Steel Building, Chicago, IL. All photos NPS files.

## 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. For the phone number or website of your state office, 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).

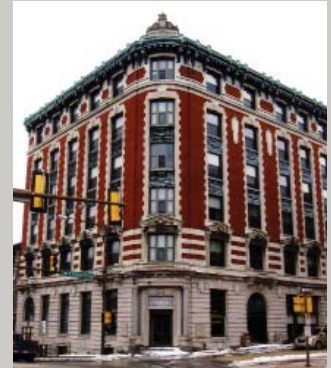
### Tax Credits at Work: Helping to Preserve Our Nation's Heritage

Housing is the most common use of buildings listed in the National Register, and it is not surprising that 42% of tax credit projects last year included housing. Projects ranged from former single-family dwellings converted to rental units, to historic apartments upgraded with modern amenities, to a wide variety of commercial, institutional, and industrial buildings adaptively reused for housing. Whether affordable or market rate, these projects successfully preserve the historic character of the buildings; provide much needed community housing; and result in essential repairs, critical life-safety improvements, and energy upgrades for these buildings. While both of the following examples are individually listed in the National Register, they are in contrast quite different in terms of their recent certified rehabilitations.

Built in the French Renaissance Revival style, the imposing, former Butler County National Bank (now Historic Lafayette Apartments) in Butler, PA, was used as a bank and offices from 1903 until it was converted in 1993 into apartments. Today providing 59 affordable housing units, the recent \$5.7 million certified rehabilitation included a number of measures for improved energy performance, including upgrading the HVAC system and replacing the non-historic windows, as well as various work relating to improved accessibility.

The Trinity Place Apartments is a Tudor/Jacobethan-style residential building in Portland, OR, that has remained in use as apartments since its construction in 1910-11. Providing 36 market-rate housing units, Trinity Place Apartments recently underwent a \$500,000 certified rehabilitation involving the seismic upgrading of the unreinforced masonry building for life/safety.

Photos from NPS files.



Historic Lafayette Apartments,  
Butler, PA

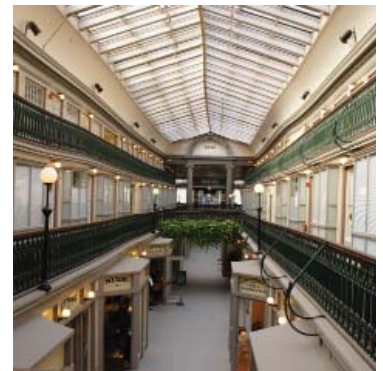


Trinity Place Apartments,  
Portland, OR

### Front cover: The Arcade in Providence, RI

The Arcade in Providence, Rhode Island, was built in 1828 and is regarded as the nation's "first enclosed shopping mall." Declared a National Historic Landmark in 1976, the three-story structure is notable for its classical Greek Revival architecture, with giant Ionic columns and a large central atrium lit from above by a vaulted glass ceiling. Inside, the third floor steps back from the second, and both are secured by mahogany handrails and ornate scrolled-iron balustrades. Throughout its history, shoppers have been invited to browse three floors of shops—however, few were willing to climb the stairs to the second and third floors, creating frequent shop closures and a history of economic hardship. A 1980 renovation only postponed its ultimate closing.

In 2005 the building was purchased by developer Evan Granoff, who in collaboration with Northeast Collaborative Architects, began planning for a \$8.9 million rehabilitation to convert the building into a mixed retail-residential use. Work began in 2012 with special care taken to respect the arcade's historic features, design and use. Thirteen small, locally-owned boutique shops and three restaurants would be located on the first floor; former shop spaces on the upper two floors were converted into 38 "micro-lofts"—small rental units ranging from 225 to 450 square feet. Inspired by passenger ship cabin design, each of the rental units includes a bedroom, kitchen, bathroom, and built-in storage. The units on the second floor even have guest accommodations in the form of a twin Murphy Bed. The Providence Arcade also contains ten larger apartments, a game room, and storage spaces. The rehabilitation work met the Secretary of the Interiors Standards for Rehabilitation for purposes of the Federal historic tax credits and in FY 2014, the National Park Service declared the project a certified rehabilitation. *Exterior cover photo by Ben Jacobsen/Interior photo by Kaaren Staveteig*



*This annual report includes information from Federal Tax Incentives for Rehabilitating Historic Buildings, Statistical Report and Analysis for FY 2014, prepared by Technical Preservation Services, and a report on the economic impacts of the Federal historic tax credit for FY 2014, a National Park Service-funded study prepared by the Rutgers University Center for Policy Research. Both reports can be found on our website: <<http://www.nps.gov/tps>>.*