

# LIHTC MONTHLY REPORT

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## National Park Service List Ranks States that Successfully Promote Rehabilitation of Historic Properties

By Lindsay Weiford, Staff Writer, Novogradac & Company LLP

The National Park Service recently released its list of states that have been successful in the use of federal tax credits through the Historic Preservation Tax Incentives program, which encourages investors to rehabilitate historic buildings. Compiled by the National Park Service, the list is based on the number of federal rehabilitation investment tax credits (RITCs) an individual state used in fiscal year 2005 and ranks each state by the number of its certified projects. Missouri was ranked number one on the list, with 79 approved projects in 2005. Second was Virginia, with 74 approved projects, followed by Ohio with 69 projects. North Carolina and Pennsylvania were tied for fourth with 41 approved projects each, and Louisiana was ranked fifth with 38 approved projects for the year 2005.

States Ranked by Certified Projects in 2005

Rank	State	Certified Projects Approved	Certified Expenses
1	Missouri	79	\$180,406,289
2	Virginia	74	\$128,603,161
3	Ohio	69	\$165,619,974
4	North Carolina	41	\$48,412,916
4	Pennsylvania	41	\$237,623,215
5	Louisiana	38	\$28,239,663

Source: National Park Service, Novogradac & Company LLP

Ranked first, the Missouri state historic tax credit program provides a tax credit incentive equal to 25 percent of the eligible costs and expenses for the redevelopment of commercial and residential historic structures. The tax credit may be used to offset Missouri income tax liability and may be used in the year provided, or may be carried back three years or carried forward 10 years. The tax credits may be used by individuals, corporations or partnerships and may also be sold or exchanged. In order to be eligible for the Missouri state historic tax credit, a

structure must be listed individually on the National Register of Historic Places, be considered a contributing structure in a National Register historic district, or be located in a local historic district certified by the United States Department of the Interior. Renovation must be equal to or greater than 50 percent of the acquisition cost of the property.

The Historic Preservation Tax Incentives program is administered by the National Park Service in partnership with state historic preservation officers. It is the most effective federal program in promoting urban and rural revitalization and in encouraging private investment in rehabilitating historic buildings, according to the National Park Service annual report for fiscal year 2005, "Federal Tax Incentives for Rehabilitating Historic Buildings." The credit applies specifically to preserving income-producing historic properties and since its inception in 1976 has generated more than \$36 billion in historic preservation activity, created more than 32,800 approved projects and attracted private investment to historic cores of cities and towns across the country. Last year the program leveraged more than \$3.1 billion in private investment and created or renovated 14,354 housing units, including 4,863 units of low- and moderate-income housing.

According to the National Park Service annual report, the Historic Preservation Tax Incentives program offers widespread economic benefits. Each project approved in 2005 by the National Park Service created, on average, 48 new jobs. In 2005, more than 52,464 jobs were created. The report also states that in addition to the federal income tax generated from these new jobs, taxes generated from other activities involving the rehabilitations provide further tax revenues to federal, state and local governments. The program is also cited as one of the most

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successful and cost-effective in spurring the rehabilitation of abandoned or underused historic structures for use as income-producing properties, such as housing, office spaces and commercial facilities.

Increasing public awareness of the many benefits of the program is an important step to the success of the program. The National Park Service's annual report states that 1,101 projects were approved in 2005, continuing a five-year trend of outpacing the previous decade in the number of projects approved. This high level of activity can be credited to the existence of various state and local preservation tax incentives that can be piggybacked onto the federal incentives. It can also be attributed to an increase in public awareness of the benefits of the program.

Barbara Franco, executive director of the Pennsylvania Historical Museum Commission, said, "This high national ranking shows that our efforts to inform investors about the program have been very successful, and we look forward to helping others who wish to take advantage of this worthwhile program that encourages historic preservation."

Pennsylvania, ranked fourth in the nation, has been a national leader in RITC projects that have generated more than \$3.3 billion in private reinvestment in communities in the state. The commission administers the program in partnership with the National Park Service and the IRS. Under the program, certain expenses incurred in rehabilitating an old building are eligible for a 20 percent tax credit. ❖

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