

## National Park Service Publishes Update on Implementation of Advisory Committee Recommendations

By Alex Ruiz, Managing Editor, Novogradac & Company LLP

The federal Historic Rehabilitation Tax Credit (HRTC) program has been responsible for revitalizing thousands of historic buildings and developing them into community assets and in the last few years HRTCs have been leveraged for even further social and economic benefit when combined with new markets tax credits (NMTCs). The HRTC is administered by the National Park Service (NPS) and the Internal Revenue Service (IRS) in partnership with state historic preservation officers (SHPOs).

Late last year, the NPS published an update on its ongoing efforts to reassess and improve the program. In "Making a Good Program Better: Final Guidance and Implementation of National Park System Advisory Board Recommendations for the Federal Historic Rehabilitation Tax Credit Program," the NPS details the steps it has taken to implement the recommendations of an advisory board committee. The paper also mentions the guidance papers, publications and other materials created to make the historic rehabilitation tax credit process clearer, more flexible and easier to access.

### Background

In 2003, program partners and other interested parties suggested that NPS reassess the program, and based on that assessment, consider possible improvements. In response, the NPS established a committee to study two questions:

1. Are the requirements of the federal historic rehabilitation tax credit program clear to program users? Do program users have realistic expectations when they undertake projects?

If the process is not clear, how can it be made clearer?

2. How can the interpretation of the Secretary of the Interior's Standards for Rehabilitation be made more user-friendly so that program users and the preservation community can better understand them?

The final report of the committee, "Federal Historic Rehabilitation Tax Credit Program: Recommendations for Making a Good Program Better," was unanimously adopted by the NPS advisory board on September 15, 2006 and presented to the director of the National Park Service.

During 2007 the NPS followed the schedule set forth in the report to implement the committee's recommendations. Three teams of NPS staff and partners developed the materials called for in the report. In addition to NPS staff, each team included representatives from four SHPOs. To ensure input from a wide range of program stakeholders, the NPS also invited eight individuals, on behalf of the organizations they represent, to comment on draft materials at several stages. In adopting the implementation plan, the NPS says it attempted to meet not only the concerns and recommendations of the committee, but of the many parties and constituents that spoke before the advisory board and commented on the draft papers. These constituents include property owners, historic preservation consultants and others who use or promote the use of the historic rehabilitation tax credit.

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Historic rehabilitation tax credit program regulations define rehabilitation as “the process of returning a building or buildings to a state of utility, through repair or alteration, which makes possible an efficient use while preserving those portions and features of the building and its site and environment which are significant to its historic, architectural, and cultural values as determined by the Secretary [of the Interior].” (36 CFR 67.2(b)) And, as NPS’s committee stated in its report, this rehabilitation program has fulfilled Congress’ original intent and “has been very successful in leveraging private investment in historic buildings, preserving historic resources, stimulating economic growth, creating housing and revitalizing communities.”

In its report last month, the NPS said actions have been taken in three areas:

1. clarification of guidance and increased flexibility in interpreting and applying the Secretary of the Interior’s Standards for Rehabilitation;
2. education, training and written and web-based guidance; and

3. policy on very large, functionally-related, multiple-building complexes.

The report lists each recommendation made by the committee and explains what steps it took to implement them. The paper also notes that process of implementing the committee’s recommendations “brought into sharp relief one of the primary challenges the NPS has faced in administering the tax credit program since its recentralization to the Washington office from five regional offices in 1995.” NPS says that challenge has been reconciling differing regional and state interpretations of the Standards and nuances of program administration. In the first several years after recentralization, the NPS says it made every effort to accommodate these differences to the extent allowable by the Standards. This was done to allay many states’ concerns that their particular challenges and circumstances would not be understood and supported by the NPS central office in Washington to the extent they had been by their respective regional offices. The NPS paper says efforts to unify the program administration over the past decade led

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some SHPOs and program constituents to perceive “shifts” in NPS interpretation of the Standards.

The NPS also discussed how this challenge relates to the guidance it issues on the program. Prior to 1995, the historic rehabilitation tax credit program’s primary written guidance was direction provided by the Washington office to the regional offices on how to administer the program. Regional offices made this guidance available to SHPOs and program users informally and, generally, only on an as-needed basis. As part of the program’s recentralization, the NPS says it realized the importance of ensuring that all SHPOs received the same information and, accordingly, began developing and distributing guidance on specific rehabilitation treatments and concerns.

However, this guidance remained essentially as materials shared by partners in administering the tax credit program; it was not widely distributed to program users. The December 2007 report acknowledges that the Internet makes wide distribution of program guidance possible, and the NPS announced that guidance materials prepared to implement the committee’s recommendations will be posted on the NPS web site so that they will be easily accessible to program users. Guidance developed in the future also will be available online. NPS predicts this will greatly enhance the consistency of project review nationwide and improve predictability for program users, particularly those who work in more than one state. ❖

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