

Federal Tax Incentives for Rehabilitating Historic Buildings

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Federal Tax Incentives for Rehabilitating Historic Buildings

A Successful 33 Year Federal/State Partnership

The Historic Preservation Tax Incentives Program, administered by the National Park Service in partnership with the State Historic Preservation Officers, is the nation's most effective Federal program to promote urban and rural revitalization and to encourage private investment in rehabilitating historic buildings. The tax credit applies specifically to preserving income-producing historic properties and has generated over \$55 billion in historic preservation activity since its inception in 1976. With a 5 to 1 ratio of private investment to Federal tax credits, the program is an outstanding means of leveraging private investment in the adaptive reuse and preservation of our nation's historic buildings. With over 36,000 approved projects, the tax incentives program continues to attract private investment to historic cores of cities and Main Street towns across America and generates needed jobs, enhances property values, creates affordable housing, and augments revenues for Federal, state and local governments. Cover photo of Fort Baker by Shannon Koy.

Record Number of Jobs Created

Completed projects approved in FY 2009 by the National Park Service created a total of 70,992 new jobs nationwide, the highest since the 1986 tax law changes. Despite the downturn in the economy, the program continues to be a strong catalyst for job creation and economic recovery in older communities with a record number of 68 jobs created on the average per project in FY 2009.

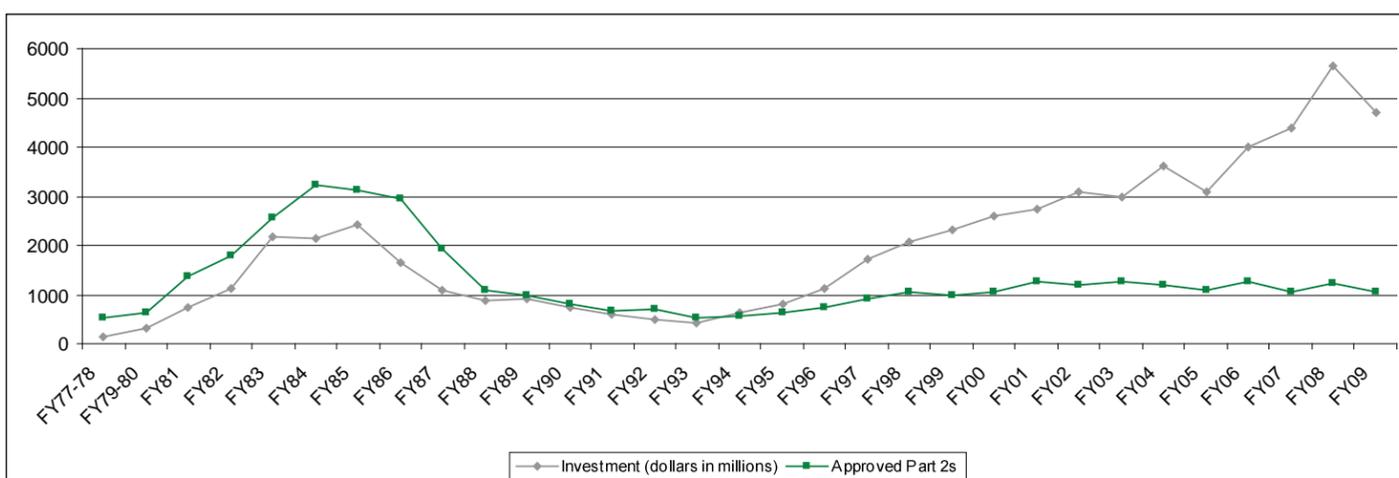
Over 1.34 Million Buildings Listed

Over 1.34 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 historic district are eligible for tax credits.

2009 at a glance

- \$ 4.69 billion in rehabilitation work approved
- 70,992 jobs created
- 1,044 new projects approved
- 6,710 low and moderate income housing units created
- 13,743 housing units created or renovated overall

Federal Tax Incentives For Rehabilitating Historic Buildings — 1977-2009



The chart above shows proposed dollar investment and number of proposed projects approved by the National Park Service. Since the passage in 1976 of the first Federal Tax Incentives for Rehabilitating Historic Buildings, there have been a number of changes in the tax laws. Notably, there was the Economic Recovery Act of 1981 which resulted in the most favorable incentives in the program's history followed by the Tax Reform Act of 1986 which reduced the historic preservation tax credits from 25% to 20% and imposed several significant restrictions on all forms of real estate investment.

1,044 Projects Approved in 2009

The Historic Preservation Tax Incentives Program continues to be the Federal government's largest program to stimulate the preservation and reuse of historic buildings that give our older communities their unique character. In Fiscal Year 2009, the National Park Service approved 1,044 new projects, including a record number of affordable housing units. Many of the projects involve multiple historic buildings, such as old textile mills, school complexes, farms, and former military bases. This high level of activity can be attributed, in part, to an increase in public awareness of the benefits of the Historic Preservation Tax Incentives Program as well as the existence of various Federal, state, and local preservation tax incentives that can be piggybacked with the Federal historic tax credits.

A \$4.69 Billion Investment in Older Communities

While the historic preservation tax incentives 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 across the country rely upon the historic tax credits program as an important marketing tool to foster community revitalization. Rehabilitation projects approved by the National Park Service last year represented a private investment of a near record \$4.69 billion at a cost to the Federal Treasury of less than \$939 million in the form of tax credits. Besides Federal income tax generated from the creation of new jobs, taxes generated from other activities involving these rehabilitations provide much needed new revenue to Federal, state, and local government.

Economic Community Revitalization Utilizing Federal Historic Preservation Tax Incentives

Investing in older communities, providing local jobs, and stimulating neighborhood revitalization are all signature features of the Federal Historic Preservation Tax Incentives Program. An essential financial tool for historic building rehabilitation, the Federal tax incentives help preserve historic structures of every period, size, style, and type. Abandoned or underutilized schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices throughout the country have been given new life in a manner that maintains their historic character. In FY 2009, 49% of the new use programs provided housing, including a record 6,710 affordable housing units. Commercial and office accounted for the second and third most common new uses.



1. German Bank, Dubuque, IA (Photo: Bobbi Schoen, Studio Design); 2. Hanny's Building, Phoenix, AZ (Photo: Scott Jarson/azarchitecture.com); 3. Sinclair Hotel, Miami Beach (Photo: Gary A. Appel, Esq.); 4. A.J. Lindemann & Hoverson Showroom and Warehouse, Chicago, IL (Photo: Greg Lapinsky); 5. Traverse City Opera House, Traverse City, MI (Photo: Steve Morse); 6. The Peck and Hills Furniture Company building, Spokane, WA (Photo: Tonkin/Hoyne Architecture and Urban Design); and 7. Rock Hill Cotton Factory, Rock Hill, SC (Photo: Alice Davis).

Finding Out More About the Program

Information on the historic rehabilitation tax credits and copies of technical publications that explain cost-effective methods of repairing and maintaining historic buildings are available from the National Park Service and from State Historic Preservation Offices. Our Web site <www.nps.gov/history/hps/tps> helps explain the program. The Web site also has a wealth of information on the preservation and rehabilitation of historic buildings. Technical Preservation Service's catalog of publications, entitled *Caring for the Past*, provides a listing of free and for sale publications currently available from the National Park Service and the Government Printing Office. The more than 100 publications are the most comprehensive source of information available on the care and reuse of historic buildings. The publications catalog can be obtained by writing to Technical Preservation Services, National Park Service, 1201 Eye Street, NW, Washington, DC 20005 or by emailing your request to <nps_hps-info@nps.gov>.

State Historic Preservation Offices (SHPOs) are the 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. 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>.

On the cover:

Fort Baker, Sausalito, CA

In 2009, a major rehabilitation project was completed at historic Fort Baker, a former army post, in the Marin Headlands near Sausalito, CA. Using the Federal Tax Incentives for Rehabilitating Historic Buildings, a private investment group successfully integrated historic preservation, modern amenities, life/safety improvements, and green performance to create an award-winning project.

First used for coastal defense of San Francisco Bay in the late 19th century, permanent buildings for Fort Baker were initially constructed between 1902 and 1910 and remained an active military post until the mid-1990s. By 2001 the transfer of the decommissioned site to the National Park Service was completed. Now part of the Golden Gate Recreation Area, the historic fort encompasses 91 acres surrounding a parade ground and a collection of over two dozen historic military buildings.



The National Park Service and a private investment entity, the Fort Baker Retreat Group, began working together in 2006 to convert a portion of the military base to a first-class retreat and conference center, Cavallo Point - the Lodge at the Golden Gate. Plans called for the post's main barracks buildings to be converted into assembly, dining and office space, the officer's housing into 68 guest rooms, and various other structures into buildings that could provide modern and sustainable support services.



During the rehabilitation, the exteriors of 27 historic buildings were sensitively repaired and a significant percentage of the historic interior features and fabric, including pressed tin ceilings, cast-iron columns, stairs, fireplaces, and built-in wood cabinets, were preserved (upper left photo). The historic windows were repaired and made operable again to allow in fresh bay breezes and eliminate the need for air conditioning. Porches and verandahs were rebuilt on the barracks buildings using early photographs and physical evidence for the design (lower left photo). The parade ground was cleared of later alterations and taken back to its 1939 appearance. Research to determine the most appropriate vegetation was undertaken.

In the laundry facility, a filtering system was introduced to reduce water use by about 60%. This contributed to an overall 30% water-use reduction for the retreat. New construction sited on the footprints of noncontributing buildings that had been removed provided 74 new guest rooms. Energy saving systems were chosen as well as green building materials, including insulation made from recycled denim and environmentally friendly paints and carpets. The project achieved a LEED Gold status and the National Park Service certified the rehabilitation for this newest National Park lodge.



Photos: Shannon Koy

For Additional Information:

Please contact Kaaren Staveteig, Technical Preservation Services, Heritage Preservation Services Division (2255), National Park Service, 1201 Eye Street, NW, Washington, DC 20005, (202) 354-2053. Information on Federal Tax Incentives for Rehabilitating Historic Buildings is available on the National Park Service's Technical Preservation Services Web site at <<http://www.nps.gov/history/hps/tps/index.htm>>.