



VCU STUDY FINDS HISTORIC PRESERVATION CONTRIBUTES TO VIRGINIA'S ECONOMY BY UPWARDS OF \$3.9 BILLION

February 5, 2014

—First study to assess economic impact of state and federal historic rehabilitation tax credits in Virginia—

— State tax credits drew reliable investment in rehabilitation-based construction during Great Recession, 2007-2009 study shows—

—Study offers analyses of tax credits' economic impact in Virginia's 11 "Metropolitan Statistical Areas": Blacksburg-Christiansburg-Radford / Bristol / Charlottesville / Danville / Hampton Roads / Harrisonburg / Lynchburg / NOVA / Richmond / Roanoke / Winchester—

Note: See list at end of this release of contacts who have used tax credits in localities around the state.

RICHMOND – The rehabilitation, re-use and preservation of Virginia's historic residential and commercial buildings is good for the commonwealth's economy according to a study conducted by Virginia Commonwealth University (VCU). The benefits of bringing old buildings back to life ripples across the economy and through local communities to contribute an estimated \$3.9 billion to the state's economic health. Those rehabilitation expenses and their domino effect have also created more than 31,000 full and part-time jobs during a 17-year period and generated an estimated \$133 million in state and local tax revenues.

These are among the findings of an economic impact study commissioned by Preservation Virginia, with support from the Virginia Department of Historic Resources and a grant from Mead Westvaco. The study uses data from 1997 to 2013 provided by the Virginia Department of Historic Resources, which administers the state and federal tax credit programs in Virginia.

During the 17-year period, nearly \$1 billion in tax credits leveraged almost \$3 billion in private investment, resulting in the rehabilitation of 2,375 buildings—ranging from warehouses, hotels, theaters and even part of a prison complex to private residences. Expenses of \$3.97 billion for these rehabilitation projects serves as a catalyst on sectors of the economy to stimulate an additional estimated \$3.9 billion in activity, adding to the state's overall economic well being, according to the study.

“The cultural benefits of preservation and passing forward our historic legacies are well known,” said Elizabeth Kostelny, executive director of Preservation Virginia. “VCU’s study confirms that historic preservation also provides profound economic benefits, and it begins with the incentives provided by state and federal tax credits. This year marks the 125th anniversary of Preservation Virginia, the first state-wide preservation organization in the nation. We commissioned this study to raise awareness that economically historic preservation is a win-win proposition for all Virginians, not just preservationists. The study is part of our year-long celebration that examines the role and contributions of historic preservation in the Commonwealth” she added.

Significantly, most of the rehabilitation projects completed during the years covered by the study would never have been undertaken without the incentives offered to developers and property owners through the state and federal tax credits, according to study authors John Accordino, Ph.D. and Fabrizio Fasulo, Ph.D., from the Center of Urban and Regional Development in VCU’s L. Douglas Wilder School of Government and Public Affairs.

The study also found that during what it calls the “Great Recession” from 2007 to 2009, the state’s historic rehabilitation tax credit—which allows a 25 percent credit on eligible expenses in a rehab project—reliably attracted private investment in rehabilitation projects that kept many carpenters, electricians, and other skilled trades people working, when very little new construction was under way. During those years, there was only “a moderate decline in historic rehabilitation activity,” according to the VCU report.

“In sum,” the VCU economists write, “the Virginia Historic Rehabilitation Tax Credit Program and the Federal Historic Tax Credit Program, by reducing taxes for those who invest in historic rehabilitation, have made major contributions to the revitalization of Virginia’s cities and towns and to the Virginia economy overall.”

The upshot of the study confirms what previous reports have also concluded about the effectiveness of the state tax credit program, which officially got underway in 1997.

“The report echoes what a General Assembly investigation of the state tax credit program concluded in 2012,” said Julie Langan, acting director of the Virginia Department of Historic Resources. “Unlike some tax credit programs, the GA report found the state’s historic rehabilitation tax credit program stimulates historic rehabilitation and promotes the economic and social revitalization of Virginia’s rural towns and urban neighborhoods. It is a program that pays its way over time through economic development by way of jobs and investment,” she added.

The VCU study also offers a snapshot assessment of the state and federal programs based on interviews with the developers and investors, lenders, architects and tax credit consultants, accountants, planners and economic officers in local governments and others—typically involved rehabilitation projects. Through six focus group interviews conducted in Richmond, Roanoke and Winchester with professionals experienced in tax credit projects, the study identified characteristics of the programs that explain why they are effective in spurring from-the-street-up community revitalization.

Among the thematic topics interview participants discussed were---

- the platform tax credits provide for public-private partnerships that attract professionals at all levels who are “passionate” about Virginia history and re-purposing historic buildings for modern uses;
- the vital necessity of tax credits to engender partnerships that result in the rehabilitation of buildings and offset the hefty costs often involved, including hiring the required skilled trades and crafts people;
- the effect a completed tax credit project can have in anchoring renewed interests in a declining neighborhood or downtown, drawing people back to an area to visit, shop or live, and to stimulate further reinvestment in the community through additional tax credit and non-tax credit rehabilitation projects;
- the role re-purposed historic buildings serve in providing attractive spaces for new businesses, offices, or residential units that lead to new jobs and workspaces, furthering a community’s revitalization;
- the “synergy” that arises when diverse professionals come together to pursue the complex process of rehabbing a historic building using tax credits;

The report also proposes ways in which the tax credits might be streamlined or extended to make them feasible for more property owners.

The 51-page study is available as a downloadable PDF document on the websites of Preservation Virginia <http://preservationvirginia.org/preserve/economic-impact> and the Virginia Department of Historic Resources http://www.dhr.virginia.gov/pdf_files/VCU_Historic_Tax_Credit_Report_FINAL_21-1-2014.pdf .

In 2012, the National Park Service (NPS) ranked Virginia third in the nation for total rehabilitation expenses of \$262,214,996 in federal tax credit projects. NPS statistics for 2013 also show that Virginia had more proposed federal tax credit projects than any other state in the nation. Virginia consistently ranks high in the nation for the number of federal tax credit projects proposed and certified.

About Preservation Virginia

Preservation Virginia, a private non-profit organization and statewide historic preservation leader founded in 1889, is dedicated to perpetuating and revitalizing Virginia's cultural, architectural and historic heritage thereby ensuring that historic places are integral parts of the lives of present and future generations. Preservation Virginia provides leadership, experience, influence, and services to the public and special audiences by saving, managing, and protecting historic places, and developing preservation policy, programs, and strategies with individuals, organizations, and local, state, and national partners. For more information, visit www.preservationvirginia.org, find us on Facebook or Follow us on Twitter @preservationva.

Preservation Virginia/VCU Study – February 3, 2014

Suggested Contacts

Drs. John Accordino jaccordi@vcu.edu and Fabrizio Fasulo ffasulo@mymail.vcu.edu can provide additional comments about the survey. Phone (804) 827-0525

The contacts below can provide more information about specific rehabilitation projects in their locality and the related benefits.

Richmond

Mary Jane Hogue, Executive Director
Historic Richmond Foundation

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Local preservation organization works with preservation projects, the developers and the city on a range of project and issues. Sample Efforts—Monumental Church, the Meredith House, and National Theater

T. Tyler Potterfield, Planner

Department of Planning and Development Review

Phone: 804-646-6364 Thomas.Potterfield@richmondgov.com

Madge Bemiss, Architect

Phone: 804-647-6745 madge@madgebemiss.com

Robin Miller, Developer

Miller and Associates

Phone: 804-321-2471 Robin.Miller@RobinMillerAssociates.com

Sample Projects: 1301 Porter Street. Old Manchester Lofts and Shockoe Valley Lofts

Alexander C. Graham, Tax Attorney/Developer

Williams Mullen

Phone: (804) 420-6458 sgraham@williamsmullen.com

Kimberly M. Chen, Architectural Historian

Johannas Design Group

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Roanoke

Patrick T. Murtaugh, Accountant

Dixon Hughes Goodman LLP

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Katharine Gray, Architect, Leed AP, EarthCraft Certified Land Use & Urban Design Planner
Planning Building & Development City of Roanoke

Phone: 540.853.1502 katharine.gray@roanokeva.gov

Jim Sears,
Center in the Square
Phone: 540.798.8982 jsears@centerinthesquare.org

Alison S. Blanton, Architectural Historian
Hill Studio, PC
Phone 540-342-5263o or 540-765-7154c ablanton@hillstudio.com
Sample Projects—Grandin Theater, Fire Station #1, and Shaftman Performance Hall

Chris Chittum, AICP
Director of Planning, Building, and Development
City of Roanoke
Phone: (540) 853-2356 (desk) (540)815-0291 (cell) Chris.Chittum@roanokeva.gov

John Garland, Developer
johnaubreygarland@gmail.com
Sample Projects: With Spectrum Design Center in the Square, 16 West, and the Patrick Henry Hotel

Winchester

Sandra Bosley
Phone: (540) 667-3577 phwi@verizon.net

Preservation of Historic Winchester
Local preservation organization works with preservation projects, the developers and the city on a range of project and issues.

Jim Deskins, Economic Redevelopment Director
City of Winchester
Phone: 540-667-1815 est. 1435 James.Deskins@winchesterva.gov

John Barker, Developer
Oakcrest Company
Phone: 540-722-4100 jbarker@oakcrestco.com Sample Projects: Lewis Jones Knitting Mill (now company headquarters) and other Winchester projects

Maral Kalbian, Historic Preservation Consultant and Historian
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Clarke County Courthouse, Berryville Pharmacy Apartments, and the Hobert and Nicholson houses in Berryville; the Old Town Events Center, the Adam Bowers House, the Lewis Jones Knitting Mill, the Charles Brent House, the Stryker House, the Adam Kurtz Residence, the Coca-Cola Bottling Works, and the George Washington Hotel in Winchester

Norfolk

Mark Perrault perreault3@cox.net

Norfolk Preservation Alliance

Local preservation organization works with preservation projects, the developers and the city on a range of project and issues.

Paige Pollard, Historic Preservation Consultant

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Lynchburg

Ashley Neville, Cultural Resource Consultant

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Jim Vernon, Architect

Craddock Cunningham Architectural Partners, PC

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Amanda Adams

CJMW Architecture

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Staunton

Frank Strassler, Executive Director

Historic Staunton Foundation Phone: 540-885-7676 director@historicstaunton.org Local preservation organization works with preservation projects, the developers and the city on a range of project and issues. Since 1971, HSF has promoted historic preservation through the creation of 6 historic districts; revitalization of downtown business districts; creation of local preservation ordinance and technical rehabilitation support for property owners.

Robin Miller, Developer

Miller and Associates

Phone: 804-321-2471 Robin.Miller@RobinMillerAssociates.com

Sample Projects: Brookdale Condominiums and 355 Greenville and Old Bindery (both originally part of Western State)

Petersburg

Kathleen Morgan, Preservation Planner

Planning and Community Development

City of Petersburg

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Robin Miller, Developer

Miller and Associates

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Sample Project—High Street Loft Apartments (originally the Luggage Factory)

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Williams Mullen
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Projects: McIlwaine House and City Market

Press Contact

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