

Federal Tax Incentives for Rehabilitating Historic Buildings

Annual Report for Fiscal Year 2011



National Park Service
U.S. Department of the Interior
Technical Preservation Services

The Rosbek Building, Dubuque, Iowa

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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 and the Internal Revenue 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. The tax credit program has generated over \$62 billion in the rehabilitation of income-producing historic properties since its inception in 1976. With over 38,000 approved projects, the program is the largest federal program specifically supporting historic preservation. It has been instrumental in preserving the historic places that give cities, towns, and rural areas their special character and in attracting new private investment to the historic cores and Main Streets of the nation's cities and towns. The tax incentives also generate jobs, enhance property values, create affordable housing, and augment revenues for the Federal, state and local governments. This annual report includes information excerpted from *Federal Tax Incentives for Rehabilitating Historic Buildings, Statistical Report and Analysis for Fiscal Year 2011*. The cover photo is of the Roshek Building in Dubuque, Iowa taken by Aaron DeJong (see back page).

Record Number of Jobs Created

Completed projects certified in FY 2011 by the National Park Service created an estimated 55,458 new jobs nationwide. Despite the downturn in the economy and particularly in the real estate market, the program continues to be a strong catalyst for job creation and economic recovery in older communities with a record 78 jobs created on the average per project in FY 2011.

Over 1.39 Million Buildings Listed

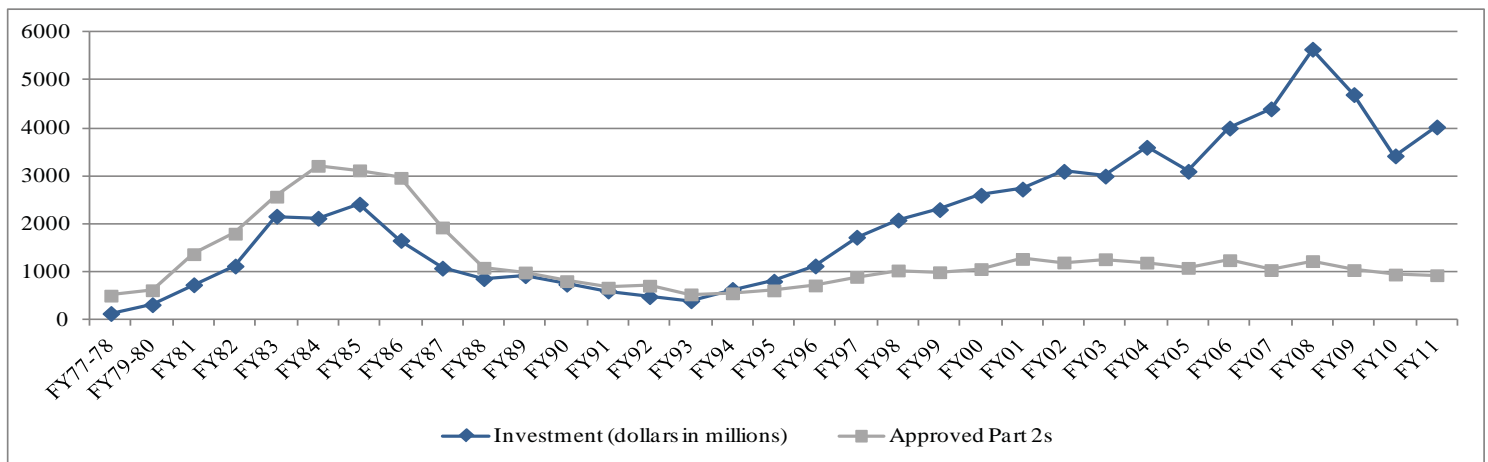
Over 1.39 million historic buildings are listed in or contribute to historic districts in the National Register of Historic Places, with thousands of contributing resources added each year. The National Park Service estimates that 20% of these buildings qualify as income-producing. Income-producing buildings listed individually or certified as contributing to a registered historic district are eligible for tax credits.

2011 at a glance

- \$ 4.02 billion in new rehabilitation work approved
- 55,458 jobs created
- 937 new projects approved
 - 7,470 low and moderate income housing units created
- 15,651 housing units created or renovated overall

Source: *Federal Tax Incentives for Rehabilitating Historic Buildings, Statistical Report and Analysis for Fiscal Year 2011*

Federal Tax Incentives For Rehabilitating Historic Buildings, 1977-2011



The chart above shows the number of submitted projects and estimated project costs 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.

**Over
\$4.02 Billion
Investment in
Historic Rehabilitation**

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 economic revitalization. In FY 2011 the number of approved projects was 937. The investment in proposed projects totaled an estimated \$4.02 billion, while the investment in approved completed projects totaled \$3.47 billion. This continuing 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 tax incentives that can be piggybacked with the Federal historic tax credits.

**Piggyback
State Credits**

Helping to promote the rehabilitation of historic buildings are the many states that provide state tax incentives for historic preservation. Last year, over 48% of the completed projects receiving certifications from the National Park Service also benefited from the use of state historic tax credits, the largest percentage use ever. At least 30 states now offer historic tax credits that can be used in tandem with the Federal historic tax credit. Piggybacking state credits have proven to be an invaluable additional incentive for rehabilitating historic buildings, especially considering the current condition of the real estate market.

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**Economic Revitalization Utilizing
Federal Historic
Preservation Tax Incentives**

Investing in historic structures in older neighborhoods, 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, agricultural buildings, and offices throughout the country have been given new life in a manner that maintains their historic character. In FY 2011, 69% of the rehabilitation programs provided housing, including 7,470 affordable housing units. Commercial and office accounted for the second and third most common new uses.



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1. Walker Bank Building, Salt Lake City, UT (photo: Dana Sohm); 2. Hennessey Funeral Home, Portland, OR (photo: Christi Wuthrich); 3. Kent Road Village, Richmond, VA (photo: Sadler & Whitehead Architects, PLC); 4. New Indianola Historic District, Columbus, Ohio (photo: Community Properties of Ohio); 5. Chemistry Research Building, Chicago IL (photo: Illinois Historic Preservation Agency); 6. Cheney Mill Yarn Dye House, Manchester, CT (photo: Crosskey Architects, LLC); 7. Daylight Apartments, Knoxville, TN (photo: Daylight Partners, LLC).

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 Technical Preservation Services (TPS) office of the National Park Service and from State Historic Preservation Offices. Our Web site <<http://www.nps.gov/tps>> helps explain the program. The Web site also has a wealth of information on the preservation and rehabilitation of historic buildings. TPS'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_tps@nps.gov>.

State Historic Preservation Offices (SHPOs) are the first 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:

Job Creation Sets New Record

Roshek Building, Dubuque, Iowa

While promoting the rehabilitation and preservation of historic buildings, the Federal Historic Tax Incentives program also serves as an important economic catalyst to helping revitalize older communities.

One of the important immediate benefits is job creation. More labor intensive than new construction, rehabilitating historic buildings has the added economic benefit in that it usually involves a faster start to completion time than new construction. Job creation is realized not only through the immediate rehabilitation work, but when the underutilized or vacant building is once again placed in service in the community.

In FY 2011, the Federal Historic Preservation Tax Incentives program set a record high of 78 jobs created on the average for each certified rehabilitation project. A major increase over the previous year and breaking the old record of 68 jobs set in FY 2009, the program is a proven job stimulant in today's troubled economy.

In FY 2011, more than 55,458 jobs were created, concentrated in the construction, service, and retail sectors.



photo: Aaron DeJong

was essential, since IBM would be creating 1,300 well-paying technical and support jobs by 2011.

With a commitment to preserving the historic character of the building and making the building a model of sustainability, rehabilitation work started in 2009, providing employment to more than 200 during the construction phase. Cast-iron canopies, ornamental millwork, plaster ceilings and decorative columns were restored or carefully replicated. Historic steel windows and terrazzo floors were repaired and new system furniture installed, providing desirable office space while respecting the building's historic open floor plan.

Over \$45 million in rehabilitation work took place, resulting in nearly 260,000 square feet of leasable space. Today, the first floor includes restaurants and retail stores with new businesses and others which relocated into expanded spaces. Besides the 1,300 new jobs at IBM, commercial and retail tenants in the building added over 40 additional new jobs.



photo: Design Photography, Dubuque, Iowa

The Roshek Building in Dubuque, Iowa, featured on the cover and on this page, is an outstanding example of this activity. Formerly the Roshek Department Store building, it has had a long history of job creation. Built during the early years of the Great Depression, it provided much needed jobs for construction workers and the department store became a major retail employer and served as a key component of downtown Dubuque's final pre-World War II building expansion.

The tallest building in the city, it remained remarkably intact through 1970 when the department store relocated and the building was converted to office use. By 2008 with the loss of major tenants, the Roshek Building was on the verge of becoming a white elephant in the central downtown.

Through the efforts of the City, the developer Dubuque Initiatives, Inc., and others, an ambitious and successful turnaround for the building was achieved, beginning when IBM selected the city and the Roshek Building in 2009 for its new regional service headquarters. A fast track rehabilitation of the building

For Additional Information:

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