



HISTORIC
TAX CREDIT
COALITION

The Federal Historic Tax Credit Revitalizing Cities Across the Nation



Photo of First Security Bank (Ken Garff Building) in Salt Lake City, Utah

Background



The Old Post Office in St. Louis, MO

The federal Historic Tax Credit (“HTC”) was created in 1981 as a tool to drive economic development through the restoration and reuse of America’s historic buildings. Since its inception, the HTC has been a widely used redevelopment tool, helping revitalize cities, towns and rural communities all across the country. The HTC has a proven track record for stimulating economic growth through private investment that creates jobs.

The HTC is administered by the National Park Service and the Internal Revenue Service in conjunction with the State Historic Preservation Offices, and is comprised of two distinct and separate tax credits used to rehabilitate vacant schools, warehouses, factories, retail stores, apartments, hotels and office buildings throughout the country.

The 20 percent credit

The 20 percent credit applies only to certified historic structures. A certified historic building is one that is listed individually on the National Register of Historic Places, or contributes to the character of a National Register-listed Historic District. The 20 percent credit is available for any income-producing commercial property.

The 10 percent credit

The 10 percent credit is for the rehabilitation of non-historic, non-residential buildings built before 1936.

Significance



Williamsburgh Savings Bank in Brooklyn, NY

What does the Historic Tax Credit achieve for our nation?

- **It creates thousands of local, high-skilled jobs every year.** According to research conducted by Rutgers University's Center for Urban Policy Research, the federal Historic Tax Credit (HTC) created 77,762 new jobs in FY 2014. Over 2.4 million jobs have been created over the life of the program.
- **It leverages private investment.** For every \$1.00 in HTCs allocated by the federal government, \$4.00 in additional private investment is made. Taken over the life of the program, the HTC is responsible for over \$117 billion in new investment in our urban and rural communities.*
- **It drives investment to low-income neighborhoods.** Since 2002, more than 84% of all HTC projects have been located in neighborhoods with family incomes averaging at or below 80% of the area median. Studies have shown that HTC investments can start a cycle of economic revitalization, encourage additional investments, raise property values and create a safer and more secure environment.
- **It is a government program that more than pays for itself.** The cumulative \$24 billion cost of the HTC program is more than offset by the \$28.6 billion in federal taxes these projects have generated.
- **It supports environmental sustainability.** Recycling old buildings reduces landfill waste and saves energy by reusing existing materials rather than manufacturing new building components such as doors, windows, roofing and framing. Reusing existing buildings almost always offers environmental savings over demolition and new construction--even if that new construction is energy efficient.

Branch No. 1, Westside Grammar School

Las Vegas, Nevada

PROJECT DESCRIPTION

Listed in the National Register of Historic Places in 1979, the historic Branch No. 1 Grammar School is Las Vegas' oldest remaining schoolhouse. Renamed the Westside School, the Mission-Revival style structure played a key role in the development of Las Vegas and particularly the establishment of the city's African American community in the mid-20th century. The Westside school educated the children of two waves of workers who were drawn to Las Vegas for new economic opportunities the first wave of workers was associated with the construction of the Hoover Dam in the 1930s; and the second wave of mostly African American workers who traveled to the area seeking employment in war-time defense industry jobs at the start of WWII. The effect of this in-migration to the area was an integrated mix of children of different races and backgrounds in one educational setting – well before the Brown v. Board of Education Supreme Court Decision in 1954 that overturned segregation in public schools.

In the post-war period, the Westside Grammar School was the only option for Las Vegas African Americans to obtain a basic education. For that reason, many in the African American community have an affinity for the building, which had been maintained through the generosity of school alumni for many years before it fell into its current state of disrepair.

KCEP-FM, a public nonprofit radio station, currently occupies the historic Westside Grammar School but rehabilitation plans call for expanding the use of the building to include a community and cultural center.

Plans to restore the historic Westside School using the federal rehabilitation tax credit are in their final stages. The City of Las Vegas is assisting with the documentation of the structure's historical integrity to help ensure approval of the historic tax credit application by the National Park Service. Workers hope to wrap up work on the 2.6-acre complex by June 2016.



KEY FINANCING

Federal Historic Tax Credits
New Markets Tax Credits

ECONOMIC IMPACTS

Total Number of Jobs: **88**
Construction Jobs: **64**
Permanent Jobs: **24**

Dalton Building

Rock Hill, South Carolina

PROJECT DESCRIPTION

For almost fifteen years, the most prominent structures on Main Street in the South Carolina community of Rock Hill sat vacant and abandoned. The former Peoples National Bank & Trust Company was once a key fixture of the community, but an economic shift to the surrounding suburbs in the 1970s brought a downturn to the entire Central Business District of Rock Hill. The tide has started to turn back in recent years, however, with the rehabilitation of several historic structures and the adoption of the National Main Street Center's four-point revitalization approach. The redevelopment of the Peoples Building and its annex into a mix of retail and residential uses strengthens this trend and supports the community's goals of attracting residents and retail downtown.

The Peoples property, now known as the Dalton Building, was constructed in 1909 and is listed in the National Register of Historic Places. A five-story building, it is one of the tallest structures in the downtown area. The adjacent property, the Dalton Annex, is a two-story building built around 1900 for retail purposes. Both properties fell vacant in 1988. The \$5.8 million rehabilitation converted the Dalton Building into 23,000+ net square feet of upper-floor apartments and ground floor retail and office space. The Annex provides an additional 5,600 rentable square feet of commercial space. The project included modernizing building systems and installing new windows, elevators and quality finishes, including pine floors, marble columns and coffered ceilings — all done with careful attention to the existing architecture. This allowed the Dalton Building to qualify for the 20% federal historic tax credit, while the Annex qualified for the 10% federal rehabilitation tax credit. The apartments feature fireplaces, terraces and modern kitchens.

The rehabilitation of the Dalton Building and Annex into a mixed-use development is an important component of downtown Rock Hill's revitalization. As the properties possess landmark status in the community, it is a major boost to Rock Hill's vitality and self-image to have these two buildings restored and occupied. They represent an important link to the past that now stands renewed.

KEY FINANCING

Total Development costs: **\$5.8MM**

Federal HTC Amount: **\$1MM**

ECONOMIC IMPACTS

Total Number of Jobs: **100**

Construction Jobs: **44**

Permanent Jobs: **56**

Household & Business

Income Generated: **\$5.8MM**

Gross State Product: **\$4.5MM**



11 East Forsyth Jacksonville, Florida

PROJECT DESCRIPTION

At 841 square miles, Jacksonville, Florida, is the one of the nation's largest cities in terms of land area. By population, the metropolitan area's greater than one million people make it the eighth fastest-growing large city in the country. Jacksonville's economic growth, however, has been uneven — flourishing in the outer reaches of the municipal area while the downtown's rich stock of historic buildings has been bypassed by development forces. The National Trust for Historic Preservation was consulted on how to address this issue, and the recommendations included creating housing in the historic Central Business District. Within this context, the Vestcor Companies undertook the conversion of the 11 E. Forsyth, formerly known as the Lynch office building into the city's first large-scale loft-style apartment complex.

The Lynch Building was one of a cluster of skyscrapers constructed between 1901 and 1927 that comprises the National Register-nominated "Historic Buildings of Downtown Jacksonville" district. It was built in 1926 during Florida's land boom, becoming the second tallest structure among a skyline of 12 existing buildings of 10 stories or more. These commercial skyscrapers were the city's defining characteristic, contributing to Jacksonville's proud image as the financial, commercial and industrial center of northeast Florida. The landscape changed in 1954 when new, taller buildings began to crowd the downtown, leaving the Lynch Building vacant in the late 1980s. It is a 153,000 square foot, 17-story Chicago style structure with a marble, limestone and brick façade and topped by a distinct terra-cotta capital. The rehabilitation produced 126 loft-style, market-rate apartments and 4,500 square feet of first-floor commercial space. An adjacent parking structure was also built to accommodate residents.



The rehabilitation of the former Lynch Building, re-named 11 E. Forsyth, into loft apartments not only revitalized a historic landmark in downtown Jacksonville but also helps stimulate economic development in the surrounding area. Creating high-end apartments with suburban-like amenities — but also with historic character and a convenient, culturally diverse location — will generate a lively after-hours, downtown community that will fill restaurants, theaters and shops.

KEY FINANCING

Total Development costs: **\$25.9MM**
Federal HTC Amount: **\$3.4MM**

ECONOMIC IMPACTS

Total Number of Jobs: **399**
Construction Jobs: **177**
Permanent Jobs: **222**
Household & Business Income Generated:
\$26.4MM
Gross State Product: **\$18.6MM**

The Arctic Club Hotel

Seattle, Washington

PROJECT DESCRIPTION

This grand building was originally constructed in 1917 to house the Arctic Club, a long-standing institution founded by a group of prominent Seattle citizens, including many that had made their fortunes in the Alaska/Yukon gold rush. Its rebirth as the Arctic Club Hotel has not only restored a legendary historic building, but has transformed the building into a striking new Doubletree-branded hospitality facility in downtown Seattle.

The opulent former club rooms and lobby spaces of this National Historic Landmark have been renovated and repurposed as public rooms. The ten-story hotel include a fitness center, a full street floor of retail and restaurant spaces, two floors of lobby and meeting spaces and six floors of hotel rooms above, including 113 guest rooms and suites.

Located within walking distance of downtown Seattle's major cultural and business activities including the city's tallest office towers, shopping, theaters and major league sports stadiums, the Arctic Club Hotel has become a living landmark in this vibrant city.

KEY FINANCING

Total Development costs: **\$25.44MM**

Federal HTC Amount: **\$3.2MM**

ECONOMIC IMPACTS

Total Number of Jobs: **377**

Construction Jobs: **155**

Permanent Jobs: **222**

Household & Business

Income Generated: **\$26.5MM**

Gross State Product: **\$18.64MM**



Efroymson House

Indianapolis, Indiana

PROJECT DESCRIPTION

Built in 1907 by well-known Indianapolis department store owner Gustave Efroymson, the Efroymson House is one of the most architecturally prominent homes in the Herron-Morton Place neighborhood. The house, a massive 6,900 square foot beige brick structure, was built in the Arts and Crafts style with a matching carriage house. The Herron-Morton Place neighborhood, just north of downtown, began developing in the 1870s. By the turn of the twentieth century, it had become one of the city's most elegant and affluent neighborhoods. By mid-century, the neighborhood began to deteriorate as long-time residents moved north to newer suburban areas, and the Efroymson House was converted into apartments. By the 1980s the property had suffered significant structural defects and was in danger of demolition, threatening to add yet another vacant lot to the neighborhood.

In 2002, the Efroymson House was acquired, and in 2005, grant funds from HGTV and the National Trust for Historic Preservation together with funding from the Efroymson Family Foundation were used by Historic Landmarks Foundation of Indiana, Inc. to save the home. An additional loan of \$100,000 from Landmarks leveraged \$132,725 in federal historic tax credits and \$600,000 of bank financing. The project was completed in 2005 providing for four apartments in the main house and one apartment in the carriage house.

KEY FINANCING

Total Development costs:

\$840,150

Federal HTC Amount: **\$132,725**

ECONOMIC IMPACTS

Total Number of Jobs: **14**

Construction Jobs: **6**

Permanent Jobs: **8**

Household & Business

Income Generated: **\$858,200**

Gross State Product: **\$589,200**



Union Station

Denver, Colorado

PROJECT DESCRIPTION

Denver's iconic Union Station – located at the foot of LoDo or the lower downtown area – has been transformed into the centerpiece of a 19.5 acre, \$900 million redevelopment that features multi-modal transportation, including a rail link to the airport, Amtrak service and a commuter bus center. The train station, first built in 1881 and rededicated with its Great Hall in 1914, was listed on the National Register of Historic Places in 2010. Spearheaded by the Union Station Alliance and under the management of Sage Hospitality, \$50 million was spent transforming the station into the 110-room Hotel Crawford, named for preservation pioneer Dana Crawford, along with restaurants and shopping venues.

The redeveloped Union Station houses more than 22,000 square feet of independent retail and restaurant outlets, a 12,000 square foot public common area, the “Great Hall”, and 40,000 square feet of outdoor plaza space. Restaurants and shops are a collection of locally owned Denver businesses.

Union Station is located in the center of one of the nation's hottest real estate markets. To the station's east is the Lower Downtown historic district, with the lowest commercial vacancy rates and highest office rents in the city. To the west is the Central Platte Valley, now experiencing nearly \$1 billion in residential and commercial development and a new \$500 million regional transit center. Redevelopment is pushing north and south into areas dubbed Ballpark, Arapahoe Square and RiNo.

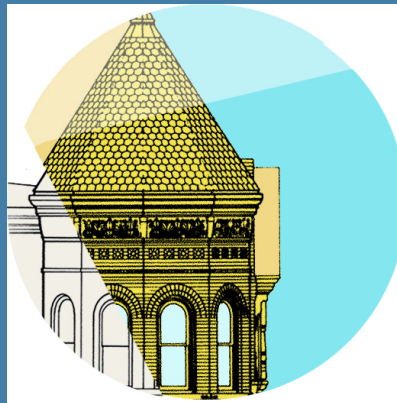
KEY FINANCING

Total Development costs: **\$54MM**
Federal HTC Amount: **\$10MM**

ECONOMIC IMPACTS

Total Number of Jobs: **728**
Construction Jobs: **299**
Permanent Jobs: **429**
Household & Business
Income Generated: **\$54.4MM**
Gross State Product: **\$38.8MM**





HISTORIC TAX CREDIT COALITION

The Historic Tax Credit Coalition (HTCC) is a national nonprofit organization comprised of a variety of stakeholders that recognize the importance of the federal Historic Tax Credit, including architects, developers, preservation consultants, syndicators, investors, lawyers and accountants. In addition to ensuring the future of the federal Historic Tax Credit, coalition members advocate for important improvements that would make the credit a more efficient and effective means of financing the rehabilitation of historic and older buildings.

Founded in 2009, the Coalition now numbers nearly 60 organizations and has made major strides in solving challenges to the industry. In an effort to build on the credit's success, the HTCC has engaged in high-level policy discussions with lawmakers and administration officials on a number of important issues, including tax reform, Revenue Procedure 2014-12, IRS audit procedures, and improvements in the National Park Service (NPS) approval process. The HTCC uses a broad and ongoing strategy to educate key decision makers about the value of the Historic Tax Credit. Most recently, the HTCC has been working to educate Members of Congress on the importance of the HTC, following its proposed elimination from the tax code by a recent tax reform draft.

For more information on the Federal Historic Tax Credit, contact:

Patrick Robertson | FTI Consulting
patrick.robertson@fticonsulting.com | 202.567.2909