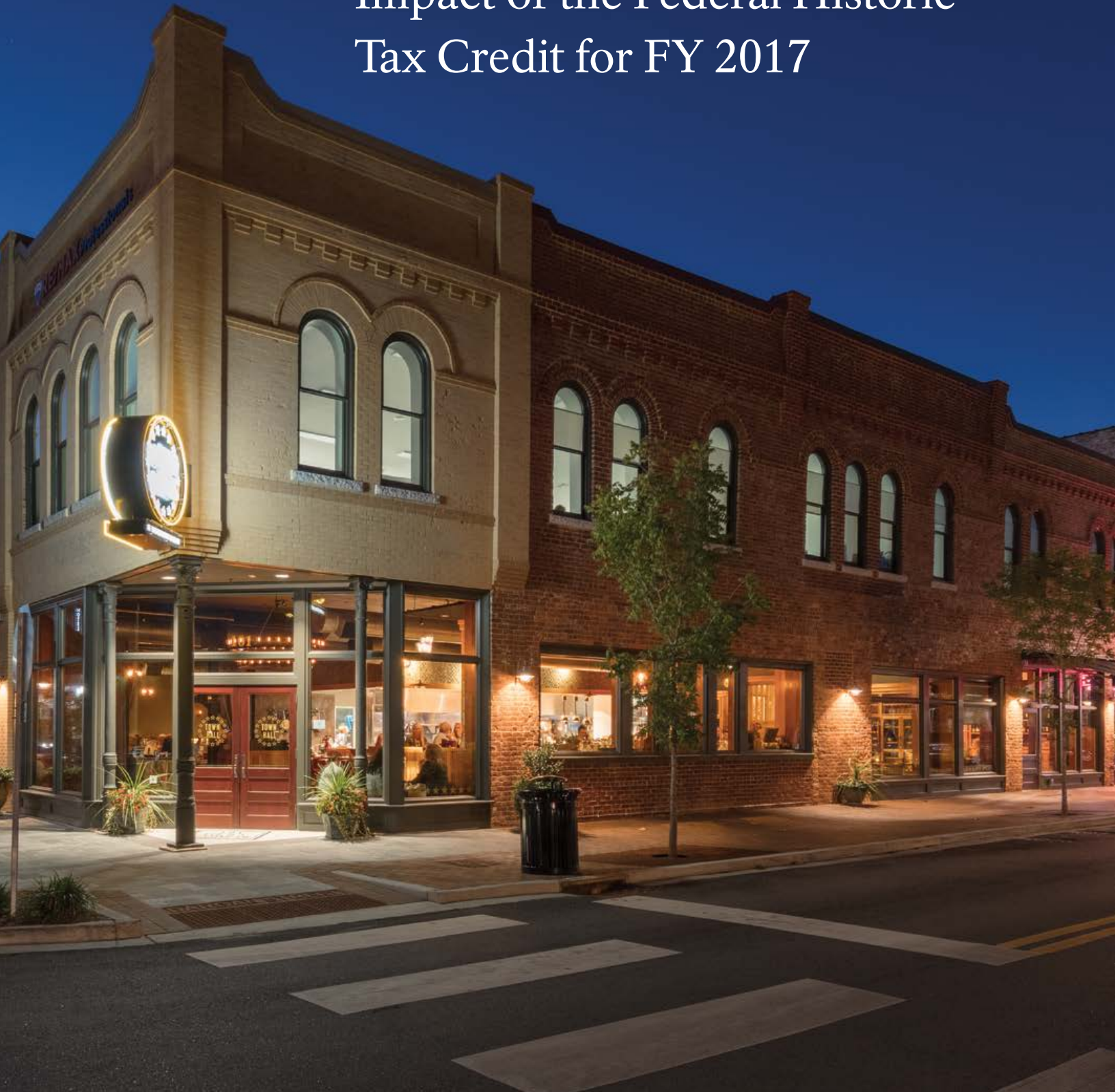


Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2017



RUTGERS

Edward J. Bloustein School
of Planning and Public Policy



National Park Service

U.S. Department of the Interior
Technical Preservation Services

Front Cover Image: Zeigler's Drug Store/Allen's Hall,
Florence, South Carolina

Photo: Lucas Brown, Kickstand Studio

RUTGERS

Edward J. Bloustein School
of Planning and Public Policy

Edward J. Bloustein School of Planning and Public Policy

Rutgers, The State University of New Jersey

Civic Square Building, 33 Livingston Avenue

New Brunswick, NJ 08901

848-932-5475

<http://bloustein.rutgers.edu/>

ejb@policy.rutgers.edu



Technical Preservation Services

National Park Service

U. S. Department of the Interior

Washington, DC 20240

<https://www.nps.gov/tps/>

The executive summary is based on the findings of a National Park Service-funded study undertaken through a cooperative agreement with Rutgers University's Center for Urban Policy Research. Rutgers University is responsible for the content of the study. Some additional demographic analysis was provided courtesy of PolicyMap. The National Trust for Historic Preservation assisted the National Park Service in the preparation of the case studies.

September 2018

A Message from the National Park Service

Beyond the National Park System, the National Park Service (NPS) is part of a national preservation partnership working to promote the preservation of historic resources in communities small and large throughout the country. For the past 40 years, the NPS, in partnership with the State Historic Preservation Offices, has administered the Federal Historic Preservation Tax Incentives Program. The program provides a 20% Federal tax credit to property owners who undertake a substantial rehabilitation of a historic building in a business or income-producing use while maintaining its historic character.

Commonly referred to as the Historic Tax Credit (HTC), the HTC is designed to not only preserve and rehabilitate historic buildings, but to also promote the economic revitalization of older communities in the nation's cities and towns, along Main Streets, and in rural areas. Since the program's inception in 1976, the NPS has certified the rehabilitation of more than 43,000 historic properties throughout the United States, with the HTC leveraging over \$144 billion in private investment in historic rehabilitation and generating over 2.5 million jobs.

In Fiscal Year (FY) 2017, 1,035 completed historic rehabilitation projects were certified by the NPS, representing \$5.82 billion in estimated rehabilitation costs that qualify for the 20% Federal tax credit. (Another 1,501 proposed projects were also approved in FY 2017.) Many of these projects involved buildings that were abandoned or underutilized and in need of substantial rehabilitation to return them to, or for their continued, economic viability. The HTC is an important tool in helping to revitalize older, economically depressed communities. Based on project data provided by the NPS, PolicyMap (a web-based online data and mapping application) determined that 50% of the certified rehabilitation projects in FY 2017 were located in low- and moderate-income census tracts, and over 79% were located in economically distressed areas.

A common misconception about the HTC is that it only supports large projects and projects in large cities. Half of all projects in FY 2017 were under \$1 million, and 20% were under \$250,000. PolicyMap determined that a quarter of all certified rehabilitation projects in FY 2017 were located in communities with under 50,000 in population and over 15% in communities with under 25,000 in population.

The NPS issues annual reports on the HTC program quantifying the number of historic rehabilitations certified each year, their reported costs, and other statistical information on the program. The FY 2017 annual report is available on the NPS Technical Preservation Services website at <http://www.nps.gov/tps/tax-incentives.htm>, along with information on the HTC program in general.

For FY 2017, the NPS also turned to the Rutgers University's Center for Urban Policy Research, through a cooperative agreement, to undertake and report on the economic impacts of the HTC for the fiscal year ending September 30, 2017. This report highlights its main findings. An economic model originally developed by the Center under a series of grants from the NPS was utilized in the preparation of this report. The economic model was utilized by the Center for their eight prior reports on the Federal HTC, as well as for a number of other economic reports for state governments and others.

As the Center's report shows, the level and breadth of the positive economic impacts resulting from the Federal HTC in FY 2017 are quite striking. In addition, the report includes information on the cumulative economic impact of the Federal Historic Preservation Tax Incentives Program for the past 40 years, starting in 1977–1978 with the first completed rehabilitation project to be certified by the NPS under the program. Finally, the report includes four case studies of HTC projects certified in FY 2017. The HTC program remains the Federal government's largest and most effective program supporting historic preservation and community revitalization.

Technical Preservation Services, National Park Service

September 2018

Executive Summary

Overview of the Rutgers Economic Analysis

The Federal Historic Tax Credit (HTC) is a Federal income tax credit that promotes the rehabilitation of income-producing historic properties. This study examines the economic impacts of the HTC (a 20% credit since 1986) by analyzing the economic consequences of the projects it supports. This analysis focuses on the economic effects of these projects during construction, quantifying the total economic impacts (i.e., direct as well as multiplier, or secondary, economic consequences) for Fiscal Year (FY) 2017, beginning October 1, 2016, and ending September 30, 2017, and for the period since the program's inception (beginning in FY 1978, with the certification of the first completed rehabilitation project under the program). The study utilizes the Preservation Economic Impact Model (PEIM), a comprehensive economic model development by Rutgers University's Center for Urban Policy Research for the National Park Service.

The current analysis applies the PEIM to both cumulative (FY 1978 through FY 2017) HTC-related historic rehabilitation investment (about \$144.6 billion in inflation-adjusted 2017 dollars) and single-year (FY 2017) HTC-related rehabilitation investment (about \$6.5 billion). It considers the effects of the cumulative \$144.6 billion rehabilitation investment as if it applied to one year (2017), rather than backdating the PEIM for each of the 40 years in the study period. It also considers the full rehabilitation investment associated with the HTC (e.g., \$6.5 billion in FY 2017), and not the somewhat lower amount reported by the National Park Service based on estimated qualified rehabilitation costs indicated by property owners requesting certification of rehabilitation for purposes of the tax credit (e.g., \$5.8 billion in FY 2017).¹

PEIM results include many fields of data. The fields most relevant to this study include:

JOBS Employment, both part- and full-time, by place of work, estimated using the typical job characteristics of each industry.

INCOME "Earned" or labor income; specifically, wages, salaries, and proprietor income.

WEALTH Value-added—the sub-national equivalent of gross domestic product (GDP).

OUTPUT The value of shipments, as reported in the Economic Census.

TAXES Tax revenues generated by the activity, which include taxes to the Federal government and to state and local governments.

¹The HTC has a multi-step application process, encompassing Part 1 (evaluation of the historic significance of the property), Part 2 (description of the proposed rehabilitation work), and Part 3 (request for certification of completed work). Both Part 2 and Part 3 rehabilitation statistics include only costs considered "eligible" or "qualified" for the tax credit under the Internal Revenue Code (Qualified Rehabilitation Expenditures, or QREs), as opposed to "ineligible" or "nonqualified" costs. While the ineligible/nonqualified expenses do not count for tax credit purposes, they are a component of the total rehabilitation investment or cost borne by the HTC property owner. In practical terms, the total rehabilitation investment, including ineligible/nonqualified costs, helps pump-prime the economy. For example, in FY 2017, the Part 3 certified investment amounted to about \$5.8 billion, while the total rehabilitation outlay associated with the HTC was an estimated \$6.5 billion.

National Economic Impacts

The following table summarizes the impacts of the HTC in inflation-adjusted 2017 dollars for each of these economic measures for the cumulative period FY 1978–FY 2017 and for FY 2017.

Federal HTC-Assisted Rehabilitation		
National Total Impacts 2017 \$ billion	\$144.6 billion CUMULATIVE (FY 1978–2017)² historic rehabilitation expenditures results in:	\$6.5 billion ANNUAL FY 2017 historic rehabilitation expenditures results in:
Jobs (person-years, in thousands)	2,548.0	106.9
Income (\$ billion)	\$116.4	\$4.6
Output (\$ billion)	318.0	12.2
GDP (\$ billion)	158.1	6.2
Taxes (\$ billion)	45.4	1.7
Federal (\$ billion)	32.4	1.1
State (\$ billion)	6.5	0.3
Local (\$ billion)	6.5	0.3

The benefits of investment in HTC-related historic rehabilitation projects are extensive, increasing payrolls and production in nearly all sectors of the nation’s economy. The cumulative effects for the period of FY 1978 through FY 2017 are illustrative. During that period, \$144.6 billion in HTC-related rehabilitation investment created 2,548,000 jobs and \$158.1 billion in GDP, about 30% of which (765,000 jobs and \$46.3 billion in GDP) was in the construction sector. This is as one would expect, given the share of such projects that require the employment of building contractors and trades. Other major beneficiaries were the service sector (465,000 jobs, \$20.9 billion in GDP), the manufacturing sector (532,000 jobs, \$41.5 billion in GDP), and the retail trade sector (369,000 jobs, \$11.4 billion in GDP). As a result of both direct and multiplier effects, and due to the interconnectedness of the national economy, sectors not immediately associated with historic rehabilitation, such as agriculture, mining, transportation, and public utilities, benefit as well. (Exhibit 2.2).

The most recent economic benefits of the Federal HTC are also most impressive. In FY 2017, HTC-related investments generated approximately 107,000 jobs, including 38,000 in construction and 24,000 in manufacturing, and were responsible for \$6.2 billion in GDP, including \$2.0 billion in construction and \$1.8 billion in manufacturing. HTC-related activity in FY 2017 generated \$4.6 billion in income, with construction (\$1.7 billion) and manufacturing (\$1.1 billion) reaping major shares. (See Exhibit 2.1 for more details.)

²Changes in the official annual reported rates of inflation caused the Rutgers research team to make various changes in the calculations concerning the economic impacts of the impacts of the HTC over time. The changes are particularly notable over the past few years when job counts ensuing from the HTC had to be adjusted.



R. J. Reynolds Tobacco Company Building (now The Kimpton Cardinal Hotel and The Residences at the R. J. Reynolds Building), Winston-Salem, NC, Photos: Clear Sky Images

The HTC National and State Economic Impacts

A breakdown by state of the national economic benefits, both for FY 2017 and cumulatively for the last five fiscal years, shows the benefits of the program on the national economy. (See Exhibits 1.1 and 1.2)

HTC-related historic rehabilitation benefits state economies as well as the national economy. For example, in New York State in FY 2017, Federal HTC-related rehabilitation activity totaled about \$1.138 billion. The national impacts of that investment included 18,818 jobs, an additional \$2.141 billion in output, \$811 million in income, \$1.083 billion in GDP, \$196 million in Federal taxes, and \$332 million in total taxes. In New York alone, the same \$1.138 billion in HTC-related spending resulted in 10,750 jobs, \$1.136 billion in output, \$505 million in income, \$623 million in gross state product (GSP), and \$183 million in total taxes.

HTC Impacts Compared with those of Non-Preservation Investments

How does HTC-related historic rehabilitation perform as an economic pump-primer compared with other, non-preservation investments? In short, quite well.

Numerous studies conducted by Rutgers University have shown that in many parts of the country, a \$1 million investment in historic rehabilitation yields markedly better effects on employment, income, GDP, and state and local taxes than an equal investment in new construction or many other economic activities (e.g., manufacturing or services). These findings demonstrate that historic rehabilitation, combined holistically with the many activities of the broader economy, delivers a commendably strong “bang for the buck.”

The Cost of the HTC

The HTC is a tax expenditure and has a public cost. In the simplest terms, the Federal cost of the HTC is equal to the credit percent (20% since 1986) applied to the Part 3 (“qualified for tax credit”) estimated investment.³ Applying that calculation, the Federal HTC costs the U.S. Treasury approximately \$27.5 billion (in inflation-adjusted 2017 dollars) over the period of FY 1978 through FY 2017, while the cost for projects certified by the National Park Service in FY 2017 alone was about \$1.165 billion.⁴ Weighing against these costs are the significant economic impacts (i.e., jobs, income, GDP, and output) and tax revenue (Federal, state, and local) generated by HTC-aided rehabilitations and documented in this study. An important finding is that the HTC yields a net benefit to the U.S. Treasury, generating \$32.4 billion in Federal tax receipts over the life of the program, compared with \$27.5 billion in credits allocated.

³See footnote 1, on page 2.

⁴These estimates are based on the full utilization of the credits in cases of certified rehabilitations. For various reasons, not all completed projects certified by the National Park Service may ultimately utilize the credit. Their economic impact, nevertheless, remains.

Fiscal Year 2017 Highlights



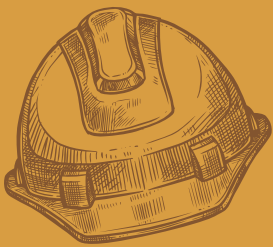
\$6.5 billion
total in rehabilitation investment.

2017 POSITIVE IMPACTS
on the national economy:
\$12.2 billion in output,
\$6.2 billion in GDP,
\$4.6 billion in income, and
\$1.7 billion in taxes, including
\$1.1 billion in Federal tax receipts.

50% Projects in low- and moderate-income census tracts.*

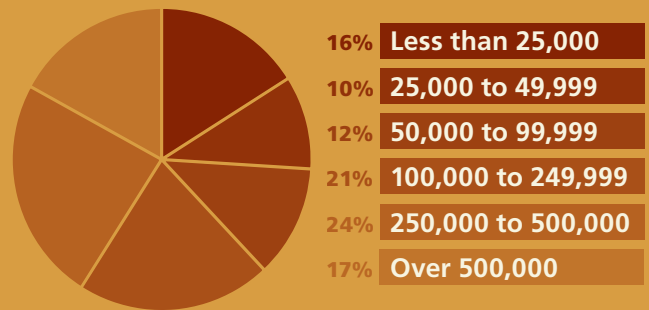
79% Projects in economically distressed areas.*

26% Projects in communities of less than 50,000 people.*



107,000
New jobs created and billions of dollars in total (direct and secondary) economic gains.

Projects by Community Size (Population)*



*Courtesy of PolicyMap (County subdivision data, 2012-2016 U.S. Bureau of the Census American Community Survey, and New Markets Tax Credit eligibility data (not including severe distress and non-metropolitan areas), U.S. Department of the Treasury, 2011-2015).

Fiscal Year 1978 — Fiscal Year 2017 Cumulative HTC Impacts

\$144.6 billion
in cumulative rehabilitation investment.

An inflation-adjusted (2017 dollars) \$27.5 billion HTC cost encouraged a five times greater amount of historic rehabilitation, \$144.6 billion.

CUMULATIVE POSITIVE IMPACTS
on the national economy:
\$318.0 billion in output,
\$158.1 billion in GDP,
\$116.4 billion in income, and
\$45.4 billion in taxes, including
\$32.4 billion in Federal tax receipts.



2.5 million
New jobs created and billions of dollars in total (direct and secondary) economic gains.

These leverage and multiplier effects support the economic argument that the Federal HTC is a strategic investment that works.

**Exhibit 1.1 Fiscal Year 2017
National Economic and Tax Impacts of Federal HTC-Related Investment by State**

State	Total Rehabilitation Costs (in 2017 \$ millions)	National Economic Impacts (in 2017 \$ millions)				Tax Impacts (in 2017 \$ millions)			
		Employment (Jobs)	Income	GDP	Output	Local	State	Federal	Total
Alabama	\$44.5	822	\$28.2	\$53.1	\$73.1	\$0.8	\$1.2	\$6.8	\$8.8
Alaska	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	19.3	333	11.4	14.7	37.1	18.3	11.8	3.2	33.3
Arkansas	7.5	156	5.2	7.8	13.9	0.1	0.3	1.3	1.7
California	85.5	1,274	61.9	80.9	167.2	2.2	3.4	15.7	21.3
Colorado	0.2	16	0.2	0.2	0.5	0.0	0.0	0.0	0.1
Connecticut	160.0	2,288	111.3	154.7	292.4	8.4	7.1	25.6	41.2
Delaware	15.0	238	10.6	14.4	28.0	0.7	0.7	2.4	3.8
District of Columbia	95.1	1,381	64.1	86.7	167.4	6.4	2.6	13.0	21.9
Florida	13.4	234	9.5	12.8	25.1	0.7	0.4	2.3	3.4
Georgia	50.0	985	34.6	50.9	91.3	2.4	2.3	8.4	13.1
Hawaii	1.1	15	0.7	1.0	1.9	0.0	0.0	0.2	0.2
Idaho	12.0	228	8.1	11.6	21.5	0.3	0.3	1.8	2.4
Illinois	420.0	6,192	305.8	394.6	820.3	13.3	12.1	73.6	99.0
Indiana	39.0	683	27.8	37.5	74.4	12.8	8.6	6.6	28.0
Iowa	269.9	4,877	182.8	272.8	474.8	9.0	8.0	42.3	59.4
Kansas	67.3	1,223	47.1	65.2	124.8	15.9	11.1	10.8	37.8
Kentucky	142.7	2,732	98.8	139.6	261.3	14.3	11.4	22.7	48.4
Louisiana	385.7	6,814	274.9	360.2	730.6	13.5	14.0	63.3	90.8
Maine	83.5	1,266	49.1	73.7	160.0	3.8	3.5	13.2	20.5
Maryland	85.3	1,318	59.9	80.6	158.3	2.8	2.5	13.7	18.9
Massachusetts	438.2	5,694	307.5	412.6	816.0	11.7	14.1	70.7	96.5
Michigan	176.3	2,802	124.9	167.4	332.7	5.2	6.4	29.1	40.7
Minnesota	360.5	5,678	253.1	341.0	673.2	12.7	14.3	58.1	85.1
Mississippi	1.8	36	1.2	1.7	3.2	0.1	0.1	0.3	0.5
Missouri	262.8	4,502	187.4	248.3	499.6	7.3	8.3	43.5	59.1
Montana	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nebraska	13.4	258	9.2	13.3	24.0	2.8	1.9	2.1	6.8
Nevada	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Hampshire	1.1	16	0.7	1.0	2.0	0.0	0.0	0.2	0.2
New Jersey	1.2	18	0.9	1.1	2.3	0.0	0.0	0.2	0.3
New Mexico	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New York	1,137.5	18,818	810.5	1,082.5	2,140.5	73.7	62.5	195.5	331.7
North Carolina	86.2	1,615	60.7	86.4	161.5	2.1	3.0	14.7	19.8
North Dakota	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ohio	488.7	8,778	348.0	481.5	928.0	21.2	17.9	84.8	123.8
Oklahoma	47.3	933	33.7	47.3	90.3	1.1	1.6	8.1	10.9
Oregon	9.7	172	7.1	9.3	19.0	0.3	0.3	1.7	2.3
Pennsylvania	367.7	5,977	266.9	353.8	717.0	12.3	10.4	64.7	87.4
Rhode Island	39.1	596	26.7	40.0	70.3	1.4	1.2	6.1	8.8
South Carolina	159.2	2,976	110.5	161.5	291.0	4.6	5.1	26.5	36.1
South Dakota	1.4	29	1.0	1.3	2.7	0.0	0.0	0.2	0.3
Tennessee	38.1	673	26.7	36.9	70.9	1.1	0.8	6.2	8.1
Texas	180.1	2,909	130.5	170.6	352.7	6.2	3.6	32.1	41.9
Utah	15.2	281	10.6	14.9	28.2	0.4	0.5	2.5	3.4
Vermont	10.2	181	7.4	9.7	19.6	0.4	0.5	1.7	2.6
Virginia	380.3	6,401	272.2	367.8	724.7	9.9	12.8	65.1	87.8
Washington	53.8	862	38.6	52.3	103.4	2.5	1.9	9.3	13.7
West Virginia	22.5	431	15.6	22.6	41.1	0.7	0.8	3.6	5.1
Wisconsin	180.9	3,149	128.2	176.3	339.9	6.4	7.3	30.5	44.2
Wyoming	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	\$6,470.3	106,861	\$4,571.9	\$6,214.3	\$12,177.9	\$309.6	\$276.7	\$1,084.6	\$1,671.0

SOURCE: Technical Preservation Services, National Park Service. Calculations by Rutgers University.

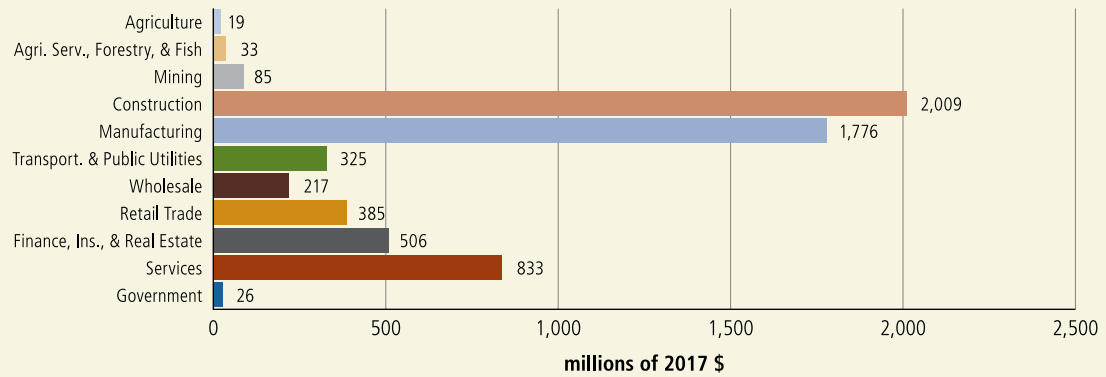
**Exhibit 1.2 Cumulative Fiscal Years 2013–2017
National Economic and Tax Impacts of Federal HTC-Related Investment by State**

State	Total Rehabilitation Costs (in 2017 \$ millions)	National Economic Impacts (in 2017 \$ millions)				Tax Impacts (in 2017 \$ millions)			
		Employment (Jobs)	Income	GDP	Output	Local	State	Federal	Total
Alabama	\$140.7	2,545	\$89.2	\$167.9	\$231.0	\$2.4	\$3.7	\$21.4	\$27.7
Alaska	0.1	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	80.0	1,351	47.2	60.8	153.8	75.8	48.9	13.3	137.8
Arkansas	101.2	2,034	70.4	105.1	187.2	2.0	3.7	17.0	22.7
California	1,078.3	15,275	781.7	1,021.0	2,109.7	27.3	43.5	198.0	268.8
Colorado	134.8	8,297	95.0	131.9	253.9	3.4	4.4	22.5	30.3
Connecticut	467.3	6,576	325.2	452.1	854.3	24.5	20.9	74.8	120.3
Delaware	57.0	868	40.3	54.9	106.7	2.6	2.8	9.0	14.4
District of Columbia	196.3	2,783	132.3	179.0	345.5	13.2	5.3	26.8	45.3
Florida	188.2	3,174	133.0	180.1	352.4	9.7	5.8	31.8	47.4
Georgia	207.1	3,965	143.6	211.2	379.0	9.8	9.6	35.0	54.2
Hawaii	1.7	23	1.1	1.6	3.0	36.3	42.8	157.4	236.5
Idaho	12.2	231	8.2	11.8	21.8	0.3	0.3	1.8	2.4
Illinois	2,035.8	29,007	1,482.0	1,912.6	3,975.8	64.5	58.6	356.6	479.6
Indiana	238.2	4,065	170.2	229.1	454.6	78.5	52.3	40.4	171.2
Iowa	719.3	12,647	487.0	726.8	1,265.1	24.0	21.3	112.7	158.3
Kansas	271.1	4,760	189.6	262.5	502.5	63.9	44.6	43.6	152.1
Kentucky	335.0	6,275	232.0	327.6	613.5	33.4	26.6	53.3	113.6
Louisiana	1,507.5	25,830	1,074.7	1,407.8	2,855.7	52.6	54.7	247.3	354.7
Maine	306.8	4,508	180.4	270.9	588.0	14.0	12.9	48.6	75.4
Maryland	715.2	10,701	502.1	675.3	1,326.9	23.2	21.0	114.5	158.7
Massachusetts	1,796.6	22,570	1,260.7	1,691.5	3,345.5	48.0	57.8	289.9	395.8
Michigan	891.6	13,699	631.6	846.2	1,681.8	26.5	32.1	147.2	205.9
Minnesota	1,289.0	19,649	905.0	1,219.2	2,407.0	45.4	51.1	207.8	304.3
Mississippi	94.9	1,898	66.0	93.7	174.7	7.2	5.7	15.3	28.2
Missouri	1,783.3	29,426	1,271.9	1,685.0	3,390.8	49.4	56.3	295.4	401.0
Montana	25.6	476	17.8	25.1	47.0	0.9	0.9	4.0	5.9
Nebraska	236.2	4,342	161.4	233.4	422.3	48.8	33.4	36.5	118.6
Nevada	1.3	19	0.9	1.2	2.4	0.0	0.0	0.2	0.3
New Hampshire	86.7	1,262	60.4	84.0	160.6	3.3	1.2	13.9	18.4
New Jersey	500.1	7,000	354.9	466.9	950.2	9.8	14.7	81.8	106.5
New Mexico	40.8	743	28.9	39.6	76.9	1.8	1.8	6.6	10.2
New York	3,339.8	53,978	2,379.7	3,178.3	6,284.6	216.4	183.5	574.2	973.9
North Carolina	790.8	14,434	557.1	792.1	1,481.3	19.2	27.7	135.1	182.0
North Dakota	17.2	291	12.0	15.9	31.8	0.6	0.4	2.5	3.5
Ohio	1,693.8	29,651	1,206.1	1,668.8	3,216.5	73.5	62.0	293.9	429.2
Oklahoma	373.5	7,133	266.1	373.2	713.3	9.1	12.8	64.1	86.0
Oregon	151.7	2,608	110.2	144.5	295.5	4.0	5.2	26.5	35.7
Pennsylvania	1,650.3	25,885	1,198.0	1,588.1	3,218.1	55.0	46.6	290.6	392.3
Rhode Island	392.0	5,774	267.3	401.3	704.9	14.2	12.3	61.1	87.8
South Carolina	288.6	5,327	200.3	292.8	527.5	8.3	9.3	48.0	65.6
South Dakota	13.1	255	9.3	12.0	24.5	0.3	0.2	2.0	2.7
Tennessee	131.0	2,247	91.9	127.2	244.2	3.7	2.9	21.3	27.9
Texas	508.1	8,022	368.2	481.4	995.3	17.4	10.1	90.6	118.4
Utah	36.5	661	25.5	35.8	67.7	0.9	1.2	6.0	8.1
Vermont	114.3	1,957	82.8	108.6	219.3	4.4	5.6	18.6	28.8
Virginia	1,564.3	25,535	1,119.4	1,513.0	2,980.7	40.6	52.6	267.9	361.1
Washington	253.1	3,957	181.6	246.0	486.4	11.8	9.1	43.8	64.5
West Virginia	50.1	938	34.7	50.3	91.4	1.5	1.9	8.0	11.2
Wisconsin	434.2	7,357	307.6	423.0	815.8	15.4	17.5	73.1	106.1
Wyoming	6.1	121	4.6	6.6	12.2	0.4	0.3	1.3	1.9
Totals	\$27,348.5	442,132	\$19,367.2	\$26,234.9	\$51,650.8	\$1,299.0	\$1,200.0	\$4,753.2	\$7,253.0

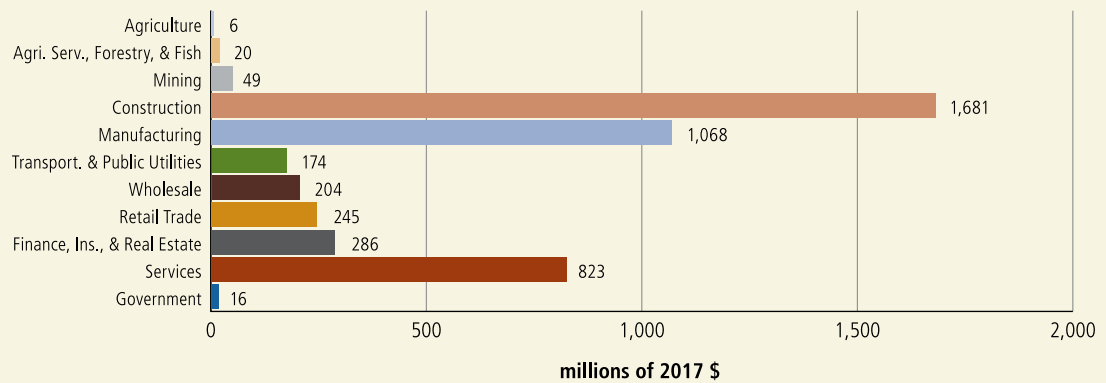
SOURCE: Technical Preservation Services, National Park Service. Calculations by Rutgers University.

**Exhibit 2.1 National Economic and Tax Impacts of Federal HTC-related Activity
FY 2017 (HTC Investment: \$6.5 billion)**

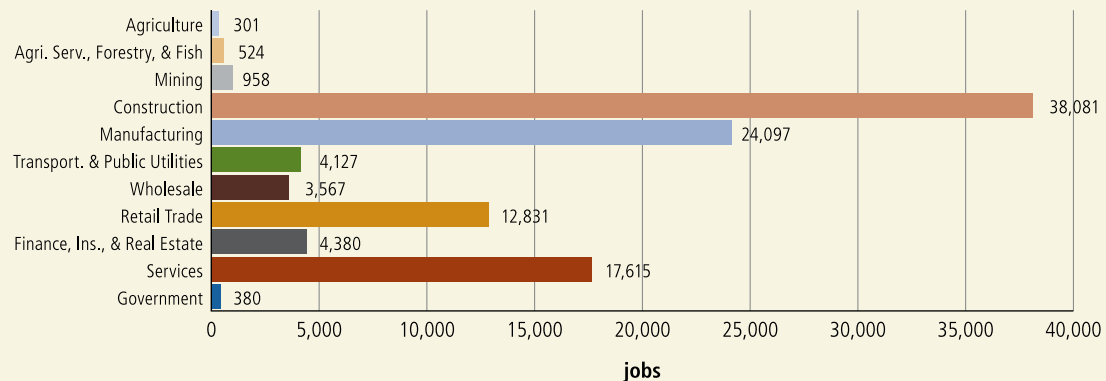
Gross Domestic Product by Sector from Federal Historic Preservation Investment
\$6,214 million, FY 2017



Income Created by Sector from Federal Historic Preservation Investment
\$4,572 million, FY 2017

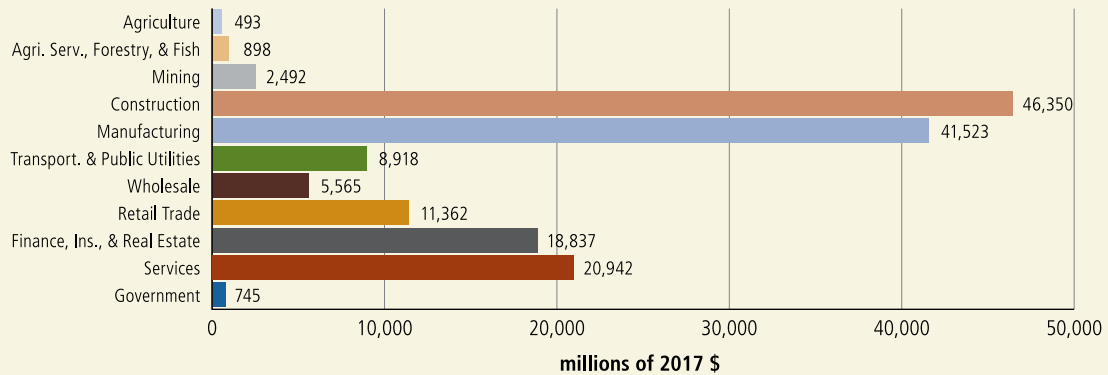


Jobs Created by Sector from Federal Historic Preservation Investment
106,861 jobs, FY 2017

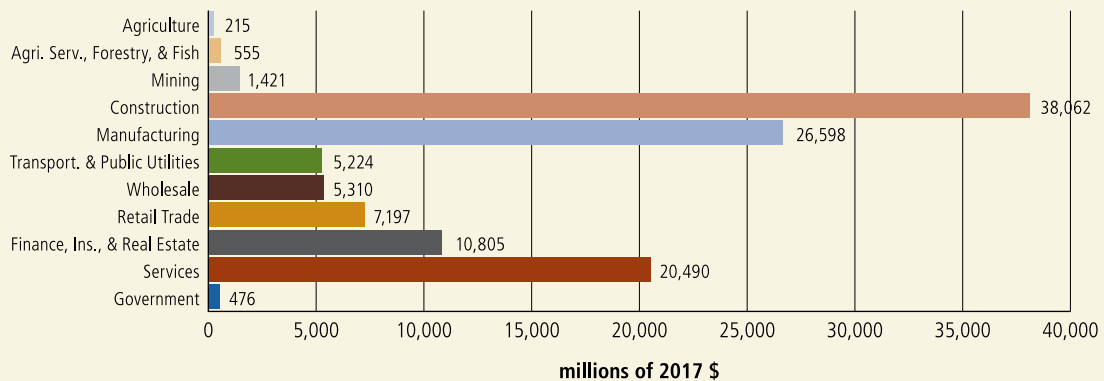


**Exhibit 2.2 National Economic and Tax Impacts of Federal HTC-related Activity
FY 1978 through FY 2017 (HTC Investment: \$144.6 billion)**

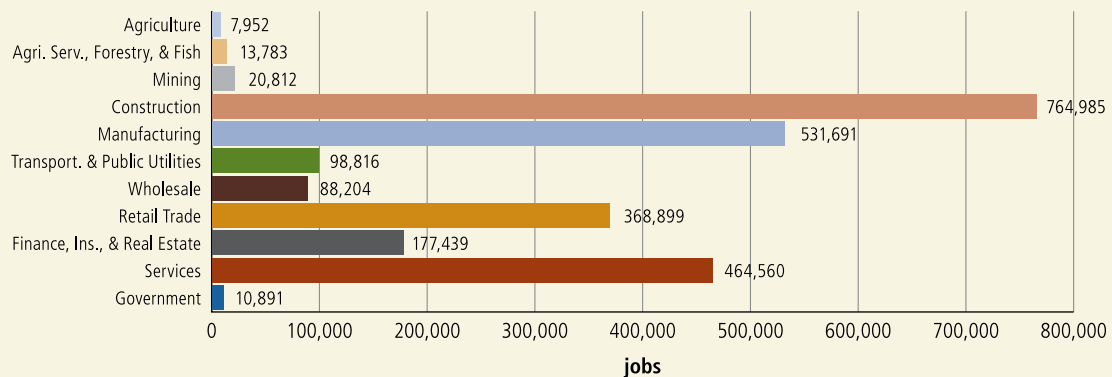
Gross Domestic Product by Sector from Federal Historic Preservation Investment
\$158,124 million cumulative, FY 1978-2017



Income Created by Sector from Federal Historic Preservation Investment
\$116,353 million cumulative, FY 1978-2017



Jobs Created by Sector from Federal Historic Preservation Investment
2,548,033 jobs cumulative, FY 1978-2017



Zeigler's Drug Store/Allen's Hall Florence, South Carolina

PROJECT PROFILE

- Historic Name:** Zeigler's Drug Store/Allen's Hall
- Current Name:** Town Hall Restaurant/Kress Corner
- Original Construction Year:** 1876
- Original Use:** General Merchandise Store, Drug Store, and Community Gathering Place
- Rehabilitation Completed:** 2017
- New Use:** Restaurant and Office Space
- Total Project Cost:** \$3,839,986
- Federal Historic Tax Credit Equity:** \$634,262
- State Historic Tax Credit Equity:** \$569,483
- SC Abandoned Building Tax Credit Equity:** \$569,483
- City Grants/Incentives:** \$629,905



Photo courtesy: Ken Jackson

ECONOMIC IMPACT ON FLORENCE

“The Zeigler’s Drug Store historic rehabilitation into the Town Hall restaurant and upper-level office space is a key component that breathed new life into downtown Florence. The project provided momentum, attention and foot traffic to the development company’s neighboring apartment and rooftop bar historic redevelopment on the same block. Together with a handful of other historic tax credit redevelopments, a downtown renaissance is taking place in Florence. These historic projects are catalyzing investment and future development. Downtown Florence is becoming a regional destination, attracting both locals and travelers from the interstate, to the downtown area, for a unique but authentic experience.”

— **Ray Reich, Florence Downtown Development Director**

History and Downtown Context

This two-story, brick, corner building, constructed in 1876, features arched windows, a decorative band of corbeling, and a distinctive parapet. It was originally a general merchandise store operated by James Allen. On the second floor, Allen established Florence’s first civic gathering spot, Allen’s Hall, as it quickly became known. At one time the building also served as the office of a local newspaper. The YMCA, the Masonic Lodge, religious and political groups all met at Allen’s Hall, and it was also the scene of weddings and other community celebrations.

Devastating fires in both 1893 and 1896 gutted much of Florence’s commercial district. Although this building was damaged, it was not destroyed, and it was rebuilt several years later, at which time Zeigler’s Drug Store was established. Pharmacist R.H. Zeigler, who also served as Mayor of Florence, operated the drug store for more than 50 years. People gathered here every Saturday to listen to Pete Thornell’s live, Super X radio broadcast on WOLS.

Like many towns across the country in the last decades of the twentieth century, Florence’s downtown commercial district fell victim to suburban shopping malls. During this period a variety of tenants occupied the building, some of whom made alterations to the facade to “modernize” it, such as covering the building in pink stucco and replacing the arched windows with larger, rectangular ones. Eventually the building fell into complete disrepair and was vacant for many years until a group of local developers acquired it and several neighboring buildings in 2013.



Photo: Lucas Brown, Kickstand Studio

Scope of Rehabilitation

After more than a year of planning, the New Florence Development Group began rehabilitation of the historic building. The stucco was removed to reveal the original brick façade that was repaired where necessary, cleaned, and restored. The original arched window openings were restored, and on the first floor the still extant cast-iron columns at the corner entrance were preserved and the storefront recreated based on historic documentation. On the interior, original pressed metal ceiling panels, hardwood floors, doors, and counters were refurbished. The lower level of the building was converted into Town Hall, a 5,800-square-foot restaurant, which specializes in serving locally grown ingredients and also has a large wood burning grill. The second level is occupied by a large real estate firm

Role of the Historic Tax Credit

According to the developer, the cost of renovating the historic Zeigler's Drug Store, in comparison with the local rental market, would have been too risky. The tax credit equity was critical to the financing of the project. Equity investors were attracted to partner in the project by the ability to use the Federal HTC's, South Carolina HTC's and the South Carolina Abandoned Building Credit to offset their corporate tax liability.

PROJECT BUDGET

Sources of Funds	Amount
Bank Loan	\$1,320,256
Federal Historic Tax Credit Equity	\$634,262
State Historic Tax Credit Equity	\$569,483
SC Abandoned Building Tax Credit Equity	\$569,483
City Grants/Incentives	\$629,905
Developer Equity	\$116,597
Total	\$3,839,986

Uses of Funds	Amount
Acquisition Costs	\$200,000
Construction Costs	\$2,569,345
Soft Costs	\$372,641
Deferred Developer Fee	\$698,000
Total	\$3,839,986

Equitable Life Insurance Company of Iowa

Des Moines, Iowa



Photos: Mirza Kudic

PROJECT PROFILE

Historic Name: Equitable Life Insurance Company of Iowa Building

Current Name: The Equitable Building

Original Construction: 1924

Original Use: Insurance Company Headquarters

Rehabilitation Completed: 2016

New Use: Residential and Commercial

Total Project Cost: \$38,627,762

Federal Historic Tax Credit Equity: \$6,251,283

State Historic Tax Credit Equity: \$6,483,563

History and Downtown Context

The Equitable Building was constructed as the headquarters of the Equitable of Iowa Insurance Company. Built in 1924, the 19-story building stood for 49 years as the tallest building in Iowa. The Gothic Revival-style building's outstanding feature, the rooftop lantern, with elongated arched windows, terra-cotta ornament, and a spire-like roof, is prominent in the Des Moines skyline. The Equitable Building was named one of the "50 Most Significant Iowa Buildings of the 20th Century" by the Iowa chapter of the American Institute of Architects. The last large-scale retailer, which had been in the building since its opening 83 years before, vacated the building in 2007. Foutch Bros. and Block Real Estate purchased the property in 2012 out of foreclosure and began rehabilitation of the iconic building.

Scope of Rehabilitation

The rehabilitation created 146 residential rental units on the upper floors and 26,000 square feet of commercial space on the first two floors. The building houses a Pot Belly Sandwich Shop, an office for an engineering company, a cell phone store, and other offices. On the exterior, the masonry was repaired and cleaned, and the entrance lobby with its original marble walls, staircase and floors, ribbed ceiling, and light fixtures was restored. The interior of the building was updated with new mechanical, electrical and plumbing systems. All the apartment units, which feature nine-foot-tall ceilings, have granite kitchen countertops, restored original terrazzo floors, and ceiling fans. Community amenities include a fitness room, community room, storage lockers, and a large rooftop patio, sometimes used for events and concerts. The building also provides direct access to the downtown skywalk on the second floor.



Role of the Historic Tax Credit

Given the level of risk associated with rehabilitating the Equitable Building, the developer acknowledges the project would not have moved forward without the use of historic tax credits. Because of the deteriorated condition of the building and the needed remediation of hazardous materials and fire damage, without leveraging upfront equity through the state and Federal historic tax credits the project would not have been financially feasible.

Economic Impact, Downtown Des Moines

The rehabilitation of the Equitable Building has had a noticeable economic impact on downtown Des Moines. The use of historic tax credits allowed the developer to transform a building, underutilized or vacant for almost a decade, into a vibrant place for hundreds of people to reside and work. The apartments in the rehabilitated building are in high demand in the multi-family rental market in downtown Des Moines. The rooftop is a popular gathering place for residents and the resurgence of foot traffic around the 600 block of Locust Street during and after business hours, as a result of the rehabilitation of the Equitable Building and other nearby historic buildings, is a catalyst for small businesses and other redevelopment in the neighborhood.

PROJECT BUDGET

Sources of Funds	Amount
Bank Loan	\$19,694,500
Enterprise Zone Tax Credit Investment	\$1,565,777
Sales Tax Refund	\$589,257
Federal HTC Equity	\$6,251,283
State HTC Equity	\$6,483,563
Developer Equity	\$2,302,442
Deferred Developer Fee	\$1,740,940
Total	\$38,627,762

Uses of Funds	Amount
Working Capital and Reserves	\$1,132,263
Acquisition	\$1,872,522
Hard Costs	\$26,572,312
Soft Costs	\$4,960,665
Developer Fees	\$4,090,000
Total	\$38,627,762

Owyhee Hotel

Boise, Idaho

PROJECT PROFILE

Historic Name: The Owyhee Hotel

Current Name: The Owyhee

Original Construction: 1910

Rehabilitation Completed: 2016

Original Use: Hotel

New Use: Mixed Use - Residential, Retail, Office, Commercial and Event Space

Total Project Cost: \$22,205,000

Federal HTC Equity: \$2,250,000

Local Redevelopment Agency Credits: \$775,000



Photos: Laure Joliet

History and Downtown Context

The Owyhee Hotel was well known regionally and a familiar resting place for travelers between Seattle, Portland, and Salt Lake City in the early part of the twentieth century. Located in the Lower Main Street Commercial Historic District in downtown Boise, the Owyhee's rooftop garden was a popular gathering place, and the ballroom, which could accommodate up to 300 persons, was a favorite location for large gatherings, weddings, and special events. The Owyhee was part of the wave of development in downtown Boise that resulted after the construction of the Oregon Short Line rail passenger and freight depot and the establishment of the Rapid Transit Company, which opened a street car line on Main Street in 1891.

The architectural firm of J.E. Tourtellotte and Company was retained for the design of the Owyhee and was later joined by R.T. Newberry of Chicago, a consultant with expertise in hotel design. The six-story Owyhee, with a brick and stone exterior, locally pioneered the use of the steel-frame construction and was credited with having inaugurated the "skyscraper era" in Boise. Until it was purchased by developers, Local Construct & Clay Carley, the Owyhee languished. It was converted to office and commercial space in the 1970s but operated at a fraction of its potential and sat mostly vacant.

Scope of Rehabilitation

When Local Construct & Clay Carley acquired the building with the intent of rehabilitating it for residential use, the interior had been significantly altered in the 1970s remodeling of the hotel for new use. A goal of the rehabilitation was to uncover and restore as much as possible of the historic character, materials, and fixtures that had been diminished or covered by the prior remodeling. The rehabilitation work on the exterior included: restoring the historic sandstone that distinguishes the ground level of the building, installing a compatible new storefront based on historic photographs, replacing the windows that were too deteriorated to repair with compatible new ones, and reopening those windows that had been bricked in previously. Early in the project, during the removal of the 1970s interior alterations, historic features were uncovered, including original tiling, ornate columns in the hotel lobby, and a fireplace previously enclosed in drywall. All these features were retained and repaired as part of the rehabilitation, which converted the former hotel into 36 apartments, office, retail and commercial spaces, and a new ground-floor restaurant. The completed rehabilitation is a building with a beautiful exterior that reflects the Golden era of Boise's past and an interior that retains key historic features, while integrating contemporary needs and finishes, and that projects a bright future for Boise.



Use of the Historic Tax Credit

The historic tax credit was instrumental in the economic viability of the Owyhee rehabilitation. Without the historic tax credit, it is unlikely the ownership group would have undertaken a project with such uncertainty and risk. For example, during the rehabilitation, the owner discovered that each floor was layered with asbestos, an original fireproofing treatment, which allowed the hotel to be advertised as “entirely fireproof” when it first opened. This hazardous material had to be removed at considerable expense. Many unforeseen challenges like this are common in the rehabilitation of older buildings, which can often significantly increase the cost and risk. Without the historic tax credit, such unexpected costs might not have been covered by the project budget.

Economic Impact on Boise

Located in the west end of downtown, the hotel was in an area that had experienced little new investment in recent decades and was surrounded by many underutilized and undeveloped properties. The rehabilitation of the Owyhee, however, has enlivened this area and spurred significant new investment by neighboring property owners. Nearby, two 3-star hotels have opened and a new residential condominium project has been completed. In addition, an office complex has been proposed only a few blocks away. In total, the area has experienced over \$100 million of new investment since construction began on the rehabilitation of the Owyhee in 2014.

Not only has The Owyhee itself regained its stature as a premier community gathering space, but because it is now “home base” to Treefort Music Fest, a five-day music festival, it attracts more than 30,000 visitors and 400 bands to the city each year. The start-up technology firms, financial institutions, and other businesses that occupy office space in The Owyhee, and a restaurant that serves the downtown business community, also contribute to the resurgence of downtown Boise.

PROJECT BUDGET

Sources of Funds	Amount
Limited Partner Equity	\$7,500,000
Bank Construction Financing	\$11,680,000
Federal Historic Tax Credit Equity	\$2,250,000
Local Redevelopment Agency Credit Equity	\$775,000
Total	\$22,205,000

Uses of Funds	Amount
Acquisition Costs	\$3,550,000
Direct Construction Costs	\$16,000,000
Indirect Construction Costs	\$2,355,000
Financing Costs	\$300,000
Total	\$22,205,000

Houma Elementary School

Houma, Louisiana



Photos: Michael Palumbo Photography

PROJECT PROFILE

Historic Name: Houma Elementary School

Current Name: Academy Place Apartments

Original Construction Year: 1931

Year Rehabilitation Completed: 2017

Original Use: Elementary School

New Use: Mixed-Income Senior Housing

Total Project Cost: \$19,739,366

Federal Historic Tax Credit Equity: \$1,953,908

State Historic Tax Credit Equity: \$2,028,025

Bank Loan: \$2,700,000

LIHTC Equity: \$7,406,550

Terrebonne Parish Council on Aging: \$5,500,000

History and Context

Constructed in 1931, Houma Elementary School last welcomed students in 1970, and then housed school district administrative offices until 2014. School officials conveyed the vacant building to the Terrebonne Parish Consolidated Government, which issued an RFP for redevelopment of the property. Renaissance Neighborhood Development Corporation (RNDC) was selected to rehabilitate the property into much-needed mixed-income housing for seniors. The New Orleans-based RNDC is a non-profit affordable housing developer and a collaboration between Volunteers of America National Services and Volunteers of America, Southeast Louisiana.

Scope of Rehabilitation

The 103-unit rehabilitation project consisted of converting the school into 47 apartments, and constructing 56 new apartments in a compatible new addition at the rear of the property. The original nine-over-two windows were retained and repaired as part of the conversion of the building into apartments. The apartments were sensitively incorporated into the former classrooms that still have the original 11-foot-high ceilings. Important character-defining interior features and spaces were retained, most notably the corridors with their distinctive beaded-board wainscoting, over-the-door transoms, and glazed windows that supply borrowed light into the corridors. Historic stairs were retained, as well as the historic wood floors throughout the building. Mature live oak trees remain and highlight the site's new landscaping.



Role of the Historic Tax Credit

The Federal historic tax credit was crucial to the success of the rehabilitation project. The state historic tax credit also figured prominently, as did the other sources of funding from Low-Income Housing Tax Credits (LIHTC), Terrebonne Council on Aging, Volunteers of America, and private bank loans. The developer, Renaissance Neighborhood Development Corporation (RNDC), referring to the importance of the historic tax credit to the outcome of the project, stated “We believe each project has its own opportunity to create a special living experience not found in the typical market for affordable or even market-rate housing. With its wonderful historic character and features, Academy Place provides such an experience, and is very much appreciated by the residents.”

Economic Impact on Houma

The development of Academy Place Apartments has been a boon to the community, which was severely lacking in available senior housing. The project has returned a vacant building once again to active use in the Houma community. Several former teachers and students have come back to live in their old school and, like their fellow residents, enjoy the convenience and the walkability of the neighborhood, which is close to downtown Houma. The building is now individually listed in the National Register of Historic Places and has been returned once again to active use in the community. The project is also Enterprise Green Communities-certified.

PROJECT BUDGET

Sources of Funds	Amount
Bank Loan	\$2,700,000
LIHTC Equity	\$7,406,550
Federal HTC Equity	\$1,953,908
State HTC Equity	\$2,028,025
Volunteers of America	\$25,000
Developer Equity	\$125,883
Terrebonne Parish Council on Aging	\$5,500,000
Total	\$19,739,366

Uses of Funds	Amount
Acquisition Costs	\$16,366
Construction	\$14,892,956
Equipment	\$205,871
Soft Costs	\$3,315,075
Subtotal	\$18,430,268

Financing and Perm Loan Costs	\$717,386
Total Tax Credit, Syndication Costs and Reserves	\$591,712
Total Development Costs	\$19,739,366

RUTGERS

Edward J. Bloustein School
of Planning and Public Policy

Edward J. Bloustein School of Planning and Public Policy
Rutgers, The State University of New Jersey
Civic Square Building, 33 Livingston Avenue
New Brunswick, NJ 08901
848-932-5475
<http://bloustein.rutgers.edu/>
ejb@policy.rutgers.edu



Technical Preservation Services
National Park Service
U. S. Department of the Interior
Washington, DC 20240
<https://www.nps.gov/tps/>

September 2018

