Pros

Pros

Prosperity through Preservation is a campaign, led by the National Trust for Historic Preservation and the Historic Tax Credit Coalition, to protect and enhance the most significant federal investment in historic preservation, the federal historic tax credit. More information about the campaign and ways to get involved can be found at www.SaveHistoricCredit.org.

National Trust for Historic Preservation

THE NATIONAL TRUST FOR HISTORIC PRESERVATION works to save America’s historic places for the next generation. We take direct, on-the-ground action when historic buildings and sites are threatened. Our work helps build vibrant, sustainable communities. We advocate with governments to save America’s heritage. We strive to create a cultural legacy that is as diverse as the nation itself so that all of us can take pride in our part of the American story. For more information, contact:

Thomas J. Cassidy, Jr., Vice President for Government Relations and Policy
National Trust for Historic Preservation
202-588-6078 | tcassidy@savingplaces.org

Research conducted by PlaceEconomics

National Trust for Historic Preservation

Stephanie K. Meeks, President and Chief Executive Officer
David J. Brown, Executive Vice President and Chief Preservation Officer
Thomas J. Cassidy, Jr., Vice President for Government Relations & Policy
Renee Kuhlman, Director, Special Projects, Government Relations & Policy

Cover: Renovated with the Historic Tax Credit, Atlanta's Ponce City Market is now home to The Dancing Goats Coffee Bar, which serves as a gathering place for local residents. Photo courtesy: Sara Dorio
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Undertaken because of the historic tax credit (HTC), renovations such as the $29.6 million, two-phase Bijou Square project in Bridgeport, Connecticut act as catalysts to transform the surrounding neighborhood. The renovation of the 1910 Bijou Theatre and the 1911 Jennings Building led to a renaissance in downtown including a new five-story building with 84 apartments and first-floor retail space. This report quantifies the catalytic impact of the historic tax credit program for the first time.
Transforming America’s Past into Our Future

It has been called the largest community reinvestment program in the country. The federal historic tax credit has created good jobs, fueled local economies and revived forgotten treasures of our past. Its impact has been felt in Main Street districts and downtowns across the country.

The historic tax credit is by far the federal government’s most significant financial investment in historic preservation. Since it was permanently written into the tax code more than 30 years ago, it has leveraged nearly $109 billion in private investment, created 2.41 million jobs and adapted more than 39,600 buildings for productive uses.

This tax incentive more than pays for itself. Over the life of the program, $21 billion in tax credits have generated more than $26.6 billion in federal tax revenue associated with historic rehabilitation projects.

Even better, 75 percent of the economic benefits of these projects stay on the ground, in state and local economies. Developers generally buy materials close to the project site and hire local workers. Moreover, because historic building rehabilitations are more labor intensive than new construction, they often require additional workers at higher wages.

By breathing life into vacant warehouses, factories, hotels and more, the federal historic tax credit brings new hope and stability to neighborhoods, setting the stage for additional investment.

Simply put, this is an investment in our communities that returns over and over.

As Congress considers reforming the tax code, the federal historic tax credit is exactly the kind of market-based incentive we need to leverage private investment in historic properties. Without this incentive, which fills a critical financing gap in historic redevelopment projects, there will be a halt to nearly all rehabilitations of historic commercial properties in the United States.

For the tax credit to continue to play its catalytic role in our older and historic communities, it needs staunch champions across the nation.

We urge you to become one of those champions. With your help, we can keep promoting sensible, cost-effective federal programs that benefit our economy and improve our quality of life.

Stephanie K. Meeks
President, National Trust for Historic Preservation
Key Findings

The Catalytic Impact of the Historic Tax Credit

This study looked at the catalytic role of historic preservation projects in six cities in three states. The cities and the projects vary widely, but the results are the same—when the private sector rehabilitates a building utilizing the historic tax credit there are positive benefits that ripple throughout the community. This report found that the federal historic tax credit isn’t just about transforming historic buildings within their four walls—it is about transforming communities.

- Since the completion of two key rehabilitation projects in Salt Lake City’s Depot District, the market value of properties in the area has increased 22.5%—at a time when the citywide property values declined more than 17%.
- In the two years prior to Warehouse Lofts opening its doors, there were a total of two new business licenses issued in the Macon, Ga. neighborhood. In the three years since it opened, 57 businesses have received their licenses.
- In the two years before the former 1890s manufacturing building was rehabilitated into the Miller’s Court apartment complex, just two residential building permits were issued in the Baltimore, Md. neighborhood. In the three years since it opened, 17 permits have been issued.
- The conversion of the former Sears building in Atlanta, Ga. is spurring additional renovations. Eight times as many building permits have been issued for alteration, conversion, and repair as for demolition.
- In the six years since the first phase of the American Can redevelopment in Ogden, Utah, over $33 million in building permits have been issued in the area impacted by the project.
- The rehabilitation of 23 historic buildings that were in government hands now provides nearly $60 million in property tax base for Montgomery County, Md.

The catalytic impact of historic preservation can only be understood at the project level. Because each community collects different types of information at different times, it was not possible to use identical metrics for each project. In each instance, however, the best available data was used to examine what impact each project had on its surrounding areas. Sometimes that was change in property assessments, sometimes building permit activity, sometimes business licenses or other measures.

In 1984, President Ronald Reagan said: “Our historic tax credits have made the preservation of our older buildings not only a matter of respect for beauty and history, but of course for economic good sense.”

The impacts and the nature of the measurements vary from project to project, but the results are consistent: the tax credit works, the benefits accrue far beyond the property owner, and historic buildings not only play a central role in reflecting America’s past but also in enriching America’s future.

This report also demonstrated that historic tax credit projects can withstand a recession. In 2006, when construction in the U.S. began to decline, historic preservation continued climbing. And while preservation activity was certainly affected by the Great Recession, it was affected much less than the overall construction industry. Historic tax credit investment continued to increase for two years after private construction expenditures began to drop. While both tax credit historic preservation and overall construction remain below their peaks, by 2012, historic preservation activity was substantially above its 2003 level, while overall construction had yet to reach the level of the prior decade.
Program Overview

Background

In 1976, the United States commemorated its bicentennial. Americans throughout the country celebrated the 200-year history of a handful of English colonies that had grown to be the most powerful and influential nation on the globe.

More than just a celebration of the past, there was also the recognition that historic buildings were not only the physical manifestation of that history but also should be central in meeting the needs of America’s future. Congress passed and President Ford signed the first tax benefits for the rehabilitation of historic buildings. There was no certainty that it would work. The Tax Reform Act of 1976 stated:

*Congress believes that the rehabilitation and preservation of historic structures and neighborhoods is an important national goal. Congress believes that the achievement of this goal is largely dependent upon whether private funds can be enlisted in the preservation movement.*

To effectively enlist private funds, the first tax credit for historic preservation was enacted in 1978. Over the past 35 years, the question of whether private funds could be enlisted in the preservation movement has been decisively answered.

*The completed projects have brought renewed life to deteriorated business and residential districts, created new jobs and new housing units, increased local and state revenues, and helped ensure the long-term preservation of irreplaceable cultural resources.* – Internal Revenue Service, 2002

This study found how right the IRS was.

How the Historic Tax Credit Works

Today, a 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be “certified historic structures.” The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the Secretary’s Standards for Rehabilitation. The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken.

From the beginning, the historic tax credit (HTC) was designed to be a catalytic tool. Equal to 20 percent of qualifying rehabilitation costs, the historic tax credit alone is not enough to finance a project. Instead, it was intended to leverage private investment in projects that were costlier and riskier than new construction—and thus harder to finance—but important to the economic revitalization of our communities.

The tax credit works like this: developers may transfer the historic tax credits to investors in exchange for equity. The investor equity serves to lower the amount of debt the developer needs to finance the project, making lenders more comfortable with the size of the loan and simultaneously reducing the developer’s debt burden. In this way, the tax credit effectively draws the private capital—both debt and equity—needed to make the project feasible and enabling it to move forward.
How the Historic Tax Credit (HTC) Leverages Private Investment

Each dollar of tax credit leverages four dollars of private investment.

That means that $200,000 of tax credits spurs $800,000 in private dollars, creating $1 million of investment.

For every $1 million in historic property investment, 16 jobs are created and $2.1 million in economic activity is catalyzed.

Every $1 of historic tax credits generates a minimum of $4 of private sector investment. The historic tax credit is the epitome of a cost-effective use of taxpayer dollars.

The Cumulative Impact of the HTC

The cumulative economic impact of historic tax credit activity nationwide in the more than 30 years since the credit was enacted is significant.

- Historic rehabilitation tax credits have spurred private sector investment of $109 billion in the rehabilitation of nearly 39,600 historic buildings.\(^3\)\(^4\)
- This rehabilitation activity has generated 2.4 million jobs and $91.5 billion in income.\(^3\)\(^4\)
- 450,000 housing units have been renovated or created.\(^3\)\(^4\)
- Over the lifetime of the program, the cost of the historic tax credit to the U.S. Treasury has been $21 billion, but it has generated $26.6 billion in federal tax receipts.\(^3\)\(^4\)

The historic tax credit more than pays for itself: every $1 of tax credits ultimately generates $1.26 in tax revenues for the federal government.\(^3\)\(^4\)

“The Historic Preservation Tax Incentives program...is the nation’s most effective Federal program to promote urban and rural revitalization and to encourage private investment in rehabilitating historic buildings.”\(^5\)

— Internal Revenue Service, 2002
Program Overview

A Closer Look at Georgia, Maryland and Utah

This study was commissioned to look at projects in three states—Georgia, Maryland, and Utah—so it made sense to look at how the use of the historic tax credit affected those states. Fortunately all three had been the subject of relatively recent analysis of the impacts of historic preservation. While this study looked at the catalytic effect of historic tax credit projects, it builds on the important findings of earlier studies.

FEDERAL HISTORIC TAX CREDIT PROJECTS (2001-2013)⁶

Georgia

Every $1 million in historic preservation:⁷

- Creates 16.3 jobs during construction with a payroll of $811,000
- Provides 7.5 permanent jobs
- Ultimately adds $558,000 to Georgia state tax revenues

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<tr>
<th>Total Number of Projects:</th>
<th>349</th>
<th>Permanent Jobs:</th>
<th>3,927</th>
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<td>Household Income Generated:</td>
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<td>Federal HTC Amount:</td>
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<td>Construction Jobs:</td>
<td>3,120</td>
<td></td>
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</table>

Maryland

Every $1 million in historic preservation:⁸

- Saves 5.2 acres of greenfield development
- Saves infrastructure investment of $500,000 to $800,000 into new areas
- Reduces demolition debris in landfills by 2,500 tons

<table>
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<td>Household Income Generated:</td>
<td>$753,773,100</td>
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<tr>
<td>Total Number of Jobs:</td>
<td>19,803</td>
<td>Federal HTC Amount:</td>
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<td>Construction Jobs:</td>
<td>9,079</td>
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</tr>
</tbody>
</table>

Utah

Every $1 million in historic preservation:⁹

- 109 historic buildings in 67 projects have been redeveloped using the Historic Rehabilitation Tax Credit
- Those buildings received $177 million of private sector investment
- If the rehabilitation of historic buildings were a single business, it would be larger than 99.8% of all firms in Utah

<table>
<thead>
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<th>Total Number of Projects:</th>
<th>67</th>
<th>Permanent Jobs:</th>
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<td>Federal HTC Amount:</td>
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<tr>
<td>Construction Jobs:</td>
<td>1,403</td>
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</tr>
</tbody>
</table>

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2. Internal Revenue Service, “Market Segment Specialization Program, Rehabilitation Tax Credit.” Training 3149-109, Rev 02/2002, Catalog Number 83711M.
3. Rutgers University, Bloustein School of Planning and Public Policy, Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2013, Technical Preservation Services, National Park Service, forthcoming in late 2014. (The $109 billion figure is adjusted for inflation and reflects the amount in today’s dollars; in non-adjusted dollars the figure is $65.4 billion).
5. Market Segment Specialization Program, Rehabilitation Tax Credit, page 1-1.
6. Data provided by Technical Preservation Services, National Park Service; Analysis provided by National Trust Community Investment Corporation using PEIM economic model, May 2014.
Property and Project Highlights

The Warehouse Lofts project is a classic example of the ripple effect of the historic tax credit. In Macon, a $385,000 rehabilitation project has sparked over $16 million in other downtown projects. The three-story brick structure is relatively unassuming. Its history is characteristic of downtown Macon. The Scofield Iron Works Showroom was constructed in 1900 as part of Macon’s industrial and commercial center. In 1974, the 15,000-square-foot building was listed in the National Register as part of the Macon Railroad Industrial District, a move that recognized the significance of the area to the city’s development. But in recent years, the upper floors of the building were only being used for storage.

In 2009, local developer Bryan Nichols saw an opportunity to create more housing units downtown using the historic tax credit. He proposed a project to add three residential units to the building’s empty upper floors. The project rehabilitated historic wood-sash windows, preserved interior brickwork, and added new plumbing and ductwork to the upper floors. It also restored the upper-floor corridors to their original length and width, reflecting the building’s historic warehouse use. The loft-style apartments each featured two bedrooms, modern amenities, and exposed brick walls.

Since its completion in 2010, the Warehouse Lofts project has catalyzed at least six residential and mixed-use developments nearby. Three historic tax credit projects and three other projects are either completed or underway which will add over 130 residential units, as well as commercial storefronts, for a total investment of $16.5 million.

“Downtown Macon has just come back to life with these credits. If you were to come to Macon and see all the development happening, you wouldn’t believe it in this economy. People are just now getting to understand that these historic credits exist and they are a no-brainer for private investors who can invest in buildings that wouldn’t otherwise make sense to invest in. I believe that this is really only the beginning.”

BRYAN NICHOLS, NICHOLS DEVELOPMENT GROUP
The Catalytic Impact

If there were an illustration in the dictionary for the word catalyst, it could be the Warehouse Lofts in Macon. The city has struggled for years to revitalize its downtown, with mixed success. Then came a very modestly sized project—the Warehouse Lofts. Of all of the projects studied for this report, the Warehouse Lofts is by far the smallest: barely 1% the size of the Ponce City Market. But dollar for dollar, it may be the most effective catalyst.

In the two years prior to the Warehouse Lofts opening its doors, there were a total of two new business licenses issued in the neighborhood. In the three years since it opened, 57 businesses have received their licenses. In a period of property value decline, properties in the area studied have increased an average of 17% in value. Before the rehabilitation, the property was valued at $73,000. The property is now worth $500,000 after being rehabilitated with historic tax credits.

Key Project Financing

<table>
<thead>
<tr>
<th>Estimated Total Development Costs</th>
<th>$385,000</th>
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<tr>
<td>Federal Historic Tax Credit</td>
<td>77,000</td>
</tr>
<tr>
<td>State Historic Tax Credit (eligible)</td>
<td>96,250</td>
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<tr>
<td>Bank Loan</td>
<td>200,000</td>
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<tr>
<td>Private Investment</td>
<td>11,750</td>
</tr>
</tbody>
</table>

Three upper-floor apartments in a renovated historic building may not sound like much, but that’s the definition of a catalyst—a little change that makes bigger changes possible. The Warehouse Lofts project was a catalyst for downtown Macon, and the Historic Tax Credit was the catalyst that made the Warehouse Lofts possible.

“Things are changing in downtown Macon, and it’s all older buildings that are being bought up. My buildings, other buildings ... We can see a movement to making it a residential area.”

JEAN BRAGG, DEVELOPER
Property and Project Highlights

It is impossible to miss the historic Sears Building, now the Ponce City Market. The 9-story building sits at the intersection of four up-and-coming neighborhoods and is an anchor on Atlanta’s BeltLine project, a historic rail line redeveloped as a 22-mile multi-use trail. With 2.1 million square feet, the building is the largest brick structure in the South. It is also one of the largest urban redevelopment projects now underway, with $280 million of reinvestment adding to the area’s revitalization.

The building was a landmark from the beginning. Constructed in 1926, it was one of ten regional distribution centers Sears built across the country. After four additions between the late 1920s and the 1960s, Sears closed the buildings retail operation in 1979. The company retained its regional headquarters there for the next ten years before vacating it. The City of Atlanta saw an opportunity to redevelop and bought the building to serve as a second city hall, but the project proved more expensive than expected. By 2003, top officials were ready to sell.

The building intrigued Jamestown Properties, an Atlanta-based developer. It had tackled ambitious projects before, such as Chelsea Market in Manhattan, which combines a food hall with retail and office space in a former biscuit factory. In the Sears Building, Jamestown saw the potential for a mixed-use development with another nationally recognized food hall. The building boasted a variety of spaces, including office suites, cavernous storage spaces, loading docks, and infrastructure that kept the massive building operational.

Jamestown purchased the property from the City for $27 million in 2011 and embarked on the first phase of the project that balances rehabilitation, repurposing, and demolition. The initial project undertaken with the historic tax credit creates 300,000 square feet of retail and restaurants, 450,000 square feet of office space, and 260 residential units, plus a public outdoor area.

The project is pursuing LEED Core & Shell Silver certification with water-efficient fixtures and landscaping, rainwater reclamation, efficient lighting and HVAC systems, and restored windows. The LEED Rating system, administered by the U.S. Green Building Council, recognizes the best-in-class building strategies—including historic preservation. The developers expect that the first phase of the project will be fully leased by the time it is completed in 2014.
Ponce City Market

“A revitalized Ponce City Market creates the kind of inviting and interesting space that our customers are drawn to.”
MIKE FERGUSON, BUSINESS DEVELOPMENT DIRECTOR, DANCING GOATS COFFEE BAR

The Catalytic Impact

It isn’t often that a project begins having a catalytic effect before the doors are even open, but that has certainly been the case with the Ponce City Market. The redevelopment of the former Sears Building is one of the largest preservation projects in America. The City of Atlanta couldn’t make the numbers work for redeveloping the building. Why do they work for Jamestown Properties? Because it can use the historic tax credit and the City of Atlanta could not.

Based on the anticipated activity the Ponce City Market will generate, other property owners are making substantial investments. In the two years before Jamestown Properties acquired the Sears Building, two building permits were issued nearby. Two years after the acquisition, 38 building permits were issued in the same area.

And building owners in the neighborhood are learning another lesson from the Ponce City Market: that old buildings are worth saving. Eight times as many building permits have been issued for alteration, conversion, and repair as for demolition. Most of those projects will not use the historic tax credit. But they are happening because the Ponce City Market is happening. And the Ponce City Market is happening because of the tax credit.

Key Project Financing

| Estimated Total |
|-----------------|----------------|
| Development Cost: | $300,000,000 |

Federal Historic Tax Credit (est.) 50,000,000
State Historic Tax Credit 300,000
Loan 180,000,000
**Miller’s Court**

**Baltimore, Maryland**

The c. 1870s building was transformed by federal historic tax credits into Miller’s Court, a mixed-use development of 40 affordable apartments for teachers and office space for education-related nonprofits.

### Property and Project Highlights

The H.F. Miller & Sons Tin Box and Can Manufacturing Plant once churned out products in Baltimore’s Remington neighborhood. Built in stages between 1874 and 1910, the factory was the center of employment for the surrounding community. After it shut down in the 1950s, the building was leased as industrial space. By the time developers Donald and Thibault Manekin bought the building, it had sat vacant for close to 20 years.

The Manekins’ Seawall Development Company was looking for a way to help teachers new to Baltimore. Donald Manekin had served as Chief Operating Officer of the Baltimore City school system and seen firsthand new teachers’ struggles and isolation. This led to a bold vision: create a supportive community for teachers, especially Teach For America (TFA) participants, and raise teacher retention rates.

The Miller plant offered the opportunity and location the Manekins sought. With input from community members and focus groups of TFA participants, Seawall Development transformed the building into Miller’s Court, a mixed-use development with affordable apartments for teachers and office space for education-related nonprofits. The residents of the 40 loft-style apartments also have access to a teacher resource room with a copier and other shared amenities. Full-time teachers benefit from a monthly rent discount. For office tenants—including TFA’s regional headquarters—meeting rooms and event space supplement 35,000 square feet of office space.

The $21.9 million, LEED Gold-certified project was fully pre-leased six months before completion, with a waitlist of 400 teachers for future projects. LEED, the U.S. Green Building Council’s rating system, encourages the preservation of historic features.

Since its completion in 2009, Miller’s Court has won recognition from diverse sources, from real estate investors to environmental advocates. In 2011 President Obama recognized Thibault Manekin as one of the Champions of Change in a White House ceremony.

Seawall Development has continued to invest in Baltimore with development that revitalizes the surrounding neighborhoods at the same time as it serves inhabitants. The company repeated the Miller’s Court model at nearby Union Mill, and manages both properties. Recently, it also purchased 30 houses in the Remington neighborhood from absentee landlords and is rehabilitating and selling them to teachers and police officers, with a slew of homebuyer incentives.

### Project Profile

**Original Construction**

**Date:** 1874-1910

**Original Use:** Manufacturing

**Date of Rehabilitation:** 2009

**New Use:** 40 loft-style apartments, office and event space

### Project Team

**Developer:** Seawall Development Company

**Architect:** Marks, Thomas Architects

**General Contractor:** Hamel Builders
Miller’s Court

2601 NORTH HOWARD STREET  BALTIMORE, MARYLAND

“The Federal Historic Tax Credit made it work.”

ANDREW GORBY, TEACHER AND NEW HOMEOWNER

The Catalytic Impact

An empty building in a struggling neighborhood in a city that has been losing population for fifty years doesn’t sound like the best investment opportunity. But the Seawall Development Company saw the historic Miller Manufacturing Plant as an opportunity for transformation of the building, the neighborhood, and tenants. Signs of the catalytic impact are everywhere around Miller’s Court: buildings under renovation, sold signs on townhouses, new business licenses in storefronts, and, most importantly, people on the street.

In the two years before Miller’s Court opened, just two residential building permits were issued in the neighborhood. In the three years since it opened, 17 permits have been issued. The coffeehouse in the building has become a gathering place for the entire neighborhood.

RESIDENTIAL BUILDING PERMITS

In a city that lost 4.5% of its population between 2000 and 2013, the population of the Miller’s Court neighborhood grew more than 10%.

The rehabilitation of an empty industrial building with the historic tax credit has transformed a neighborhood, and it happened because the historic tax credit made it work.

POPULATION CHANGE

2000-2013

-4.6% 10.3%

Baltimore Miller’s Court Neighborhood

Key Project Financing

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<tr>
<td>Federal Historic Tax Credit Equity</td>
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<td>State Historic Tax Credit</td>
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<tr>
<td>State Tax Credit Investor Equity</td>
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<td>State Loan</td>
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<tr>
<td>Manager Loan</td>
<td>5,800,000</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>1,538,177</td>
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<tr>
<td>Book Up</td>
<td>500,000</td>
</tr>
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</table>
“Before the renovation, this was a very economically underutilized area. Now, a museum has been built adjacent to the development, and stores in the nearby industrial area have updated their signs. In my neighborhood, people are investing in their homes in a major way—all of a sudden, it’s everywhere you look.”

FRED GERVASI, FOREST GLEN PARK CITIZENS ASSOCIATION

Property and Project Highlights

With a Swiss chalet, Dutch windmill, Japanese pagoda and English castle, National Park Seminary is hardly a typical residential development. Of course, most neighborhoods don’t start off as a resort hotel or a finishing school for the daughters of high society, and few include a grand ballroom or a 13-acre conservation area.

But then, no part of the National Park Seminary—or its history—can be called typical. The 32.2-acre site was first developed as a resort in 1887, but was converted to a school just seven years later. The school was expanded in the late 1890s, late 1910s, and 1920s, with 400 students at its peak. During World War II, the federal Department of Defense took ownership of the property under the War Powers Act and used it as a rehabilitation hospital for injured soldiers. The Army took a dim view of the existing buildings, twice proposing to tear them down. After the last veterans were moved from the Seminary in 1978, maintenance was drastically reduced. Vandalism, arsonists, and water damage took a heavy toll.

In 1988, neighbors, seminary alumnae, historic preservationists, and civic leaders stepped up to form Save Our Seminary at Forest Glen (SOS). Their advocacy led to the Seminary’s transfer to the Alexander Company, a private developer, in 2004. The 23 historic buildings on the site had deteriorated significantly, but the Alexander Company had extensive experience with rehabilitation projects and was committed to preserving the buildings.

In keeping with the site’s history, the $120 million, 218-unit project included some unusual items. Ninety new townhouses were constructed in styles compatible with the historic buildings and sold. The original resort hotel was converted to condos and apartments, with the renovated historic ballroom available for special events. The eccentric 1890s buildings built as sorority clubhouses were rehabilitated into single-family homes. A conservation easement protects a 300-foot-wide wooded ravine, while a preservation easement ensures that the historic district will be stewarded in perpetuity. Phase 2 of the project will rehabilitate the gymnasium, power plant, carriage house, and carpentry shop into 41 residential units.

### PROJECT PROFILE

**ORIGINAL CONSTRUCTION**

**DATE:** 1887-1927

**ORIGINAL USE:** Hotel, school, hospital

**DATE OF REHABILITATION:** 2006-present

**NEW USE:** Condos, affordable housing and single family units

### PROJECT TEAM

**DEVELOPER:** The Alexander Company and EYA, LLC

**ARCHITECT:** The Alexander Company

**GENERAL CONTRACTOR:** Struever Brothers

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The Catalytic Impact

Montgomery County is a suburban area just north of Washington, DC—one of the most affluent counties in America. Because of the strength of the market, rehabilitating a single building might not be much of a risk. But that equation changes when the project is 23 eccentric historic buildings suffering from years of deferred maintenance and neglect. It took an experienced developer familiar with the federal historic tax credit to make it possible.

The project has been neither fast nor easy, and there are still phases to be completed. But the impact of historic preservation is clear. A property that was in government hands and had no property tax liability now provides nearly $60 million in property tax base for Montgomery County. The property taxes from the National Park Seminary development alone would allow Montgomery County to hire 12 new teachers and 10 new police officers. Building permits in excess of $25 million have been issued. Would the project have happened without the historic tax credit? Ask the developer—absolutely not!

### Key Project Financing

<table>
<thead>
<tr>
<th>Estimated Total Development Costs</th>
<th>$120,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Historic Tax Credit</td>
<td>4,501,239</td>
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<td>State Historic Tax Credit</td>
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<td>State Historic Home Owner Credit</td>
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<td>Save America’s Treasures</td>
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<td>Maryland Department of the Environment</td>
<td>600,000</td>
</tr>
<tr>
<td>Montgomery County Funds</td>
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Property and Project Highlights

The completion of the Transcontinental Railroad in 1869 transformed sleepy Ogden into a nationally significant transportation hub and a regional manufacturing powerhouse. When the American Can Company built its first local facility off a downtown rail spur in 1914, it positioned itself squarely at the intersection of farming, manufacturing, and rail. The facility made cans for Utah’s farm processing industry and shipped them to markets as far away as Illinois.

The complex grew as the industry expanded, with seven additions from 1919 to 1930. During World War II, the facility manufactured metal containers for the war effort. But postwar changes signaled a decline for the once-mighty industry. Farm production fell as farmers took more reliable government jobs, and anti-monopoly regulation enabled food-processing companies to manufacture cans themselves. By 1979, the American Can Company of Utah had closed.

Yet even as demolition claimed nearby industrial buildings in the following decades, the American Can Company buildings remained in relatively good condition. In 2005, a group of developers saw the potential for the 90-year-old complex to be the symbol of economic prosperity once again. Amcan Properties purchased the property for just over $3 million. National Register listing made the 250,000-square-foot property eligible for historic rehabilitation tax credits.

Today, after a four-phase $12 million rehabilitation using the historic tax credit, the complex holds new industries and new ideas. Amer Sports Corp. moved its North American headquarters to Ogden and settled into the original 1914 building. An architecture firm occupies the 1926 boiler plant, and a climbing gym is housed in a light-filled former enameling plant. New entrepreneurs find support at the City of Ogden’s Business Information Center and the Ogden Reinvestment Corp. in the one-story addition to the east. The remaining 57,000 square feet in the second 1925 addition are home to a technology firm and other tenants like International Translating, Mountain City Commercial Properties and J.B. Hunt Transportation, to name a few.

New construction spurred by the rehabilitation of the American Can Company includes 17 townhomes and 217 residential rental units either completed or under construction.

“I have been here for four years and have seen banks, subdivisions, a climbing gym, and other buildings restored or built around us, as well as park improvements with beautiful paths and bike trails.”

FRED DONALDSON, PRINCIPAL, DAVINCI ACADEMY LOCATED IN THE C. 1925 AMERICAN CAN COMPANY COMPLEX
American Can Company

“There’s something about the ‘old’ in the building that seems to make a connection with our members and visitors. It’s hip and architecturally interesting. The huge expanse of windows is almost opulent, and the inside/outside feel it lends is absolutely appropriate for a rock-climbing gym!”

MAGGIE SMITH, THE FRONT CLIMBING CLUB

The Catalytic Impact

The American Can Company redevelopment is a success story on every level. AmerSports’ decision to locate in the building attracted three other sports-related businesses. Tenants moved in and then expanded. In the six years since the first phase of the American Can redevelopment, over $33 million in building permits have been issued in the catalyst impact area. Office and commercial space has been developed within and adjacent to the complex. New construction nearby includes 17 townhomes and 217 residential rental units either completed or under construction.

In 2005, two years before the first phase of American Can was completed with the historic tax credit, the market value of the property immediately surrounding the complex was $1.6 million. Eight years later, the properties are valued at more than $24 million—not including a new Wal-Mart store nearby, which is valued at $8.5 million.

PROPERTY VALUES NEAR AMERICAN CAN COMPANY

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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<tbody>
<tr>
<td>2005</td>
<td>$1,626,069</td>
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<tr>
<td>2006</td>
<td>$2,804,132</td>
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<tr>
<td>2007</td>
<td>$8,050,721</td>
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<tr>
<td>2008</td>
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<td>2009</td>
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<tr>
<td>2010</td>
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</tr>
<tr>
<td>2011</td>
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<td>2012</td>
<td>$20,818,783</td>
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<td>2013</td>
<td>$24,368,347</td>
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Key Project Financing

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
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<tr>
<td>Federal Historic Tax Credit</td>
<td>585,118</td>
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</table>
Property and Project Highlights

When the first trains arrived in Salt Lake City in 1870, the west edge of downtown became a center for light industry. The area remained a hub for transportation and industry for over 100 years. After decades of gradual decline, the local government, regional stakeholders and citizens decided it was time for a transformation. They developed a bold vision for a live-work-play neighborhood that included housing and daily services, as well as arts and entertainment amenities that could be achieved through a mix of rehabilitation and new construction. Two projects within the Depot District used historic tax credits and sparked the transformation.

In 2005, the Big-D Construction Company relocated its corporate headquarters to Salt Lake City and into the W.P. Fuller Paint Building at the southeast corner of the Depot District. Built in 1922, the 68,000-square-foot building featured early cast-in-place concrete construction and an innovative design that accommodated both rail and trucking traffic. Big D’s $5.1 million renovation converted the building to office and storage uses while preserving character-defining fire doors and shutters. The project also earned LEED Gold Certification through reuse and recycling of construction materials, energy-efficient glass in the original steel-sash windows, a high-performance HVAC system, and a new atrium for natural light.

In 2006, three blocks from the Big-D, a nonprofit dedicated to providing affordable housing for artists, Artspace, opened a new project in the historic ZCMI warehouse. The 1905 warehouse originally formed part of the support network for the Zions Cooperative Mercantile Institution established to supply goods to Mormon pioneers. But by the late 1990s, the building was used for storage. Artspace’s $4.2 million rehabilitation created 18 live/work townhouses for artists, plus 20,000 square feet of galleries, art studios, and office space.

“...was the first major preservation project in a neighborhood that is now filling in with residential, office, hospitality, retail, and restaurants. Our company alone was able to bring 150 high-paying jobs to the area, along with new tax base that wouldn’t be here without the historic preservation tax credit. Since we preserved the Fuller Paint Building, I know of four other buildings that have followed our lead, completely changing the face of the neighborhood and community.”

JACK LIVINGOOD, CEO AND DEVELOPER, BIG-D CONSTRUCTION CORPORATION

Key Project Financing: Fuller Paint

Estimated Total

<table>
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<th>Development Costs</th>
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<td>Salt Lake Redevelopment</td>
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<td>Low Interest Financing</td>
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<td>New Markets Tax Credit</td>
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<td>Equity Cash Investment</td>
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“Without the historic tax credit, the Artspace project wouldn’t have been feasible. A lot of people benefited—local architects, contractors and sub-contractors, as well as the businesses that now have a place in the building.”

KEVIN ZANDBERG, PROJECT MANAGER, MJSA ARCHITECTS

The Catalytic Impact

It is one thing to invest in a building in a safe, prospering area. It’s an entirely different matter to be the early investors in a neighborhood with a questionable reputation, too many vacant lots, and challenging real estate environment, and to make that investment in buildings that most would write off as “white elephants.” In the Depot District, both Big-D Construction and Artspace understood that their projects would have to spur additional activity in order for their investments to have long-term success. And they both state that their projects would not have been possible without the federal historic tax credit.

Since the completion of these two projects, the market value of properties in the area has increased 22.5%—at a time when the citywide property values declined more than 17%. The Salt Lake City Redevelopment Authority has established a Tax Increment Financing (TIF) district. A TIF is a development tool that reinvests within a neighborhood the additional tax revenues that additional investments generate. New investment near the completed Artspace and Big-D Construction projects has increased the funds available from the TIF district from just over $4 million in 2009 to $7.5 million in 2013.

<table>
<thead>
<tr>
<th>CHANGE IN PROPERTY VALUES</th>
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<tbody>
<tr>
<td>(2008-2012)</td>
</tr>
<tr>
<td>Salt Lake City</td>
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<tr>
<td>Catalyst Impact Area</td>
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<td>22.5%</td>
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<tr>
<td>-17%</td>
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Key Project Financing: Artspace

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<thead>
<tr>
<th>Total Development Costs</th>
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<td>Artspace Contribution</td>
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ZIONS COOPERATIVE MERCANTILE INSTITUTION’S WAREHOUSE PROFILE

| ORIGINAL CONSTRUCTION DATE: 1905 |
| ORIGINAL USE: Warehouse          |
| DATE OF REHABILITATION: 2005-2006 |
| NEW USE: 18 live/work townhouses, office space, art studios, galleries |

PROJECT TEAM

| DEVELOPER: Artspace            |
| ARCHITECT: MJSA Architects     |
| GENERAL CONTRACTOR: Hogan & Associates |
Catalytic Impact of the Historic Tax Credits

Every $1 of historic tax credits leverages a minimum of $4 of private investment. This is the epitome of cost-effective use of taxpayer dollars because $200,000 in historic tax credits spurs $800,000 in private dollars, creating $1 million in investment. For every $1 million in historic property investment, 16 jobs are created and $2.1 million in economic activity is catalyzed.10

**Federal Historic Tax Credit Projects (2001-2013)**

<table>
<thead>
<tr>
<th>State</th>
<th>Total Number of Projects</th>
<th>Total Development Expenditures</th>
<th>Total Federal Historic Tax Credits</th>
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<tbody>
<tr>
<td>Alabama</td>
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<td>$187,993,440</td>
<td>$31,206,911</td>
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<tr>
<td>Alaska</td>
<td>5</td>
<td>27,293,296</td>
<td>4,543,786</td>
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<td>Arkansas</td>
<td>90</td>
<td>128,693,537</td>
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<td>Arizona</td>
<td>34</td>
<td>72,798,921</td>
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<td>California</td>
<td>145</td>
<td>2,410,859,677</td>
<td>400,202,706</td>
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<tr>
<td>Colorado</td>
<td>67</td>
<td>190,257,559</td>
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<tr>
<td>Connecticut</td>
<td>95</td>
<td>638,741,772</td>
<td>106,031,134</td>
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<td>District of Columbia</td>
<td>43</td>
<td>569,523,133</td>
<td>94,540,840</td>
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<tr>
<td>Delaware</td>
<td>54</td>
<td>181,937,906</td>
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<tr>
<td>Florida</td>
<td>145</td>
<td>866,469,136</td>
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<td>Georgia</td>
<td>349</td>
<td>458,944,563</td>
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<td>Hawaii</td>
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<td>9,617,463</td>
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<td>Iowa</td>
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<td>Idaho</td>
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<td>Kansas</td>
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<td>Louisiana</td>
<td>501</td>
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<td>Massachusetts</td>
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<tr>
<td>Maryland</td>
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<td>Maine</td>
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<td>Michigan</td>
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<tr>
<td>Minnesota</td>
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<tr>
<td>Missouri</td>
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<td>Mississippi</td>
<td>172</td>
<td>$274,706,595</td>
<td>$45,601,295</td>
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</table>

**Total** | 9799         | $24,109,553,696 | $4,002,259,567

* Data provided by National Park Service

10 Derived by PlaceEconomics using IMPLAN economic model.
Acknowledgements

The authors would like to acknowledge the following people who provided an on-the-ground look at how historic tax credit projects have impacted their communities for the better, and expanded the understanding of how a single project can spark significant change.

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- Katharine Kelley
  *Jamestown Properties*
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  *Nichols Investment Group*

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  *Station North Arts & Entertainment, Inc.*
- Andrew Gorby
  *Former Miller’s Court resident and owner of Seawall-rehabilitated rowhouse*
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  *Marks, Thomas Architects*
- Donald Manekin
  *Seawall Development*
- Thibault Manekin
  *Seawall Development*
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  *Resident*
- Dominic Terlizzi
  *Resident and sculptor*

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  *Forest Glen Park Citizens Association*
- Bonnie Rosenthal
  *Save Our Seminary*
- David Voss
  *The Alexander Company*

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- Mike Dowse
  *AmerWinter & Outdoor Americas*
- Nelson Knight
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- Greg Montgomery
  *City of Ogden*
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  *Amcan Properties, LLC*

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  *MJSA Architects*