

Adaptive
Reuse:
“Cause
Everything
Old is New
Again!”



What is Adaptive Reuse?



“The renovation and reuse of pre-existing structures for new purposes” ~ Mirriam-Webster



Preservation Tax Incentives



- One of the programs used by the Federal Government to encourage the preservation and rehabilitation of historic and older buildings.

- The Preservation Tax Incentives reward private investment in rehabilitating historic properties such as offices, rental housing, and retail stores.

- The tax incentives have been instrumental in preserving historic places that give cities, towns, and rural areas their special character and have attracted new private investment to historic city and town cores, generating jobs, enhancing property values, and augmenting revenues for State and local governments.



- The tax incentives help to create moderate and low-income housing in historic buildings often utilizing abandoned or underused schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices in a manner that retain their historic character.



- A 20% tax credit is available for the certified rehabilitation of certified historic structures.

- A 10% tax credit is available for the rehabilitation of non-historic, non-residential buildings built before 1936.

- For both credits, the rehabilitation must be a substantial one and must involve a depreciable building.



What is a Tax Credit?

A tax credit differs from an income tax deduction in that it does not lower the amount of income subject to taxation but lowers the amount of tax owed. In general, a dollar of tax credit reduces the amount of income tax owed by one dollar.



What is the 10% Rehabilitation Tax Credit?



- The Property Can NOT be listed to the National Register of Historic Places (individually or in a district)

- The Building Must have been built before 1936

- It can not be used for Residential

- In order to qualify for the tax credit, the rehabilitation must meet three criteria: at least 50% of the existing external walls must remain in place as external walls, at least 75% of the existing external walls must remain in place as either external or internal walls, and at least 75% of the internal structural framework must remain in place.



What is the 20% Rehabilitation Tax Credit?



- The Property **MUST** be a Certified Structure which means it must be listed to the National Register of Historic Places (individually or in a district) when the credit is taken or be in a district that has been certified by the National Park Service



- The work **MUST** be a Certified Rehabilitation which means it must be certified by the National Park Service as meeting the Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings.



What is a Certified Historic Structure?

A certified historic structure is a building that is listed individually in the National Register of Historic Places

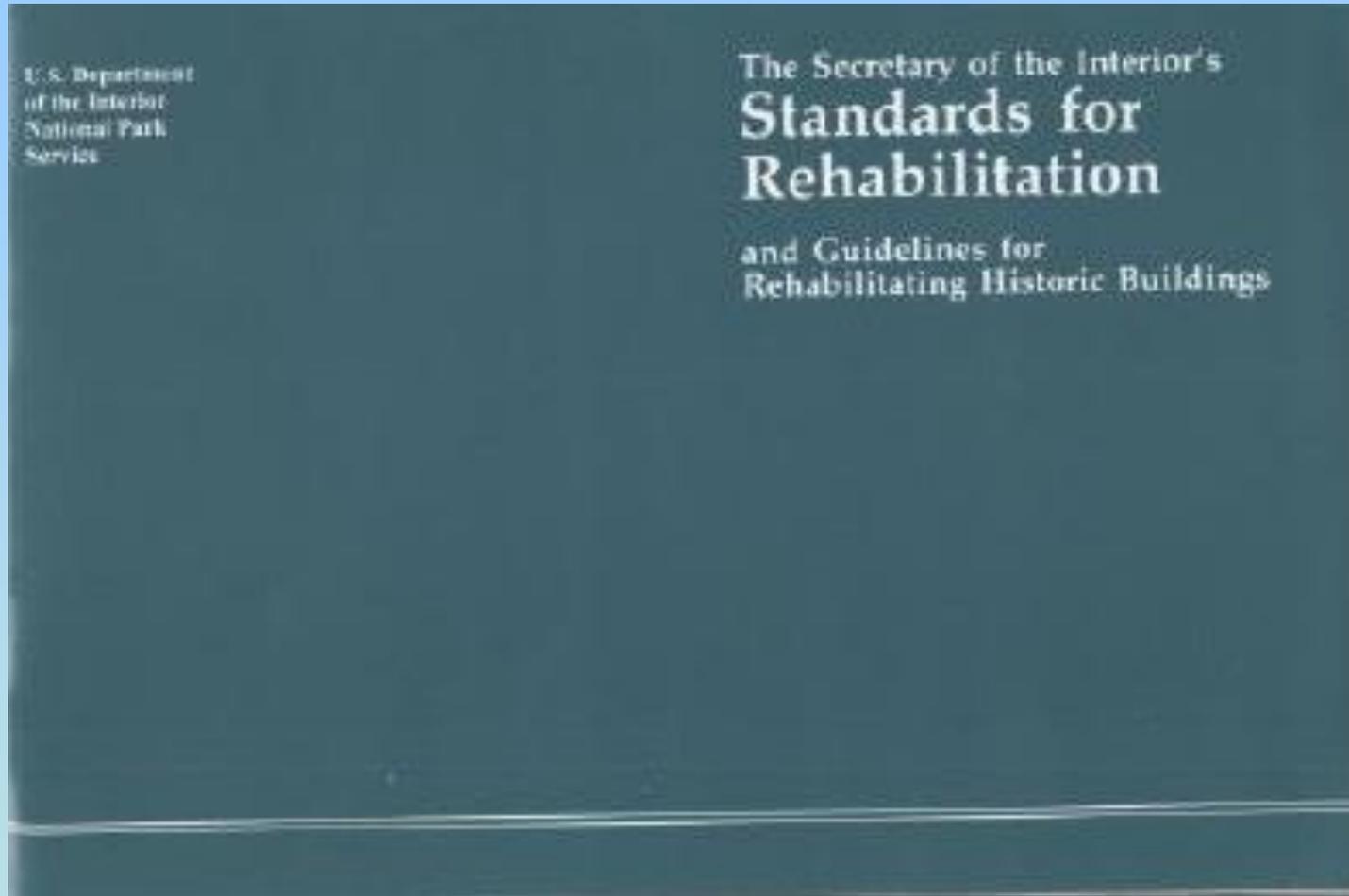
~OR~

A building that is located in a registered historic district and certified by the National Park Service as contributing to the historic significance of that district. A registered historic district is any district listed on the National Register of Historic Places. A State or local historic district may also qualify if it & the enabling statute are certified by the Secretary of the Interior.

The structure must be a building, not a bridge, ship, railroad car, or dam.

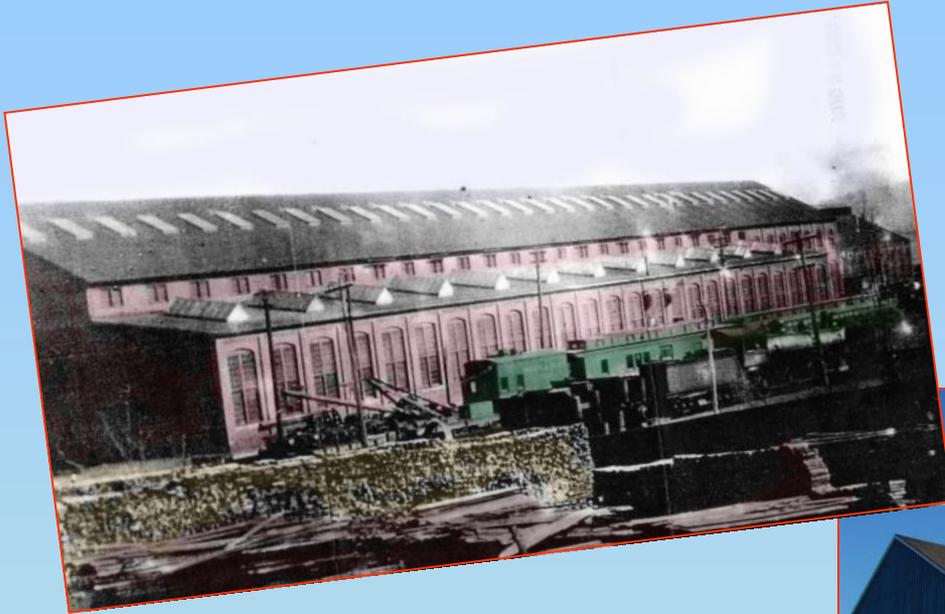


What are the Secretary of the Interior's Guidelines for Rehabilitating Historic Buildings?



What Does This Mean?

If Your Property Looks Like This...



And You Want To Make It Look Like This...



You May Want to Reconsider Using The Preservation Tax Incentive Program or Modify Your Scope of Work



What Does This Mean?

If Your Property was Listed to the National Register Looking Like This...



And it Now Looks Like This...

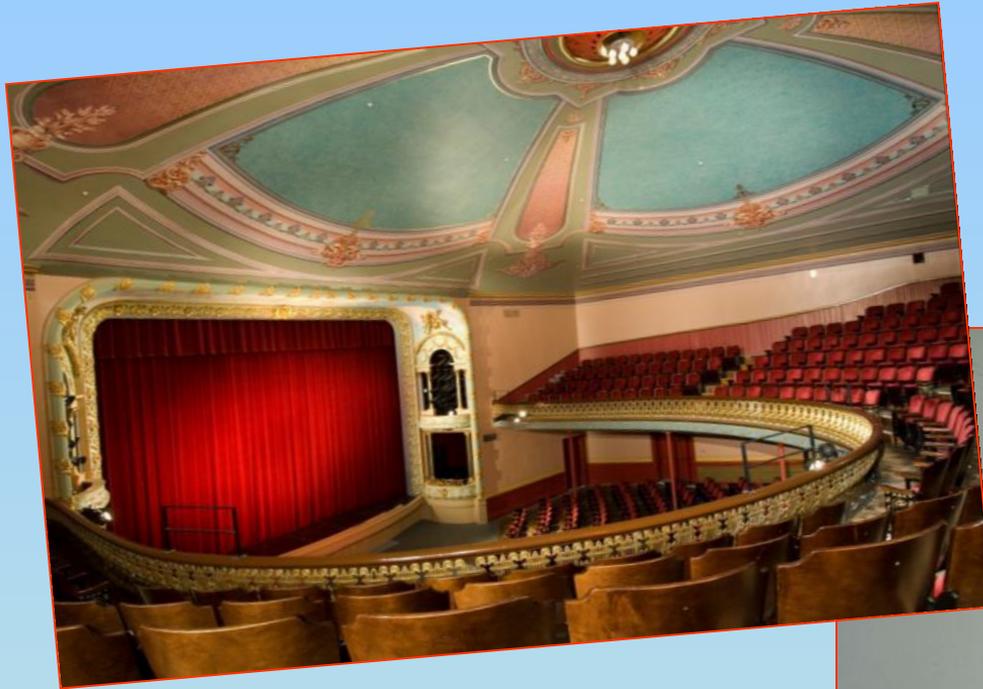


You May be Ineligible for
The Preservation Tax Incentive Program



What Does This Mean?

If Your Property has a Space Like This...



And in it You Want to do This...



Your Project is Ineligible for
The Preservation Tax Incentive Program



What Does This Mean?

If Your Property Looked Like This...



And You NEED to do This...



Your Effort is a Good Project but does not Meet the Standards of a Certified Rehabilitation.



What are the Community Benefits?

REHABILITATION TAX CREDIT PROJECTS IN NH: 2000-2013

These projects converted vacant and underutilized historic structures into rehabilitated and revitalized facilities for residential, production, office, day care, resort, lodging, and retail uses.

\$500,000 McShane Block/Concord
\$6,457,000 Page Belting Co. Mills/Concord
\$5,672,000 Beaver Mills/Keene
\$200,000 Emily Cross House/Rochester
\$5,250,000 Smith & Dow Block/Manchester
\$3,490,300 Carpenter & Bean Block/Manchester
\$15,875,822 Mountain View House/Whitefield
\$515,000 Colony House/Keene
\$1,885,737 Dunlap Building/Manchester
\$123,791 Shepard Block/Franklin (Phase 1)
\$2,300,000 Cottage Hospital/Portsmouth
\$27,765,908 Monadnock Mills/Claremont
\$5,878,352 Brown Block/Claremont
\$11,000,000.00 No. Cotton Storehouse/Nashua*
\$18,000,000 Newmarket Mills/Newmarket*

For a
Grant Total
of...

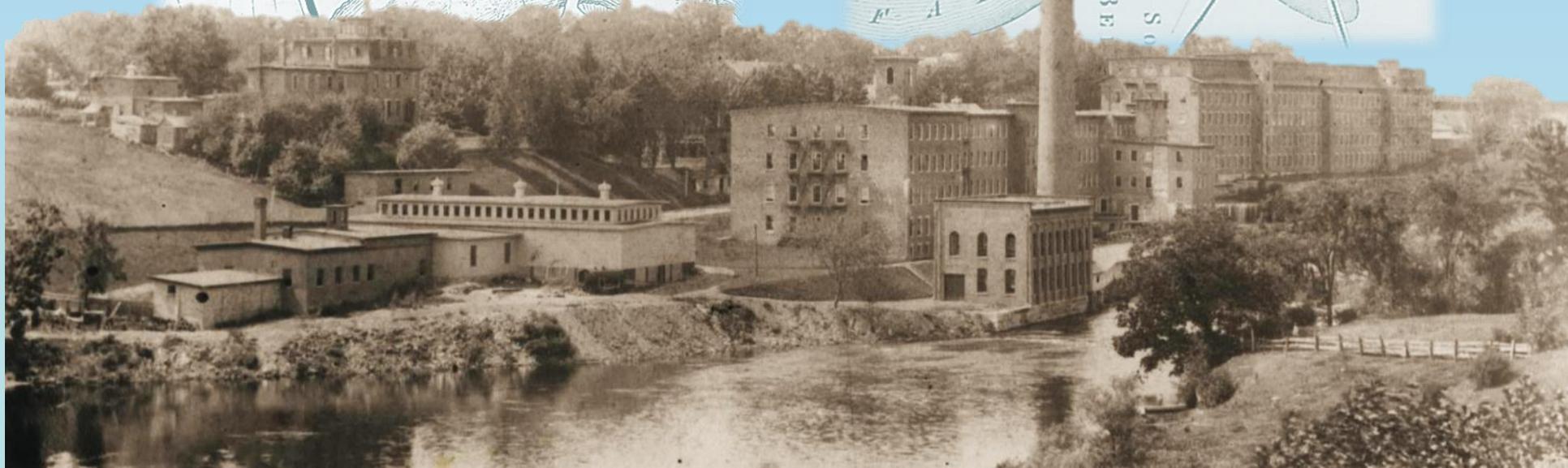
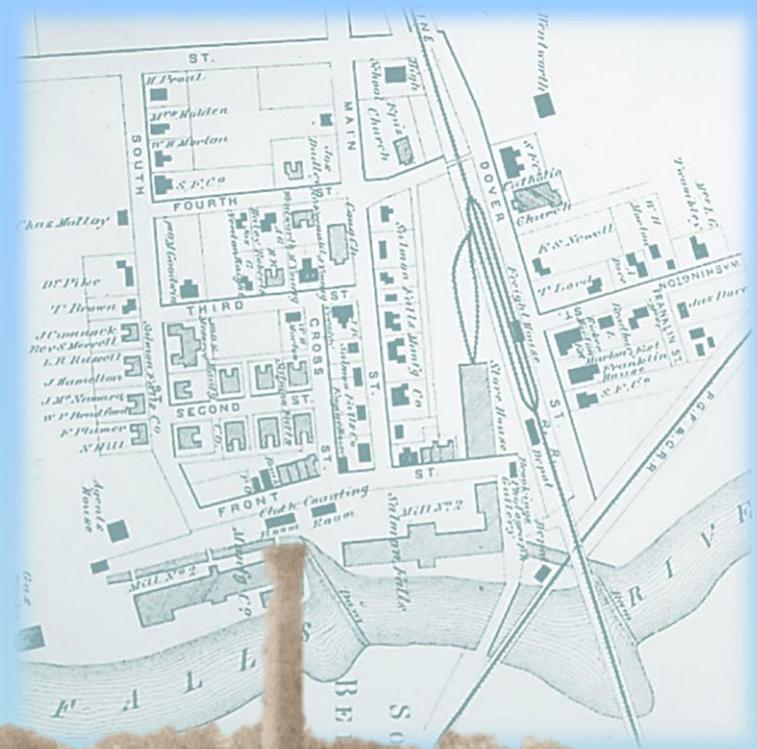
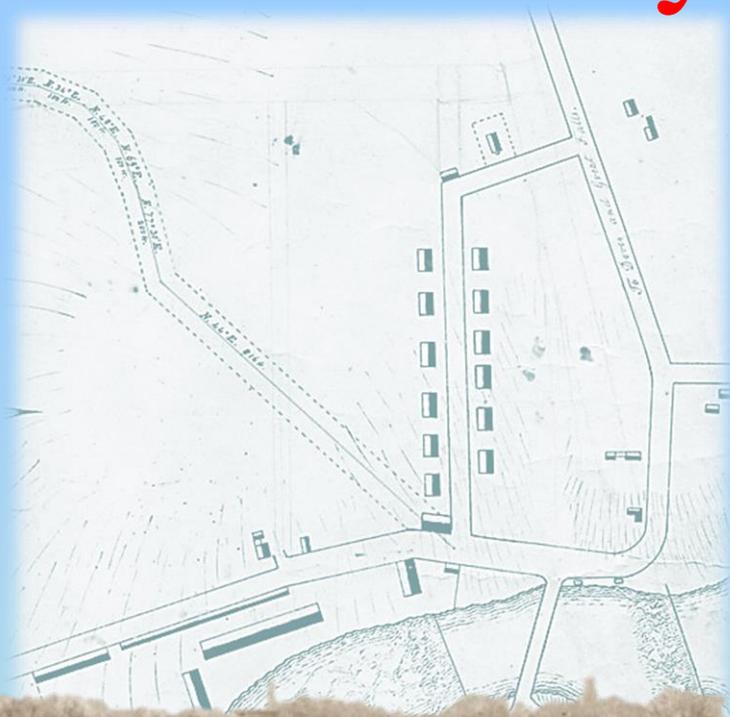


\$70,663,910.00

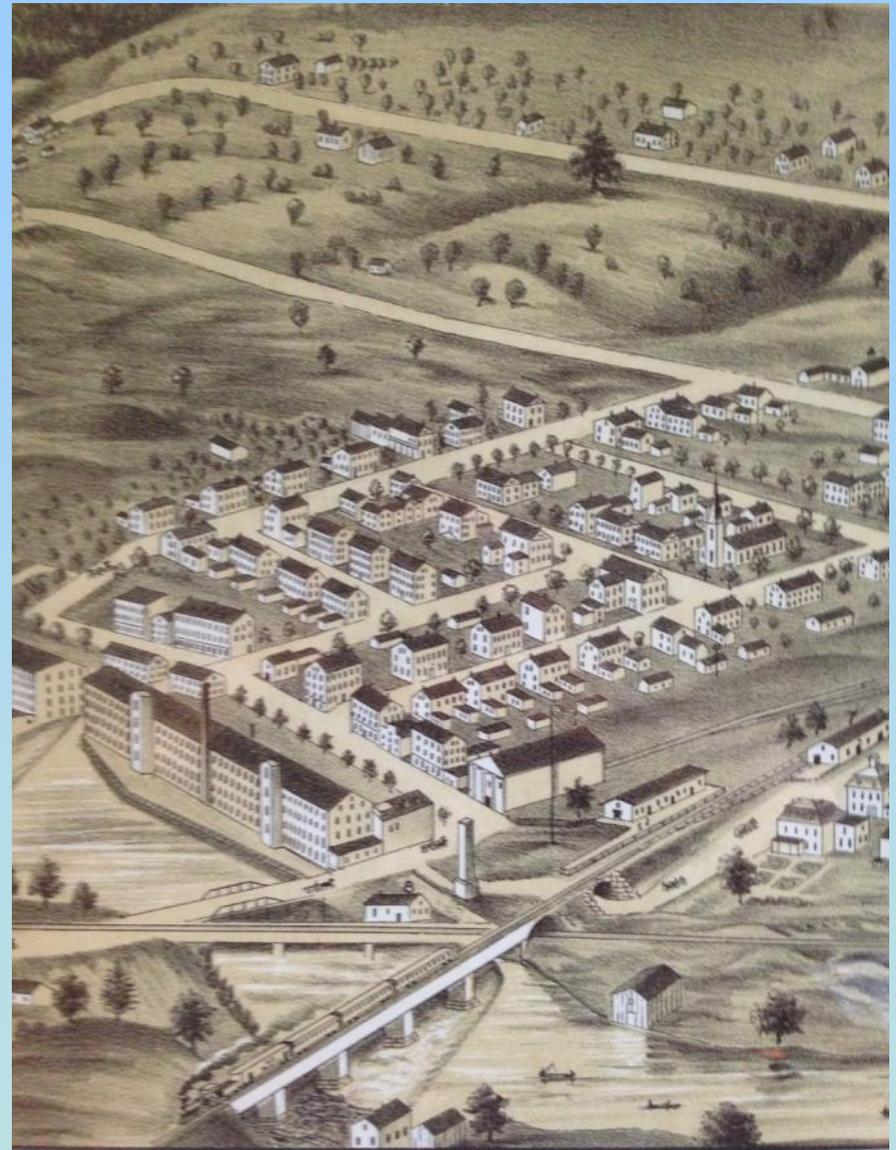
Total investment in rehabilitation & associated new construction completed or in process over the last decade!



Case Study: Rollinsford



Case Study: Rollinsford



Case Study: Rollinsford



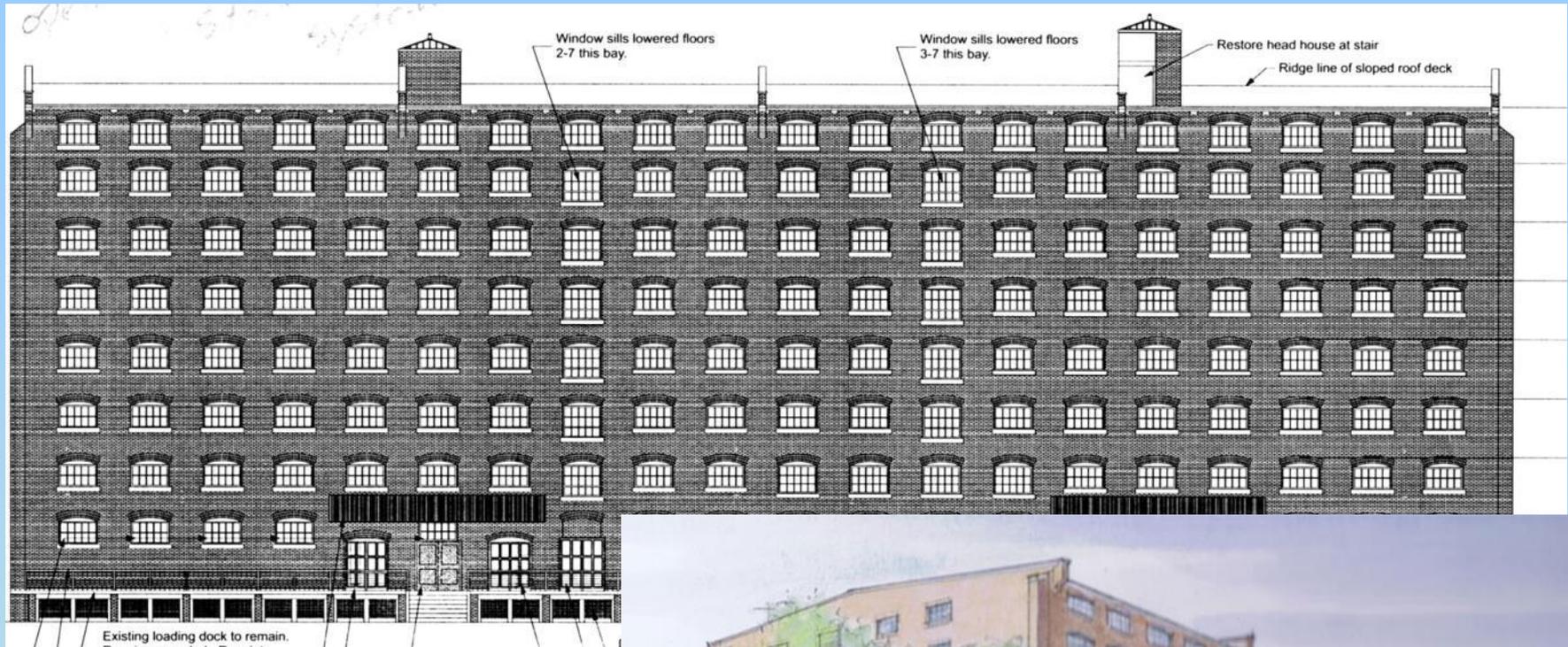
Case Study: Nashua



Case Study: Nashua



Case Study: Nashua



Used the 20% Credit with
79-E & Low Income Housing
Tax Credits



Case Study: Nashua



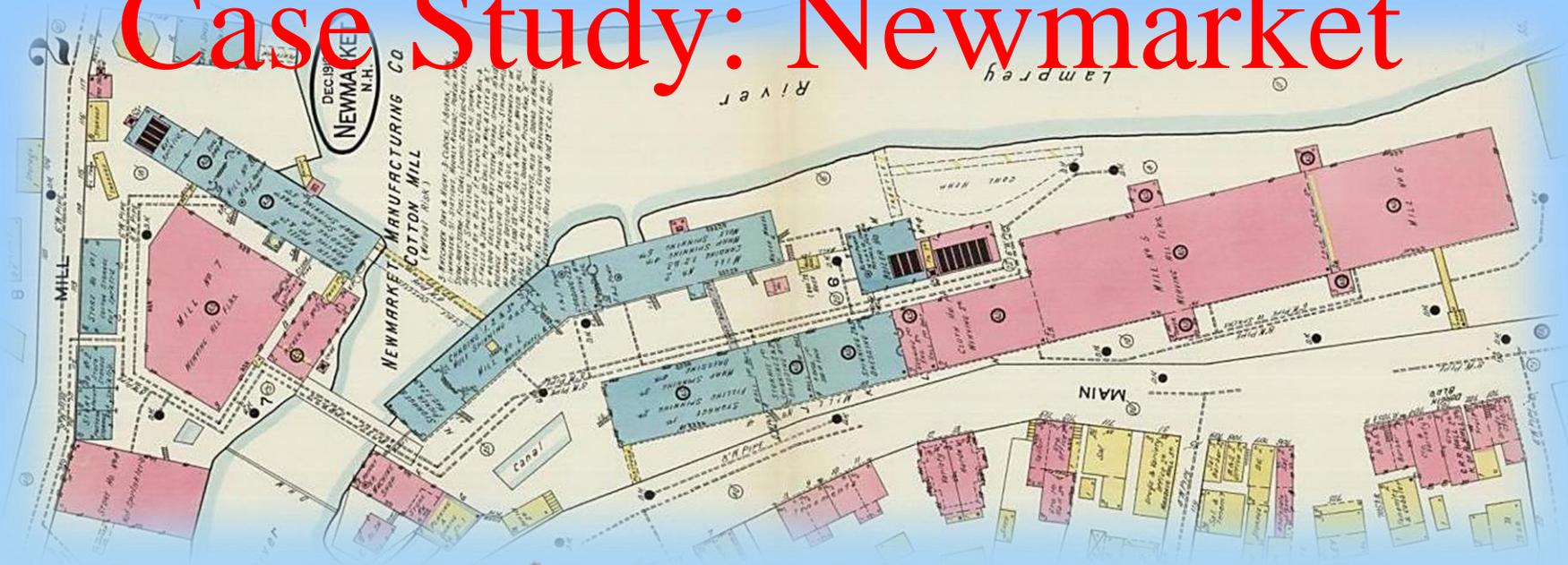
Case Study: Nashua



Case Study: Nashua



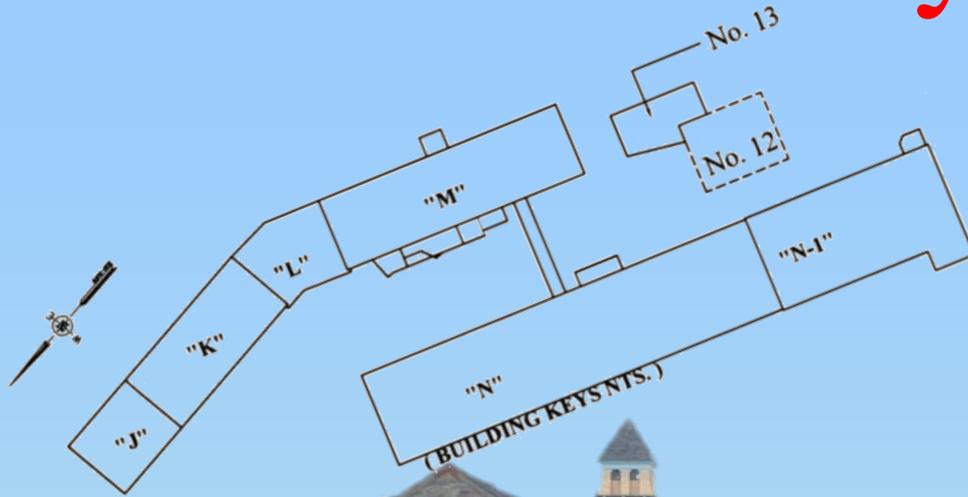
Case Study: Newmarket



Case Study: Newmarket



Case Study: Nashua



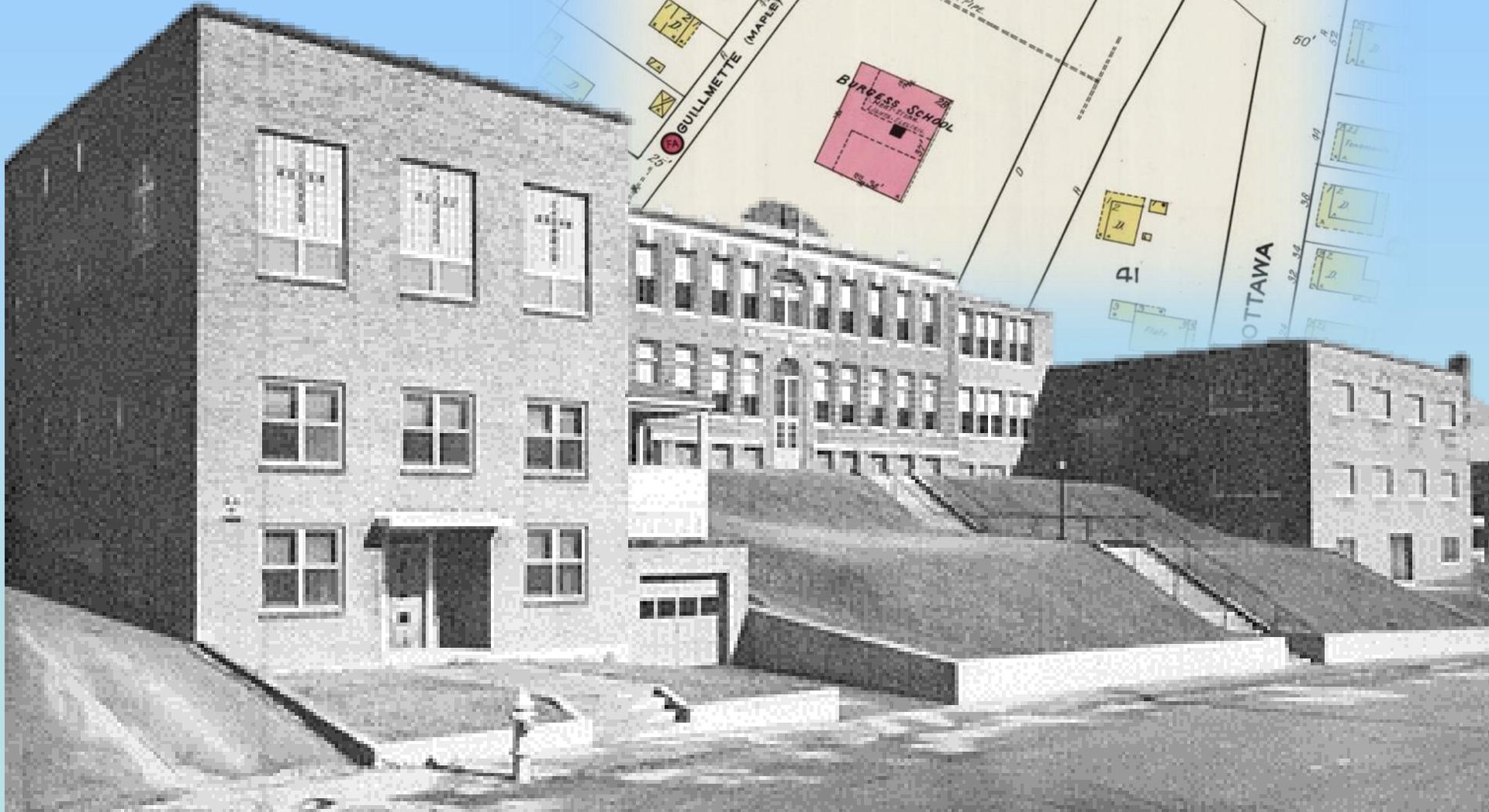
Used the 20% Credit,
79-E
& New Market Tax Credits



Case Study: Newmarket



Case Study: Berlin



Case Study: Berlin



Case Study: Berlin



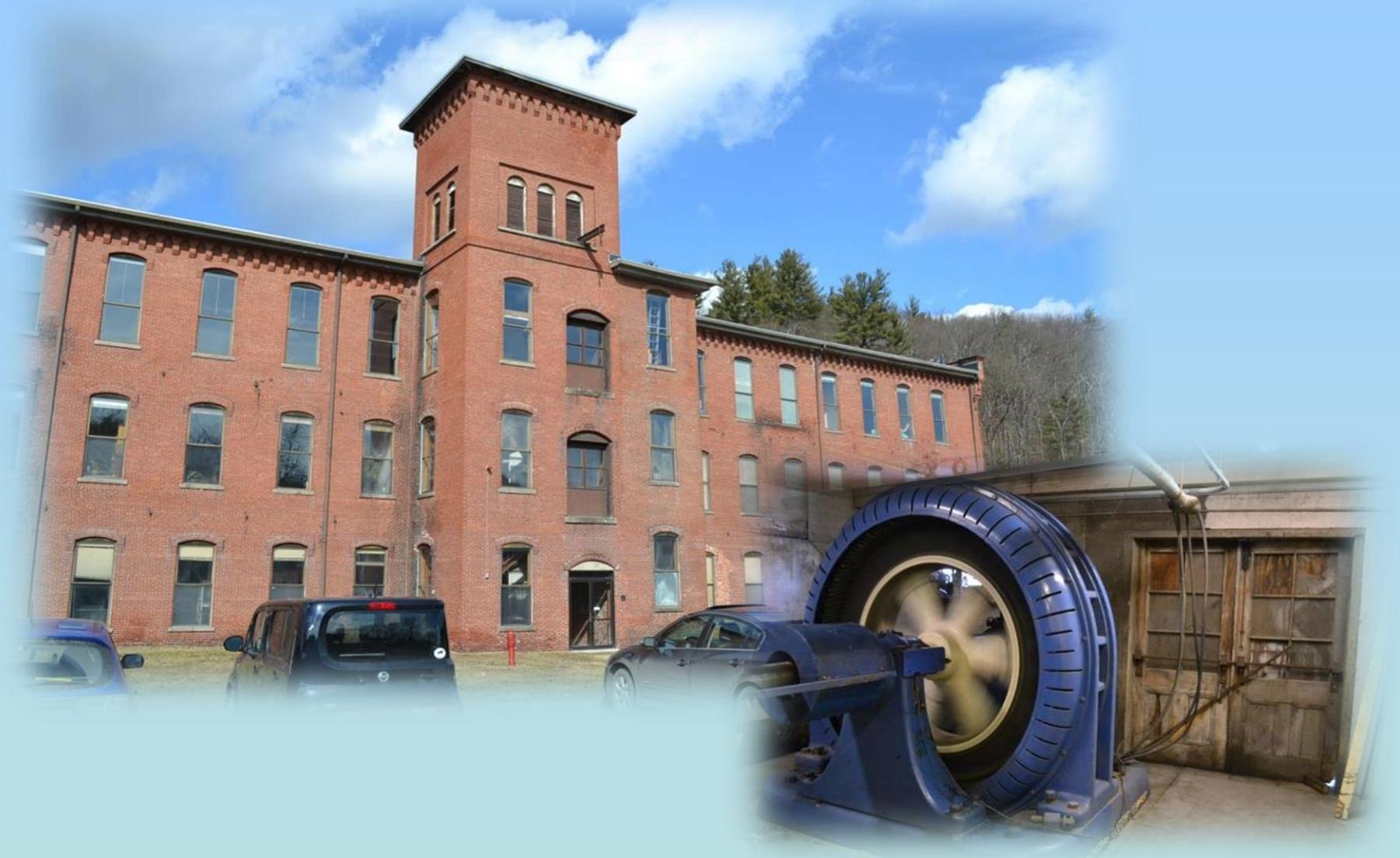
Case Study: Berlin



Case Study: Berlin



Case Study: Milford



Case Study: Milford



Unexpected
Challenges



Case Study: Milford



Used the 20% Tax Credit & Low Income Housing Tax Credits.



Case Study: Milford



Case Study: Oscar Brown Block, Claremont, NH



Built in 1860 in what is the center of Claremont's historic downtown.
Listed to the National Register as a contributing resource in the
Downtown Claremont and Lower Village Historic District



Case Study: Oscar Brown Block, Claremont, NH



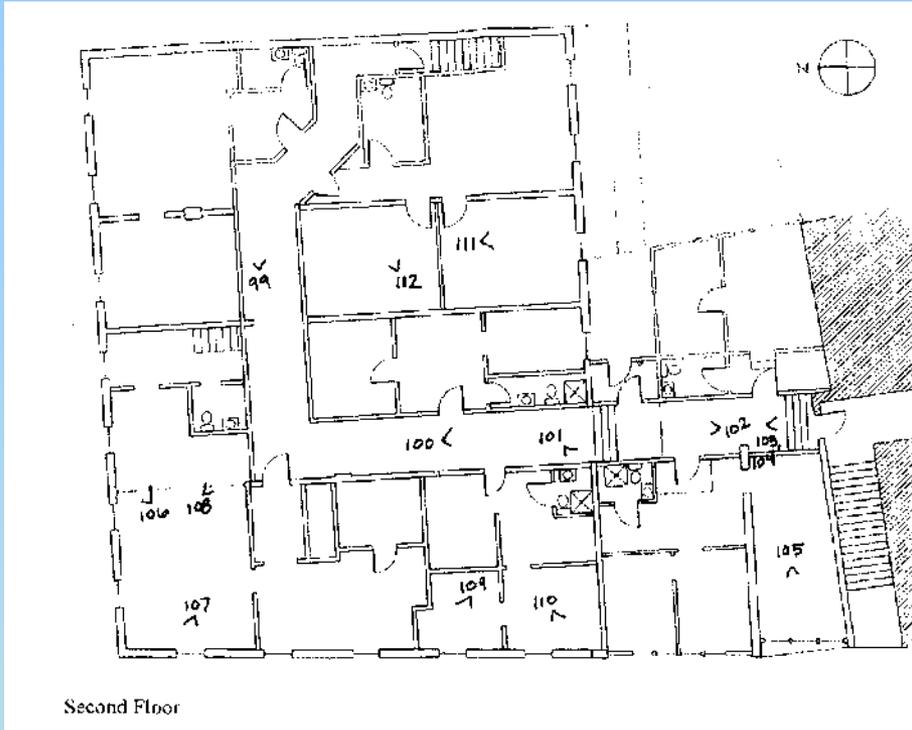
Altered several times after a first floor fenestration change in 1930, time was not kind to the Oscar Brown Block...



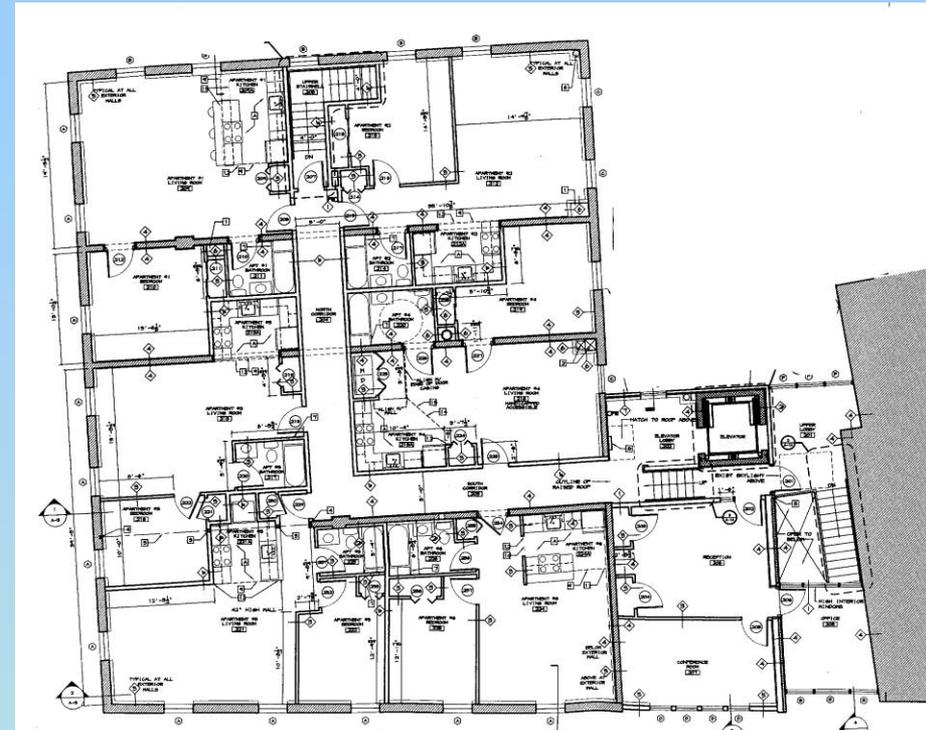
Case Study: Oscar Brown Block, Claremont, NH



Case Study: Oscar Brown Block, Claremont, NH



Before Rehabilitation



After Rehabilitation



Case Study: Oscar Brown Block, Claremont, NH

**BROWN BLOCK DEVELOPMENT COMPANY, LLC
SCHEDULE OF DEVELOPMENT COSTS AND
HISTORIC TAX CREDIT CALCULATION
As of December 31, 2008**

	Total Costs Incurred	Eligible Historic Tax Credit Basis	Non-Eligible Historic Tax Credit Basis
Construction costs	\$ 2,216,748	\$ 2,024,118	\$ 192,630
Land and Building acquisition	178,150	-	178,150
Architect's fee/site plans	213,484	213,484	-
Environmental	157,615	157,615	-
Legal	30,376	30,376	-
Insurance	12,523	12,523	-
Mortgage legal/inspections	7,650	7,650	-
Construction interest	86,401	86,401	-
Organization	300,738	-	300,738
Taxes	6,719	6,719	-
Management fees	64,431	64,431	-
Federal Historic Tax Basis	\$ 3,274,835	2,603,317	\$ 671,518
Federal Credit Rate		20%	
Federal Historic Tax Credit		\$ 520,663	



Other For-Profit Incentives

- **Low Income Housing Tax Credits:** Administered through the New Hampshire Housing Finance Authority. The Low Income Housing Tax Credit Program (LIHTC) provides a strong incentive for private investment in new, affordable rental housing. Eligible projects receive federal income tax credits over a ten year period, commensurate with the percentage of the units set aside for eligible households. In order to be eligible, a minimum of 20% of the project must be targeted to households earning 50% or less of median area income, or 40% of the project must be targeted to households earning 60% or less of median area income. Sponsors commit to the affordability levels for 99 years.



Other For-Profit Incentives

- **RSA 79-E COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE:** Enabled and administered by the local municipality. RSA 79-E is a property tax relief program that seeks to encourage investment in town centers and to rehabilitate under-utilized buildings within these areas. The application process is made to the governing body by property owners desiring to make improvements that meet 79-E guidelines as well as the public benefit test. In return, the governing body may provide tax relief at a pre-rehabilitation value for a finite period. This program does not usually require formal review by the State Historic Preservation Office.
- **Newmarket Tax Credits:** Administered through the New Hampshire Business Finance Authority. Federal guidelines require that investments meet two criteria:
 - Projects must be located in low-income communities-defined as having a median income below 80% of the median income in the surrounding area.
 - Projects must show that they provide substantial benefits to their communities including employment creation/retention, tax base expansion, or reuse of Brownfield sites. Priority is given to projects located in areas with higher poverty and unemployment, lower median incomes, and that are targeted by federal, state, or local programs for redevelopment. This program does not usually require formal review by the State Historic Preservation Office.



Incentives for Government & Non Profit Owned Buildings

- **LCHIP:** Grant program administered by the Land & Community Investment Program for buildings listed to or determined eligible for the National and/or State Registers. Grants require a match and all work must comply with the “Secretary’s Standards.”
- **Conservation License Plate Funds:** Grant program administered by the NH Division of Historical Resources for buildings listed to or determined eligible for the National and/or State Registers. The grant requires no match and has a cap of \$10,000.00
- **Certified Local Government:** Grant program administered by the NH Division of Historical Resources. Construction grants are applicable for municipally owned buildings, open to the public, and listed to the National Register. A community **MUST** be a Certified Local Government to apply. Construction grants are given a lower funding priority to survey grants and are not always funded.



Incentives for Government & Non Profit Owned Buildings

- **USDA Rural Development Funds** : Administered by the United States Department of Agriculture. The RBEG program is a broad based program that reaches to the core of rural development in a number of ways. Examples of eligible fund use include: Acquisition or development of land, easements, or rights of way; construction, conversion, renovation, of buildings, plants, machinery, equipment, access streets and roads, parking areas, utilities; pollution control and abatement; capitalization of revolving loan funds including funds that will make loans for start ups and working capital; training and technical assistance; distance adult learning for job training and advancement; rural transportation improvement; and project planning. Any project funded under the RBEG program should benefit small and emerging private businesses in rural areas. Small and emerging private businesses are those that will employ 50 or fewer new employees and have less than \$1 million in projected gross revenues. This program requires formal review by the New Hampshire State Historic Preservation Office.



Will these Programs Work for Me Financially?

Applicants are strongly advised to consult an accountant, tax attorney, or other professional tax advisor, legal council, or the Internal Revenue Service for help in determining whether these incentives pertain to their own situations.



Department of the Treasury
Internal Revenue Service



What do I Need to Move Forward?

Never Underestimate the Value & Necessity of a
Good Preservation Consultant...

Provides Guidance

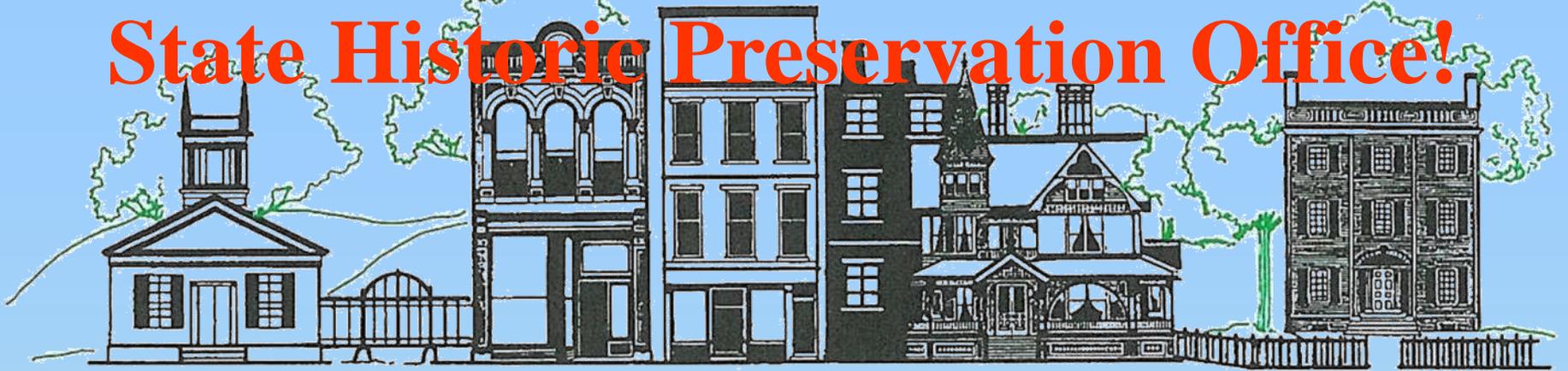
*Interprets the Nuances of the
Secretary's Standards*

*Interprets Your Project Goals
Successfully to the Park Service*

*Helps You Move Forward With
The PTI Process*



**Before you Begin, Contact your Local
State Historic Preservation Office!**



NEW HAMPSHIRE DIVISION OF HISTORICAL RESOURCES

Peter Michaud

**National Register, Preservation Tax Incentives,
& Easements Coordinator**

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