

A Report by a Panel of the

**NATIONAL ACADEMY OF
PUBLIC ADMINISTRATION**

For the U.S. Department of the Interior, National Park Service

BACK TO THE FUTURE:

A Review of the National Historic Preservation Program

2007



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December 2007

**BACK TO THE FUTURE:
A Review of
the National Historic Preservation Program**

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First Published December 2007

Printed in the United States of America
ISBN 1-57744-163-X

Academy Project Number: 2111-000

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FOREWORD

America's wealth of historic properties and abundant cultural resources deeply enrich our lives, offering connections to our past and insights into our national character. The National Historic Preservation program is not a "program" in the conventional sense. It is a continuously evolving partnership among state and local governments, tribes, property owners and the private sector, working in concert with the National Park Service, the Advisory Council on Historic Preservation and other federal agencies.

The Academy appreciates the opportunity to conduct this independent review of the National Historic Preservation program for the National Park Service. The Project Panel overseeing this effort finds that the ambitious vision the National Historic Preservation Act set forth more than four decades ago is being largely realized. Far beyond "saving old buildings," historic preservation has become a primary driver of economic development in hundreds of communities. Each year, historic preservation leverages billions of dollars in private investment, which revitalizes downtowns, generates jobs, creates affordable housing, spawns small businesses and expands property tax rolls.

At the same time, the Panel recognizes that increased workloads are straining the resources of state and tribal historic preservation offices and the National Park Service. To increase the benefits of the National Historic Preservation program, the Panel suggests improvements to build capacity, enhance performance and strengthen national leadership.

We extend our appreciation to the members of the Panel for their excellent work, to the project Working Group for their insights and advice, and to the project team for their fine contributions. We also thank the staff of federal, state, local, and tribal governments and the preservation experts, practitioners and advocates who generously contributed their time, expertise and perspectives to this important effort.



Jennifer L. Dorn
President and Chief Executive Officer

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ACRONYMS

Academy	National Academy of Public Administration
ACHP	Advisory Council on Historic Preservation
CDBG	Community Development Block Grant
CLG	Certified Local Government
COSCDA	Council of State Community Development Agencies
DHS	Department of Homeland Security
DOI	United States Department of the Interior
EIS	Environmental Impact Statements
FCC	Federal Communications Commission
FHWA	Federal Highway Administration
FTE	Full-Time Equivalent
GSA	General Services Administration
HPF	Historic Preservation Fund
LEED	Leadership in Energy and Environmental Design
NATHPO	National Association of Tribal Historical Preservation Officers
NCPTT	National Center for Preservation Technology and Training
NCSHPO	National Conference of State Historic Preservation Officers
NHPA	National Historic Preservation Act
NPS	National Park Service
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PART	Program Assessment Rating Tool
SHPO	State Historic Preservation Office
THPO	Tribal Historical Preservation Office

EXECUTIVE SUMMARY

In 1966, the National Historic Preservation Act set forth an ambitious vision for preserving and protecting the nation's historic properties and cultural resources. Four decades later, the National Historic Preservation program is working to realize this vision through a partnership involving the National Park Service, the Advisory Council on Historic Preservation, other federal agencies, state and local governments, tribes, property owners, and the private sector.

Historic preservation programs differ significantly from state to state, based on the flexibility provided by the original act, which is a highly valued hallmark. The National Park Service's (NPS) formula-based grants to State Historic Preservation Offices (SHPOs) and Tribal Historic Preservation Offices (THPOs) provide a dependable base of support for state and tribal programs, facilitate performance of essential national functions, and encourage consistency among states and tribes.

Signs of the National Historic Preservation program's success are apparent:

- Public awareness and support have grown to make preservation a widely held core value.
- Historic preservation has become a primary driver of economic development in hundreds of communities – revitalizing downtowns, generating jobs, creating affordable housing, and building local property tax bases.
- Many states and cities aggressively support preservation through tax incentives, “bricks and mortar” loans and grants, transportation enhancement funds, historic easements, local landmark designations, heritage tourism, and statewide “main street” programs.
- A cross section of preservation experts, practitioners, and advocates view all major elements of the National Historic Preservation Program to be credible, fair, and equitably administered, including the National Register of Historic Places, the Secretary of the Interior's Standards, and the Federal Historic Rehabilitation Tax Credit Program.

Nevertheless, funding constraints, workload increases, and changes in the field are straining the capacity of NPS, SHPOs, and THPOs and limiting their effectiveness. Since 1980, inflation has far outpaced funding for federal formula grants for historic preservation. Meanwhile, steady increases in the number and complexity of Section 106 and tax credit reviews have exacerbated the “funding squeeze.” Moreover, federal regulatory deadlines for completing these reviews have left many SHPOs operating in a reactive mode and less able to forge the creative partnerships with other agencies and the private sector that have kept the preservation field vibrant. At the same time, the preservation field is facing new challenges, including clarifying priorities for properties from the post-World War II building boom and broadening diversity to ensure that historic preservation “speaks to all Americans.”

In addition to the obvious differences in the nature of their historic and cultural resources, the challenges that THPOs face differ fundamentally from their state counterparts. While SHPOs have received federal grants to help build their capacity for almost 35 years, most THPOs have received formula grants for less than ten years, and some for only a few years. In addition, the

typical THPO grant is a small fraction of the typical state grant and frequently not enough to support a single staff person and basic office expenses. As a result, most THPOs' programmatic infrastructure is limited and many lack critical mass for effective operations.

Chapter 4 of its report presents the Panel's specific recommendations for improving the performance of the National Historic Preservation program, which are summarized below by agency.

Department of the Interior (DOI)

The Panel recommends that DOI, in consultation with NPS, request funding and FTE increases in Fiscal Year 2009 and beyond to address past workload increases and redress, at least in part, the significant decline in inflation adjusted funding.

National Park Service

The Panel recommends that NPS, in consultation with DOI and ACHP, as appropriate:

- Lead an inclusive planning process for a high profile celebration of the 50th Anniversary of the National Historic Preservation Act.
- Convene national conferences (with action agendas) on sensitive and emerging issues, including performance measurement.
- Develop educational materials that highlight the benefits of state historic preservation rehabilitation tax credits and other incentives for state and local political leaders.
- Encourage and assist federal agencies that own historic properties to be better stewards.
- Work with national partners to develop a high profile national award program to honor and reward best practices by federal agencies, SHPOs, THPOs and CLGs.
- Provide global leadership to strengthen international exchanges on preservation best practices.
- Take maximum advantage of information technologies by negotiating an umbrella contract to help states digitize historic records and by completing the redesign of NPS's website.
- Work to strengthen professionalism in the historic preservation field.
- Engage SHPOs and THPOs to develop agreement on performance criteria that better reflect workload, performance, and outcomes and develop guidelines to implement Tier III of the HPF apportionment formula.
- Assess SHPO and THPO performance at least every five years and provide on-site technical assistance to at least five state and tribal grantees each year.
- Develop and deliver additional training courses and technical materials on critical issues.
- Create an NPS-tribal working group to draw lessons from the past decade and recommend strategies to strengthen THPO capacity, improve performance, ensure accountability commensurate with funding, and engage tribes more fully.

- Make consolidated comparisons of grantees' performance publicly available.

Advisory Council on Historic Preservation (ACHP)

The Panel recommends that ACHP:

- Perform a workload analysis to compare THPO and SHPO workloads associated with Section 106 reviews and evaluate the resource implications.
- Develop a performance measurement system to provide regular feedback to federal agencies on their compliance with and good faith implementation of Section 106.
- Ensure that national programmatic agreements are regularly reviewed to ensure satisfactory performance.

Office of Management and Budget (OMB)

The Panel recommends that OMB form a “community of interest” among federal program managers who administer block grant and formula grant programs to learn from each other how to improve accountability, measure results, and continuously improve performance.

CHAPTER 1

INTRODUCTION

GENESIS AND SCOPE OF THIS REVIEW

In July 2007, the National Park Service (NPS) contracted with the National Academy of Public Administration (the Academy) to undertake an independent review of the National Historic Preservation (NHP) program. NPS commissioned this review to implement the management improvement plan agreed to by the Office of Management and Budget (OMB) as follow-on to OMB's 2003 Program Assessment Rating Tool (PART) review, which judged the NHP program "moderately effective." This PART review noted that the NHP program had never been independently reviewed and recommended that NPS strengthen the performance assessment capability of the NHP program and link its budgeting more closely to performance.

This program review covers the range of activities that NPS carries out with State Historic Preservation Offices (SHPOs) and Tribal Historical Preservation Offices (THPOs) that are funded by annual formula grants from the Historic Preservation Fund (HPF). This review encompasses the core functions of SHPOs and THPOs, including: surveys of historic and cultural properties; preparation of nominations of historic properties for the National Register of Historic Places; Section 106 reviews to assess the impact of a broad range of federal activities on historic places; and administration of the Federal Historic Rehabilitation Tax Credit Program. In addition, the review covers NPS's management of the National Historic Preservation program, including its oversight of grants to SHPOs and THPOs and the technical assistance, training, and other support NPS provides to state and tribal grantees and Certified Local Governments (CLGs), which are designated to carry out various activities to advance historic preservation.

The review focuses on the management and operation of the NHP program, with a special emphasis on measuring and improving program performance. The review does not attempt to measure the overall benefits and impact of historic preservation, such as the economic development benefits of federal and state historic rehabilitation tax credits, which have been documented extensively elsewhere. The review also does not cover discretionary grants funded from the HPF, such as Save America's Treasures, Preserve America, discretionary grants to Historically Black Colleges and Universities, and discretionary grants to tribes.

NATIONAL HISTORIC PRESERVATION PROGRAM

The NPS is a federal agency that is part of the U.S. Department of the Interior (DOI). NPS administers the NHP pursuant to the National Historic Preservation Act of 1966 (NHPA), providing funding, technical assistance, and oversight to states and tribes.

The NHPA was enacted in 1966 to coordinate federal and state efforts to preserve historic properties and cultural resources nationwide, to encourage private agencies and individuals undertaking preservation by private means, and to assist state and local governments and the

National Trust for Historic Preservation to expand and accelerate their historic preservation programs and activities. It also established the National Register of Historic Places to recognize and designate historic properties of national, state, and local significance. The 1966 Act also established the Advisory Council on Historic Preservation (ACHP) as an independent agency to promote and strengthen historic preservation, serve as the federal policy advisor on historic preservation to the President and the Congress, review federal programs, recommend legislation, and administer Section 106 of NHPA to ensure that federal activities take historic preservation into account through a consultative process with the states.

The National Historic Preservation program is a partnership among numerous agencies at various levels of government and the private sector. Because the vast majority of historic properties in the U.S. are owned and maintained by private property owners, SHPOs and THPOs work indirectly to preserve historic properties and cultural resources by creating incentives for preservation and disincentives for their destruction.

At every level of government, public/private partnerships help to advance historic preservation. As the National Historic Preservation Act envisioned more than 40 years ago, the NPS and National Trust for Historic Preservation constitute an important public/private partnership. While the NPS carries out major public responsibilities, the National Trust broadens the participation of Americans in preserving our country's heritage by providing leadership, education, advocacy, and resources to save America's diverse historic places and revitalize communities.

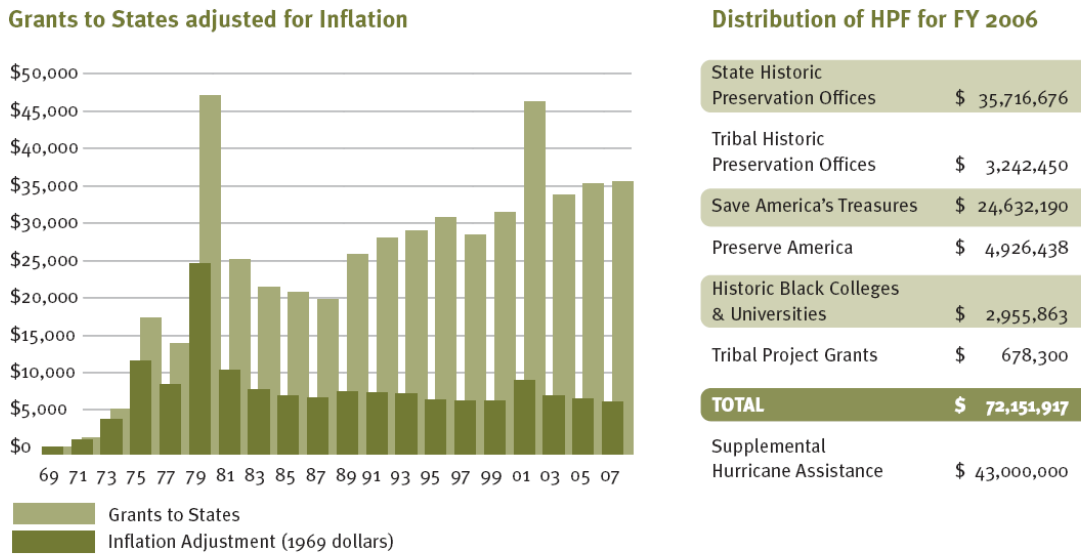
Similar public/private partnerships operate at the state level between SHPOs and nonprofit statewide preservation organizations. Today there are 40 such statewide organizations, most of which work closely with their respective SHPOs. At the community level, CLGs often work with local nonprofit preservation organizations, with the latter building community support for the public roles of the CLGs. Thus multi-tiered partnerships in which the NPS is a lead participant are at the core of the preservation movement.

Across the country, state historic preservation programs differ significantly in the extent to which they go beyond meeting minimum federal requirements. A few states do little beyond administering the core federal program, relying on in-kind contributions to fulfill the matching requirement. Many other state and local programs go far beyond federal requirements in scope and function, in that they administer state historic rehabilitation tax credits, property tax abatements, and "bricks and mortar" loan and grant programs. Preservation advocates and experts view the rich diversity of state programs as a laboratory for experimentation and an inherent strength of the National Historic Preservation program.

The NPS funds core activities of SHPOs and THPOs through annual formula grants from the Historic Preservation Fund, which is a trust fund (a mechanism for separate accounting) in the U.S. Treasury that is funded by Outer Continental Shelf Oil and Gas revenues, authorized at \$150 million annually. Each year, Congress appropriates funds to the NPS and the ACHP to support the NHP program. Federal funding for the National Historic Preservation program competes with other domestic discretionary programs in the President's budget and through the annual congressional appropriations process.

The total amount appropriated from the HPF in Fiscal Year 2006 was \$72,172,317. Formula grants to 59 SHPOs (50 states, the District of Columbia, and 8 territories) and 70 THPOs account for the largest distribution from the HPF. In Fiscal Year 2006, state and territorial historic preservation offices received \$35,716,676 in formula grants and THPOs received \$3,242,450. Figure 1 below provides an overview of trends in the federal funding to states in both actual and real (adjusted for inflation) dollars, and funding levels for various other activities. As the chart reflects, inflation-adjusted funding levels for SHPOs have declined since 1979.

Figure 1. Fiscal Year 2006 Funding Overview



For the past 12 years, the NPS has used a three-tiered, administratively-set formula to apportion funds to states based on the following factors:

- Tier 1—Base Award. NPS allocates an equal share to each state of the first \$20,000,000 appropriated (approximately \$357,000 per state).
- Tier 2—Noncompetitive Factors. NPS allocates appropriations from \$20,000,000 to \$50,000,000 based on population, land area, and historic resources.
- Tier 3—Preservation Initiatives. NPS allocates appropriations higher than \$50,000,000 based on competitive factors to be determined in consultation with SHPOs.

Tier 3 has never been “activated,” because the amount appropriated for SHPOs has never exceeded \$50,000,000.

SHPOs (except for insular areas) are required to provide matching funds at at least a 60/40 (federal/state) ratio and pass through at least 10 percent of their annual HPF formula funds to CLGs. At present, approximately 1,600 local governments are certified.

SHPOs and THPOs develop an annual plan each year and submit end-of-year reports to NPS. Pursuant to their grant agreements with NPS, SHPOs and THPOs have flexibility in making funding decisions within a broad range of eligible activities.

SHPOs are responsible for carrying out a number of functions, the most significant of which include:

- Comprehensive surveys of historic and cultural properties, maintaining inventories of historic properties, and preparation of nominations for listing in the National Register.
- Section 106 reviews to assess the impact of a broad range of federal activities on historic and cultural resources.
- State administration of the Federal Historic Rehabilitation Tax Credit Program, which provides an incentive for owners to rehabilitate eligible income-producing properties.

Amendments to NHPA in 1992 granted Native American tribes autonomous authority to oversee the historic preservation of cultural resources and historic properties on tribal lands and authorized NPS to make annual grants to THPOs. NPS made the first formula grants to 15 THPOs in 1996, and the number has since increased to 70 in Fiscal Year 2008. Federal grants to THPOs are not subject to matching requirements. The functions that THPOs carry out include the following:

- Identification and maintenance of inventories of culturally significant properties.
- Nomination of properties to national and tribal registers of historic places.
- Section 106 reviews of federal activities that may affect historic resources.
- Educational programs on the importance of preserving historic properties.

In 1995, NPS centralized a number of historic preservation functions from its regional offices to headquarters, including administration of the Federal Historic Rehabilitation Tax Credit Program and HPF grants administration. The structure of NPS regional offices and number of staff devoted to residual program activities varies from region to region.

CURRENT NATIONAL PARK SERVICE PERFORMANCE MEASURES

NPS measures the National Historic Preservation Program's performance through PART approved outcome, output, and efficiency measures, and through HPF end-of-year reports submitted by SHPOs and THPOs.

PART Approved Measures

The 2003 PART identified six performance measures for the National Historic Preservation Program. The NPS also collects additional performance information from SHPOs and THPOs through end-of-year reports.

Outcome Measures

1. *Number of historic properties newly designated as National Historic Landmarks.* Although landmark designation does not confer protective status, the listing itself acts as a deterrent against actions that would adversely affect the historic value of the property.
2. *Percent of designated National Historic Landmarks in good condition.* This measures the percentage of qualified landmarks that have retained the qualities that made the property eligible for designation.
3. *Number of significant historic and archeological properties that are listed in the National Register of Historic Places.* Although historic status does not confer protective status on a property or place, the listing itself acts as a deterrent against actions that would adversely affect its historic value.
4. *Percent of historic properties found eligible for National Register that are protected by federal historic preservation programs.* This measure tracks NPS's progress, over time, in protecting currently known historic properties. The targets are based on three percent annual increments to a Fiscal Year 2003 baseline.

Only one of the above measures (the second) fully qualifies as an outcome measure in accordance with PART Instructions.

Output Measure

5. *Number of significant historic and archeological properties inventoried, evaluated, and officially designated by states, tribes, and Certified Local Governments.* This measure tracks how well SHPOs, THPOs and CLGs identify and protect historic and archeological properties. Although historic designation does not confer protective status on a property or place by itself, the listing serves as the basis for protection in jurisdictions that have local laws and, in other jurisdictions, acts as a general deterrent against actions that would adversely affect the historic value of the property or place.

Efficiency Measure

6. *Cost of giving a historic property a new designation or other level of protection.* This measure divides the number of properties listed by overall program costs for SHPOs, THPOs, and CLGs.

Historic Preservation Fund End-of-Year Reports

NPS requires HPF grant recipients to complete an annual end-of-year report that describes what was accomplished with the grant funds during the previous fiscal year. Grantees report on the following eight categories, including two that are optional. NPS “rolls up” the data from grantees’ Cumulative Products Tables to produce a national portrait of historic preservation activity in the states, tribes and CLGs. The majority of the measures describe process outputs associated with the identification, survey, and listing of historic properties.

National Register:

- *Number of new nominations sent to the National Register*

Planning activities: (optional)

Review and Compliance:

- *Number of properties meeting National Register Criteria for which a written eligibility opinion is provided*
- *Number of properties not meeting National Register Criteria for which a written eligibility opinion is provided*
- *Findings of “No Properties” and/or “No Effect” on which written opinions are provided*
- *Other findings of “Effect” on which written opinions are provided*
- *Memoranda of Agreements signed*
- *Programmatic Agreements signed*

Survey and Inventory:

- *Number of properties newly added to the state inventory*
- *Area surveyed (in hectares)*

Preservation Tax Incentives:

- *Number of certification requests commented on and forwarded to NPS*
- *Certification requests for:*
 - *Evaluations of significance (part 1)*
 - *Descriptions of rehabilitations (part 2)*
 - *Certifications of completed work (part 3)*

Local Government Certification/Pass Through:

- *Number of local governments newly certified during fiscal year*
- *Number of CLGs evaluated for conformance with federal requirements*
- *Number of CLGs decertified*

Development, Acquisition, and Covenants/Pass-Through:

- *Number of predevelopment projects for which plans and specifications are reviewed*
- *Number of predevelopment projects for which historic structure reports are reviewed*
- *Number of development projects completed*
- *Number of Historic Preservation Fund covenants and preservation agreements monitored*

Other Activities: (optional)

STUDY METHODOLOGY

The Academy convened an expert Panel to review the National Historic Preservation program, monitor the project's progress, and make recommendations for improving performance. Biographic sketches of the three Panel members and project staff are in Appendix A.

In addition, the Academy appointed a Working Group of individuals who have extensive experience in and knowledge of the NHP program. Members of the Working Group, who are listed in Appendix B, provided assistance, advice, and input to the Panel.

This National Historic Preservation program review relies on three primary research methods:

- Background interviews with NPS staff and members of the project Working Group;
- Interviews with 40 stakeholders who have a variety of perspectives about the operations and effectiveness of federal, state, local, and tribal historic preservation efforts; and
- Reviews of various published studies.

Design of Stakeholder Interviews

The Panel sought to gain a breadth of perspectives through interviews with historic preservation practitioners and experts, as well as both public and private sector users and beneficiaries. The Panel developed a draft Interview Plan, which proposed how to allocate interviews among different categories, identified interview candidates within each category, and presented specific interview questions. At the Panel's request, members of the Working Group provided comments and suggestions on both the questions and candidates for interviews. The Panel took the Working Group's suggestions into account in making its final decisions about both the individuals to be interviewed and the interview questions to be used.

Forty stakeholder interviews were conducted across the following categories:

State Historical Preservation Offices	8
Tribal Historical Preservation Offices	3
Certified Local Government	3
Developers and Consultants	3
Preservation Advocates and Experts	
• National scope	5
• State focus	3
• Local focus	2
Other for-profit private sector	1
Other state and local agencies	4
Federal agencies	<u>8</u>
Total	40

The Academy study team interviewed each stakeholder for approximately 45-60 minutes, primarily through telephone conversations. Interviewees were assured their responses would be held in confidence and told the results of the interviews would be aggregated. Appendix C lists the individuals contacted by the study team for stakeholder interviews as well as for background interviews.

Appendix D provides the universe of questions used for stakeholder interviews. For each interview, a subset of questions was used that reflected the interviewee's involvement in and perspective on historic preservation.

While the 40 stakeholders interviewed reflect a broad spectrum of perspectives, not all disciplines, fields, and roles were represented. Nor were the individuals interviewed intended to provide a representative sample of historic preservation experts or practitioners. Nonetheless, the Panel believes that these interviews provide a good sense of important issues related to measuring and improving the performance of the NHP program. This report highlights important issues from the stakeholder interviews but does not provide a comprehensive summary of all observations and recommendations offered.

CHAPTER 2

RESULTS OF STAKEHOLDER INTERVIEWS

This chapter summarizes the results of interviews with 40 stakeholders who offered a variety of perspectives on historic preservation from across the nation. For most questions, the answers provided by interviewees from different sectors converged to a high degree. On issues for which clear differences of opinion emerged, this report highlights respondents' categories of affiliation.

In cases in which issues apply to both states and tribes, the discussion below refers to both SHPOs and THPOs. In cases in which issues only apply to states, the discussion below refers only to SHPOs. Issues that are unique to THPOs are discussed in a separate section.

We organized the results of stakeholder interviews as follows:

- Evolution of National Historic Preservation Efforts
- Historic Preservation Program Workload and Funding
- Performance Measurement
- Section 106 Reviews
- Surveys and National Register Listings
- Federal Historic Rehabilitation Tax Credits
- Certified Local Governments
- Tribal Historic Preservation Programs
- Historic Preservation and Other Federal Agencies
- Technical Assistance, Training, and Technical Information
- Leadership by the National Park Service

EVOLUTION OF NATIONAL HISTORIC PRESERVATION EFFORTS

The overwhelming sentiment of those interviewed is that historic preservation has undergone a fundamental “sea change” over the past decade that has broadened awareness and support and increasingly integrated preservation into other priorities. Many respondents described this change in similar ways, as reflected by the following comments:

- “Historic preservation is now viewed as a legitimate goal, not a radical notion.”
- “Historic preservation is now widely considered a core program, not an enrichment program.”

- “Historic preservation is now recognized to be a catalyst for economic development and downtown revitalization, not a nuisance or a luxury.”
- “Historic preservation isn’t the answer to all urban problems, but its part of the answer to most of them.”

Almost to a person, respondents attribute this change in sentiment to recognition of historic preservation’s collateral benefits beyond simply “saving old buildings.” The linkage between historic preservation and economic development is cited most frequently. In city after city, historic preservation is widely recognized as the leading catalyst for downtown revitalization. The rehabilitation and maintenance of dilapidated older properties also generates jobs, creates housing units, and builds the local property tax base. Governors and mayors also increasingly recognize historic preservation as a magnet for tourism, a top priority for many jurisdictions.

Another measure of historic preservation’s acceptance is its increased integration into other systems and processes, such as comprehensive land use plans, zoning, transportation planning, environment reviews, affordable housing, tourism, etc. For example, over the past ten years, historic preservation projects have created more than 20,898 affordable housing units.

Interviewees indicated that public awareness and support for historic preservation has grown significantly in most cities and states. In addition, growing political support for preservation at both the state and local level is evidenced by many factors, including the following:

- Many states commit significantly more funds to historic preservation than needed to meet the federal matching requirement.
- A significant number of cities and states have committed general funds or bond revenues for “bricks and mortar” grants to improve historic properties.
- Many states have created state income tax credits for historic rehabilitation, which mirror and, in many cases, go beyond the federal tax credit program.

Several respondents noted the significant growth in knowledge and professionalism in the field over the past 5 to 10 years, not just among SHPOs and THPOs but also within other federal and state agencies. In addition, understanding and savvy have grown in the private sector in many cities, as architects, consultants, developers, lenders, and property owners have learned to navigate the complexities of qualifying for historic preservation tax credits. Lastly, manufacturers have developed a number of new building products that meet the Secretary of the Interior’s Standards for rehabilitating historic properties.

The historic preservation field’s definition has also expanded. Recognition of what is historically significant has expanded beyond the traditional realm of “rich old white men’s homes” (as one respondent put it) to recognize that preservation needs to embrace “everyone’s history.” For the past decade, NPS has administered the Cultural Resources Diversity Program, including an internship program in which many SHPOs participate. At the same time, some interviewees were frustrated by the pace of change in recognizing and preserving buildings and

places of historic significance to African Americans, Native Americans, Asian Americans, and Hispanic Americans.

Many respondents described how the role of most SHPOs has changed over the past decade from an emphasis on “promotion” to an increasingly reactive and “regulatory” approach. Steady increases in the number and complexity of Section 106 reviews and tax credit applications are primarily responsible for driving this change.

While virtually all those interviewed emphasized the extent to which the preservation movement has matured and progressed over the past decade, most interviewees noted that progress is uneven and incomplete. The following sections provide more detail on the current issues that interviewees highlighted as important.

HISTORIC PRESERVATION WORKLOAD AND FUNDING

The workload of most SHPOs has increased steadily in recent years for both Section 106 reviews and tax credit projects. For Section 106 reviews (see Appendix E), both the number of reviews and their complexity has increased, even while national programmatic agreements have eliminated the need for SHPOs to review many relatively simple projects. Respondents variously described the increase in Section 106 reviews as “crushing,” “relentless,” and “like running a factory assembly line.” In addition, many SHPOs have experienced a significant increase in the number and complexity of tax credit project reviews (see Appendix F).

It deserves emphasis that SHPOs have little or no control over their Section 106 and tax credit “portfolios” in that the volume of both depend entirely on external institutions and systems. Private developers apply for federal tax credits, and federal agencies undertaking activities that may affect historic or cultural resources initiate the Section 106 process. Moreover, SHPOs have limited discretion and flexibility in managing their Section 106 and tax credit workload because the processing deadlines are imposed by federal regulation.

As SHPO workloads have increased, the annual Historic Preservation Fund formula grant allocations have declined in real (inflation adjusted) dollars, as reflected by Figure 1 in Chapter 1. One respondent noted that the real dollar value of the current formula grant allocation represents only about 20 percent of peak funding levels in 1979-80.

The resulting funding squeeze has limited the number of staff to the point that some SHPOs are barely able to meet minimum federal requirements. For some SHPOs, the cost of conducting Section 106 reviews accounts for essentially all federal funding, “forcing” them to use state funds to cover other required national functions. The net result is that the share of federal funds over which SHPOs have discretion to pursue proactive strategies has dwindled, leaving SHPOs in a primarily reactive mode.

The NHPA requires states to provide matching funds based on a 60/40 (federal/state) ratio. As Appendix G shows, most states report to NPS just enough matching funds to provide a comfortable cushion above the required ratio. In fact, many states indicate that they commit to

historic preservation activities many times the amount of the federal formula allocation; one state reported that it “over-matches” federal funds 15 to 1. Because states are not required to report expenditures above the required ratio to NPS, no consistent data are available on the full extent of state expenditures for historic preservation. While state representatives loosely refer to such additional funding commitments as “over-match,” technically the funds states spend on preservation above the amount they report to NPS do not legally qualify as matching funds and are not subject to federal requirements. Nevertheless, many SHPOs cite their state’s significant “over-match” as evidence of their state’s commitment to preservation and proof of the inadequacy of federal formula grants.

Some states have pursued creative strategies to secure funding for additional staff to meet workload increases. For example, many SHPOs have pursued “user pays” strategies by negotiating agreements with state agencies, such as state transportation departments, to cover the salary of one or more staff to speed the processing of Section 106 reviews.

While every SHPO is responsible for carrying specified federal functions under its grant agreement with NPS, many states assign significant additional responsibilities to the SHPO. Examples include: administration of state income tax credits (including credits for owner-occupied housing), “bricks and mortar” grants and loans, statewide “Main Street” programs, historic easements, local landmark ordinances, county courthouse initiatives, museums, trails, and heritage tourism.

According to interviewees, frustration has mounted among many SHPOs as increasing workloads have stretched their staff resources thin. Many SHPOs and preservation advocates cited the National Historic Preservation Act’s vision and promise of a balanced federal-state partnership in justifying their feeling that the federal government is not living up to its end of the deal.

While some respondents were keenly aware that historic preservation must compete head-to-head against other domestic discretionary programs in the federal budget and annual appropriations process, many view the original statutory authorization of Outer Continental Shelf oil and gas revenues as an entitlement that has been denied. Frustrated by their inability to secure increased federal funds in the President’s budget request and from the Congress, preservation advocates and practitioners overwhelmingly feel that the federal government has failed to keep its part of the deal with the states. They generally attribute “blame” for tight federal funding among NPS, DOI, OMB, and the Congress.

At the same time, respondents generally expressed strong support for the structure of NPS Historic Preservation Fund formula grants. The annual allocations based on the formula are relatively stable and predictable, and the planning and reporting requirements seem reasonable. Many expressed satisfaction with the formula, while others criticized the formula as unduly favoring western states with large land areas at the expense of eastern states that have a far greater number of properties listed in the National Register. Two respondents noted that as properties built during the post-World War II boom reach 50 years of age, the significant number of these relatively newer properties will eclipse the stock of 18th, 19th, and early 20th century buildings, unless the formula is changed.

That said, even those who offered strong objections to the current formula seemed resigned to it. As one respondent noted, “Federal funds make up such a small part of our overall program that the formula is just not worth fighting over.” For context, another interviewee observed the amount of funds that state transportation agencies provide for preservation far outweigh formula grant funds from the HPF, providing “literally hundreds of millions of dollars annually” for transportation enhancement projects and mitigating the adverse impacts of transportation projects.

NPS staff report that, due in part to the additional workload related to Save America’s Treasures and Preserve America, they are “spread just as thin as the states,” an assessment that many states confirmed. For example, 7 NPS staff are responsible for overseeing more than 800 active grants, including grants to 59 SHPOs and 70 THPOs.

PERFORMANCE MEASUREMENT

Respondents’ views about the measures that NPS requires SHPOs and THPOs to report each year span a broad spectrum. About one-third of respondents indicated that NPS measures adequately reflect their program’s accomplishments. Another third indicated that, while NPS measures are relevant and important, they fail to capture and convey the impact of their work. The remainder of respondents dismissed NPS measures as “widget counting.”

Most respondents fully appreciated the distinction between outputs and outcomes. Freely conceding that most of NPS’s measures are actually outputs, they emphasized the difficulty in measuring outcomes for a program whose ultimate impact depends on action taken by private sector property owners, who typically are only indirectly influenced by SHPOs. As one respondent pointed out, “The true preservationists are private property owners who invest their money in maintaining and rehabbing older properties.” Another respondent observed, “An historic property is not just saved once; it has to be saved every year.”

Some states have their own strategic plans and sophisticated government-wide accountability systems, which track a variety of measures beyond NPS’s factors. Most of these track state-specific initiatives, such as the restoration of county courthouses and covered bridges, “bricks and mortar” grants, heritage trails, etc. Some states also track and report the nature of technical assistance provided to different client categories.

SHPOs reported that they use a variety of factors to justify funding from state governments and other sources. One SHPO reported that it justified state funding increases based on its success in leveraging funding from other sources. Another found that tracking and reporting the “timeliness of action” (e.g., the average number of days to process a tax credit application) proved to be the most compelling justification for more resources, noting the irony that, “The poorer our program performs, the stronger our case for more resources.”

Most SHPOs reported that the economic benefits associated with preservation are most persuasive with legislators, including such factors as dollars invested in rehabilitation, affordable

housing units created, and jobs generated. One respondent demonstrated his program's value to legislators through a quarterly "customer satisfaction survey" for tax credit projects, which made clear to elected representatives their constituents' satisfaction with the program.

Our interviews indicated that few states publish detailed historic preservation program measures on a regular basis. As one respondent put it, "The public doesn't care about programmatic numbers. They care about saving high profile properties." Most states highlighted specific success stories in their annual reports, such as marquee properties saved and rehabbed, often dramatized with "before and after" photographs for visual impact.

Some states highlighted special accomplishments in the narrative section of their end-of-year report, as requested by NPS, but not all states took advantage of this opportunity. Likewise, some but not all states used their end-of-year reports to NPS to make the case for their program's effectiveness to state legislatures.

When interviewees were asked what factors distinguish high-performing SHPOs from those that are struggling, the answers of SHPOs, developers, advocates, and federal agency staff converged to a great extent. Most of the characteristics they cited are difficult to quantify. They include:

- "A strong SHPO director who has the stature and credibility to deal effectively with other state agency heads."
- "Recognition that the power of preservation comes from creative partnerships and collaboration, not by standing alone."
- "Synergy with other programs is the most demonstrable proof of effectiveness and impact, which requires acceptance that historic preservation is only one aspect of the built environment ... and "appreciation that other agencies also have legitimate missions."
- Rising above "regulatory processing" is critical in order to be: "proactive in promoting preservation," "entrepreneurial in forging creative partnerships," "a creative collaborator," "a visible force," and "a facilitator."
- "A stable, experienced, and savvy staff." A number of respondents observed that many staff who are new to the field are often "starry eyed" and overly rigid. One interviewee noted, "SHPOs that are struggling have one thing in common: high staff turnover and high vacancy rates."

Respondents had varying views about the burden of annually reporting the measures that NPS requires. While most of those interviewed indicated that the reporting burden is reasonable, several felt that NPS's end-of-year reporting requirements are onerous. Several expressed appreciation that NPS centrally tabulates a number of measures for the states based on data in its electronic information system. Several SHPOs have used data reported to NPS in end-of-year reports to document their effectiveness in reports to the governor's office and state legislature.

The National Historic Preservation Act requires NPS, in consultation with the Advisory Council and SHPOs, to evaluate each SHPO for consistency with the Act at least once every four years. Between 1980 and 1995 NPS completed four rounds of detailed, on-site reviews. Many states

found these reviews inappropriately invasive, and as a result of a policy change in 1995, NPS has since met this requirement through routine oversight of the HPF grants program.

SECTION 106 REVIEWS

A majority of respondents indicated that the Section 106 review process is “working to ensure that federal agencies are taking historic preservation adequately into account.” A minority of SHPOs and preservation advocates criticized the 106 process, faulting some federal agencies for bad faith in just “going through the motions,” typically by waiting to consult with the SHPO or THPO until the “eleventh hour.”

According to our interviews, there is high variability in the attitude and approach of federal agencies to Section 106 reviews, even among field offices of the same agency. Non-federal interviewees indicated a few federal agencies are responsible for a disproportionate share of problems with Section 106 reviews, which they attributed to “agency-wide attitude problems.” Two interviewees noted problems with some federal agencies’ “micro approach that misses the forest for the trees,” such as assessing the impact of oil and gas wells one-by-one in an area that will experience hundreds or thousands of wells drilled over the next decade. All those interviewed agreed that the commitment of officials who direct and manage federal programs is critical to making the Section 106 process work.

State departments of transportation were cited most frequently for handling the Section 106 process effectively and efficiently. One close observer of state highway programs explained that pointed pressure from the Federal Highway Administration (FHWA) and the agency’s mandatory trainings precipitated an attitude shift among state programs in the 1990’s. The message from FHWA was that taxpayers (through their elected representatives) have made clear that they care about both environmental protection and historic preservation. As a result, to satisfy their “clients,” state transportation departments must embrace these goals and follow the 106 process in good faith. Several interviewees noted that some state transportation agencies are more faithful than others to this ethic and cited individual projects that stood out as “unfortunate exceptions.”

Several interviewees also noted frequent problems in federal programs that delegate responsibility for Section 106 to lower levels of government whose staff may lack understanding of and experience in the review process.

Most federal agency representatives noted high variability among SHPOs in their handling of Section 106 reviews. For example, one respondent cited one state that routinely finds every property more than 50 years old eligible for National Register designation. One federal respondent, who has a broad, long-term perspective, noted the disturbing trend that variability among SHPOs and THPOs is *increasing*. Several federal agency staff urged that SHPO staff receive additional training and technical assistance to improve the consistency of Section 106 reviews, noting that staff of state transportation agencies receive far more training in the Section 106 process than SHPO staff.

Almost all respondents reported that the Section 106 review process only rarely results in “inordinate delays” to projects. (Estimates of projects experiencing undue delays varied from 1 to 10 percent, with 5 percent cited by most.) Staff of SHPOs, THPOs, and preservation groups were adamant that the blame for those projects experiencing delays generally lies with the federal or state agency for its failure to engage in the Section 106 process early enough and to provide the required background materials. Some federal staff acknowledged that lack of preparation by federal agencies and tardy engagement with SHPOs and THPOs is often the root cause of delays in Section 106 reviews. Several emphasized the importance of federal agency top management clearly communicating that the Section 106 process must be taken seriously.

While Section 106 “horror stories” can and do arise from deadlocks over controversial projects, more routine and frequent delays are due to SHPO staff being overwhelmed by the volume and complexity of reviews. For example, a few years ago the rapid increase in Section 106 reviews related to cellular antenna installations “buried” SHPOs, with the result that hundreds of projects encountered backlogs of 6-8 months. A national programmatic agreement negotiated by the Advisory Council on Historic Preservation, the Federal Communications Commission (FCC), and the cellular industry addressed these problems. Among other things, this agreement clarified and standardized the information that cellular companies must include in applications. While the situation has since improved, the cellular industry has strongly criticized changes that the FCC made at the end of this process, which they believe require unnecessarily detailed information.

While a few preservation advocates cited the “lack of teeth” in the Section 106 process, most respondents felt that the consultative process required by Section 106 is generally sound. Several respondents noted that preservation advocates joined with state transportation agencies to help secure passage of an amendment to Section 4(f) of the Federal Highway Act to correct an overly rigid statutory requirement in 2005.

One federal interviewee described the case-by-case, step-by-step Section 106 process as the “worst case approach to historic property management,” and described his agency’s efforts to negotiate programmatic agreements with SHPOs to increase predictability and reduce friction. All interviewees agreed that an efficient Section 106 process depends on addressing preservation issues at the early stages of the project planning process.

Many SHPOs emphasized the advantages of programmatic agreements with state and federal agencies. In fact, 20-25 SHPOs are reported to have programmatic agreements in place with their state transportation agencies. Several interviewees emphasized the importance of the parties involved routinely performing an annual review of how programmatic agreements are working.

Several respondents pointed out the inherent inefficiency that the lack of a standing inventory of historic properties imposes on the Section 106 process. Absent a pre-existing inventory of historic resources, each Section 106 review requires a special survey of the geographic area involved. This ad hoc approach results in delays and does not allow project planners to factor historic preservation considerations earlier into the project planning process, such as in selecting alternative sites to consider at the beginning of the process.

Several respondents noted that integration of historic preservation into environmental reviews is sometimes only a *pro forma* exercise. Most Environmental Impact Statements (EIS) simply mention the Section 106 process running in parallel. Some simply state an intention to undertake the Section 106 process at some point in the future, in some cases after the EIS process is completed.

SURVEYS AND NATIONAL REGISTER LISTINGS

Respondents reported high confidence in the integrity and fairness of the National Register program and generally praised it as “professional,” “well run,” “credible,” “consistent,” and having “excellent fundamentals.” A majority of respondents, however, believe that the National Register’s standards are too strict and require unnecessary, extraneous information. They noted that the high cost and complexity of the National Register designation process poses a disincentive for many property owners and an obstacle for some. Others noted that some state review boards set higher standards than NPS as a matter of policy. Several respondents complained that the 50-year rule is arbitrary and overly restrictive.

At the same time, other respondents cautioned against relaxing the National Register’s listing standards. They stressed the importance of standards being tight enough to maintain the integrity of the program and the high distinction of properties that are listed on the National Register.

Many respondents pointed out that because so much of SHPO staff time is consumed by Section 106 reviews, comprehensive surveys of properties are now the rare exception. Respondents reported that, with a relatively few notable exceptions, property surveys are now driven almost entirely by Section 106 reviews.

Several respondents noted that property surveys are the foundation of all historic preservation efforts and emphasized the value of comprehensive, proactive surveys to make national historic preservation more coherent, consistent, and efficient. Several suggested that the ever-increasing numbers of 50+ year old properties from the post-World War II construction boom will pose ever greater challenges in judging what properties are worth saving, making reviews more time intensive and increasing SHPO workloads. Many respondents expressed strong support for the goal of “completing” the survey of properties by the 50th anniversary of the NHPA in 2016.

One respondent noted the lost opportunity when the results of Section 106 reviews are “buried in the files.” Presumably, progress toward digitization would make information from Section 106 reviews, such as determinations of eligibility for the National Register, much more readily available and accessible.

The vast majority of respondents believe the benefits of digitizing historical records to be enormous. Several pointed out the frustration and inefficiency of SHPOs independently developing their own electronic information systems. Many believe there is an urgent need for NPS to provide strong national leadership in this area.

The Fiscal Year 2007 budget included \$2,267,000 to complete digitization of the nomination documentation for the 82,000 properties listed in the National Register.

The President's Fiscal Year 2008 Budget requested \$5,000,000 for identifying, studying, and implementing best practices for managing historic property information, of which \$4,000,000 was requested for matching grants to states and tribes and \$1,000,000 was requested for NPS to provide technical assistance and training. Neither the House nor Senate Appropriations bills for the Department of the Interior, Environment and Related Agencies includes funds for this purpose for Fiscal Year 2008.

FEDERAL HISTORIC REHABILITATION TAX CREDITS

Respondents were unanimous in heralding the enormous value and widespread impact of the Federal Historic Rehabilitation Tax Credit Program. As one interviewee put it, "Tax credits are the best way to make good things happen, while Section 106 is the best tool to stop bad things from happening." Another interviewee's humorous overstatement made clear his regard for the program's impact: "Federal tax credits have transformed every developer into a preservationist."

Respondents reported steady increases in properties rehabbed using tax credits over the past several years. Several states that created generous and easy-to-use state tax credits reported enormous increases in tax credit rehabilitation activity. Some state tax credits coincide with the federal program's requirements and benefits, while others apply to additional categories of properties, such as owner-occupied residences. Several respondents emphasized the importance of state tax credits being transferable so that they can be syndicated and sold, similar to federal tax credits.

Of course, state tax credit provisions are only possible in states that have income taxes. States have other options for providing tax incentives for historic preservation, including property tax abatement.

Respondents attribute the significant increase in properties rehabbed using tax credits to multiple factors, including: growing support for historic preservation; increasing downtown redevelopment; strong local real estate markets and low interest rates; and the growing "private-side" capacity and experience of owners, developers, consultants, and lenders (primarily in larger cities), which enable them to "navigate this complicated maze."

Several respondents noted that NPS and the vast majority of SHPOs no longer actively *promote* tax credits. In contrast, some SHPOs are reportedly struggling to keep up with the increased workload of reviewing applications. Interviewees indicate that savvy developers typically engage the SHPO early in the process to identify potential problem areas early on and to ensure the project will meet eligibility requirements. Most SHPOs estimate that they provide input and advice on about half of tax credit projects before the applications are submitted.

Respondents expressed high confidence in the integrity of the tax credit system. While some states more strictly interpret the Secretary of the Interior's Standards, respondents reported that determinations are generally consistent and fair within each state.

A majority of respondents indicated that a major problem facing the tax credit program is uncertainty and fear that NPS will apply overly strict standards in overruling the SHPO's preliminary approval. Several respondents believe that NPS and some "strict interpreter" states have lost sight of the purpose of the federal tax credit program by applying what approaches "museum restoration" standards to rehabilitation projects.

One interviewee explained a natural tendency towards "interpretation creep" over time, as reports and rumors of disapprovals vibrate through the network and make SHPOs, developers, and consultants increasingly conservative over time. Other respondents pointed out the strong countervailing pressure of developers "continually pushing the envelope" to relax standards.

Several criticized SHPO and NPS staff for discounting or ignoring the economic development benefits of rehabbing older properties, which communities working to rejuvenate downtowns consider as or more important than the strict historic preservation benefits.

The majority of SHPOs and developers interviewed judge the coordination between SHPOs and NPS on tax credit reviews to be pretty good. One respondent estimated that NPS overrules SHPOs in "less than one-half of one percent of tax credits projects." At the same time, about one-third of respondents were highly critical of NPS' "silly second-guessing." Several interviewees emphasized that the person closest to the project is best equipped to make the determination, and questioned the utility of "long distance reviews," while another found the two tiers of state-federal review "inherently duplicative." Two respondents suggested that giving staff temporary rotations at different levels of government would broaden and enrich their perspectives and reduce misunderstandings and friction.

Everyone who commented expressed support for the National Park System Advisory Board's recommendations, which are expected to be implemented by NPS by the end of the year. While many believe these changes will suffice, several SHPOs, developers, and preservation advocates believe that these changes will not go far enough.

Several respondents emphasized that the benefits of the federal tax credit program accrue primarily to larger communities that have reasonably strong local economies and real estate markets as well as to projects of a relatively large scale (e.g., >\$2,000,000). They argued that higher credits are justified in rural areas, in high poverty areas, and for smaller projects, and expressed optimism about statutory changes that are now pending in Congress.

CERTIFIED LOCAL GOVERNMENTS

More than 1,600 local governments have been designated as Certified Local Governments by NPS to advance historic preservation in their jurisdictions. The interviews revealed that the status, qualifications, and roles of CLGs vary significantly from state to state, based on the

significant latitude that NPS gives states. Many states set rigorous minimum requirements for CLG designations, such as having a local regulatory commission, zoning requirements, and design review. In contrast, a few states seem to recognize any city that expresses interest in being a CLG. Not surprisingly, CLGs' capacity and command of preservation strategies varies widely.

The roles that CLGs carry out also span a broad spectrum across the states. In some cases, CLGs play an important role in National Register nominations and Section 106 reviews and are delegated to carry out core SHPO functions, such as surveys. More typically, CLGs carry out more narrow special projects, such as targeted surveys, and "participate" in the National Register process.

By statute, each SHPO is required to pass through to CLGs at least 10% of its HPF formula grant, and NPS monitors spending to ensure that this requirement is met. Because the amount of funds available to CLGs each year is modest (about \$65,000 per state on average), SHPOs typically make very small grants to CLGs, generally in the range of \$5,000 to \$10,000 per year. As a result, only a fraction of CLGs (about 1/3 in most states) are carrying out activities funded by pass-through grant funding at any one time.

Typically, SHPOs competitively award grants to CLGs for special projects that reflect state priorities. Both CLG and SHPO representatives interviewed indicated general satisfaction with the fairness of this sub-granting process. SHPOs typically oversee these grants by ensuring that CLGs complete the specified deliverables. Some SHPOs go beyond ensuring that CLGs meet their subgrant requirements by monitoring CLG programs and making recommendations, such as useful training opportunities for CLG staff.

Virtually all of those interviewed expressed strong support for the CLG program. Benefits attributed to CLGs include broadening awareness of and support for preservation in local communities and raising the consciousness of political leaders. CLG designation amounts to a local government's formal acknowledgement of the value of preservation and provides a "policy platform" for integrating preservation into other programs.

Many states offer training for their CLGs, often as part of statewide historic preservation conferences. On a national level, the National Alliance of Preservation Commissions holds a national biennial Forum, which offers training for commissioners, including CLGs. Training is also available to CLGs at the National Trust's annual conference, which typically draws 2,000 participants. In addition, the National Trust is working with NPS to develop a one-day training class for CLGs.

TRIBAL HISTORIC PRESERVATION PROGRAMS

The interviews made clear that THPOs face fundamentally different realities and challenges than SHPOs. First, in contrast to the relatively more "mature" SHPO programs which have received funding for the past 35 years, most THPOs have been receiving funding for only a few years.

The first THPO formula grants were awarded to 15 tribes in 1996, and the number of THPOs has since grown to 70 in Fiscal Year 2008.

In addition, THPOs receive only a fraction of the amount of funds that SHPOs receive (\$73,000 on average vs. \$640,000 in Fiscal Year 2006), which THPOs view as a serious inequity. With land area the size of West Virginia, the Navajo Nation received \$160,000 in Fiscal Year 2007, compared to West Virginia's \$575,000. The territories also fare much better than THPOs in terms of formula grants; for example, American Samoa received \$380,000 in Fiscal Year 2007. While THPOs receive less funding, less is expected of THPOs than SHPOs under federal law. For example, THPOs have no requirement for matching funds and are not required to carry out all the core functions that are mandatory for SHPOs.

For the majority of tribes without casinos or other income sources, their economies are dire, with unemployment rates often exceeding 50 percent. Without matching funds, the \$73,000 average annual formula apportionment is barely enough to run an office staffed by a single person. As a result, many THPO staff work only 3 to 4 days a week, while other THPOs furlough staff the last few months of the fiscal year. As a result, the infrastructure of most THPOs is rudimentary, and THPO capacity and performance is limited accordingly. Few, if any, rehabilitation projects that use federal tax credits have been undertaken on tribal lands.

Tribes generally do not feel that the measures reported to NPS reflect their accomplishments. They recommend an inclusive, iterative process to develop a shared agreement over more meaningful measures, with attention given to those factors that make tribes unique.

Our interviews showed that frustration runs high among THPOs:

- The funding disparity between states and tribes makes tribes feel like "second class citizens," and the resulting lack of infrastructure limits THPOs' effectiveness.
- The NPS process for designating THPOs is perceived as arbitrary by some THPOs who point out that final regulations have still not been promulgated to govern this process and no mechanisms exist for appeals.
- Generic technical materials do not meet tribes' special needs.
- Most NPS staff lack sensitivity to Native American issues; few NPS staff are Native Americans, and most lack appreciation for sacred places (vs. historic buildings).
- One respondent complained that NPS staff are sometimes slow to respond and dismissive of tribes' requests for technical assistance;
- Most NPS advisory committees and editorial boards for NPS publications lack tribal representation.
- NPS has not convened a national conference on tribal issues in more than five years.

THPOs were generally more critical of federal agencies' coordination of the Section 106 process than SHPOs. The primary complaints include tardy notification and general bad faith (e.g., one federal agency requested the SHPO's concurrence on a project that involved a sacred site before

even contacting the THPO). Conversely, several federal agencies indicated that they generally find it more difficult to work with THPOs than SHPOs.

HISTORIC PRESERVATION AND OTHER FEDERAL AGENCIES

The interviews revealed that federal agency capacity and commitment to protecting historic properties vary enormously. Respondents reported that the General Services Administration (GSA) sets the “gold standard” in its sophistication and commitment, evidenced by having at least one staff person dedicated to historic preservation in every office. GSA has made staff with appropriate skills in historic preservation a reportable measure. It tracks its historic properties, develops multi-year plans for National Register nominations, and gets high points for consistency across its regions. In sharp contrast, some other federal agencies have a very weak preservation ethic, even agencies with extensive holdings of older buildings.

One federal agency representative complained that SHPOs are unresponsive to the needs of federal agencies, requiring them “to stand in line like all the rest” even when federal project needs are pressing. That respondent urges the NPS and the Advisory Council to recognize that their missions include supporting other federal agencies. Two federal agency staff offered praise for the Federal Preservation Institute, the virtual academy of education and training opportunities in historic preservation for federal agencies that NPS created.

TECHNICAL ASSISTANCE, TRAINING, AND TECHNICAL INFORMATION

Respondents offered almost universally high praise for the knowledge, experience, and attitude of NPS staff in answering questions and providing technical assistance by telephone and email. Interviewees positively cited many different program areas for helpful technical assistance, including: issues involving tax credits, architecture, archeology, National Register listings, and landmark designation.

A few respondents, including tribal representatives, complained about the timeliness of NPS staff responses to requests for technical assistance from the field. Others, who noted slow response times, offered understanding and sympathy, “We know that NPS staff are spread just as thin as we are.” A few interviewees reported that the ability of National Register reviewers to answer questions and provide technical assistance is highly varied. One respondent criticized the Secretary of the Interior’s Standards as being “seriously outdated.”

Most respondents were highly complimentary of NPS’s technical materials, praising the Preservation Briefs most frequently. The majority of respondents also praised NPS and ACHP for the quality of its training, but almost one-third quickly added, “But there needs to be a lot more of it.” The only regular training courses that NPS offers are for federal tax credits and HPF grants management. ACHP offers 8 to 10 Section 106 trainings for 300 to 400 people each year. Respondents emphasized the urgent need for more hands-on, face-to-face trainings and declared “Internet-based training is a poor substitute for the real thing.”

Several respondents complimented the National Center for Preservation Technology and Training (NCPTT) and praised its “cutting edge” training. Others noted that NCPTT offers training and assistance in only a “narrow wedge” of highly technical subject matter. Many SHPOs emphasized the need for training on a broad spectrum of issues and indicated that because of the limited availability of NPS training courses, they must turn to for profit, fee-for-services vendors to meet most of their training needs.

Almost all interviewees who commented on the NPS website provided similar feedback: “The content is great but the access is terrible.” In particular, respondents noted how difficult it is for uninitiated, first-time visitors to find the information they are seeking on the NPS website.

A majority of respondents expressed a desire for additional opportunities for those working on preservation in states, cities, and tribes to “come together to compare notes about our common challenges” and to “share best practices with each other.” The National Trust’s annual conference is the primary national gathering each year, typically drawing 2,000 participants. Respondents emphasized the need for and value of regular national and regional conferences as well as special conferences to grapple with important and emerging issues. Respondents spoke glowingly of the “great conferences NPS used to do” and yearned for NPS to “bring us together” more. NPS co-sponsors the National Trust’s large annual conference and NPS staff make presentations and offer trainings at various sessions. A number of state governments do not reimburse employees’ out-of-state travel expenses, which makes it difficult for some SHPO staff to attend national or regional conferences unless travel stipends are available. Some states hold annual statewide conferences.

Working Group members emphasized the need for training on emerging issues: post World War II buildings, cultural landscapes, and technical innovations. They also underscored the need for conferences and workshops on best practices, application of the Secretary of the Interior’s Standards, Section 106, and administration of federal and state tax credits. NPS staff indicated that the agency does not have enough staff to take on the time-intensive responsibility of planning and convening quality conferences.

LEADERSHIP BY THE NATIONAL PARK SERVICE

Interviewees were nearly unanimous in their high regard for the knowledge, professionalism, and commitment of NPS staff. At the same time, a majority of respondents expressed frustration with NPS and a desire for the agency to provide a stronger national leadership role.

About a dozen respondents criticized NPS for lack of leadership in working to secure increased federal funds for preservation. While most believe that “blame” for the real declines in federal formula funds over the past quarter century deserves to be shared by Congress and executive branch, several hold NPS primarily responsible as the lead agency.

But respondents’ frustration with NPS’s leadership role is by no means limited to federal funding levels. The more general sense of frustration is expressed by one interviewee’s observation that, “NPS *administers* the national historic preservation program instead of providing true leadership.

They take a bureaucratic approach instead of looking at the possibility of improving state, local, and tribal programs.” Interviewees cited the following examples of the need for stronger leadership by NPS:

- To be the “conscience for preservation” within the federal government by pushing, at the highest levels, other agencies that own historic resources to be better stewards, and supporting them to this end.
- To develop and deliver more training courses and hold regular national and regional conferences to “bring the troops together” to share best practices and discuss sensitive and emerging issues, such as broadening diversity in the field, the Recent Past, Mid-Century Modern, and tribal issues.
- To develop materials to educate local political leaders about the multiple benefits of state tax credits.
- To provide stronger, high-profile national leadership on diversity to ensure that historic preservation “speaks to all Americans.”
- To engage tribes to develop a strategy for improving THPO infrastructure, build THPO capacity to a critical mass, and participate more fully in the historic preservation movement. NPS needs to develop special technical materials to meet tribes’ special needs.
- To provide strong, central leadership on information technology for SHPOs and THPOs, because “it’s inefficient for us all to be inventing the same wheel.” NPS also needs to overhaul its own website to make its rich content more easily accessible.
- To update the Secretary of the Interior’s Standards frequently to take new building products and technologies into account.
- To strengthen the professionalism of the field by updating the Secretary of the Interior’s Professional Qualification Standards for people working in historic preservation and persuading the Office of Personnel Management to create a Historic Preservation GS series.
- To confront directly the threat that the “rush to Green Buildings” poses to preservation by: working with other federal agencies and private organizations to ensure that the LEED standards take the “embodied energy” of existing buildings into account; and playing a leadership role in resolving conflicts in areas where preservation and energy conservation are at odds, such as window replacement.
- To provide global leadership on preservation by working with the State Department to share lessons learned in the U.S. with other countries, and lessons learned in other countries with American preservationists to build good will, strengthen international ties, and expand the preservation ethic.

CHAPTER 3

ALTERNATIVE PERFORMANCE MEASUREMENT METHODOLOGIES

The Panel notes that measuring performance is critical to each government agency's successful accomplishment of its mission, not simply a tool for justifying resources in the budget process. Performance measures serve as a critical tool to agency managers in communicating agency mission to employees and in making programmatic adjustments to achieve maximum results. Federal agencies that manage formula grant programs face special challenges in ensuring grantees' accountability and measuring and improving performance, including the following factors:

- Formula grant recipients often see federal funding as a kind of trust fund entitlement. Grantees may not see the need to measure performance against federal standards or may prefer their own performance standards. Some grantees do not see the need to measure performance.
- Formula grant recipients generally prefer to spend as much funding as possible on programming and less on evaluation and assessment. Performance management is frequently seen as diverting much needed funding from programs. Depending on the data to be gathered, performance measurement costs could be prohibitively expensive.
- Formula grant recipients may believe that, even were they to invest in gathering performance data, the data would be unlikely to be used or would make little difference in decision-making.
- In the case of National Historic Preservation funding, states often expend considerably more of their own funding on historic preservation than does the federal government. It is difficult to get states and tribes to produce a lot of performance data for what they see as a minimal amount of federal funding.
- SHPOs view their impact as only indirect in the vast majority of cases, in that they facilitate and support voluntary action by private property owners to maintain and rehabilitate historic properties. They therefore downplay the importance of outcome information in these circumstances.

NPS can produce the necessary data and overcome the barriers above by either convincing states and tribes to participate in a partnership that will contribute to the realization of shared historic preservation goals, or having the NPS develop and fund alternative performance measurement activities in states and tribes. Neither option is mutually exclusive. Immediately below, the Panel draws attention to the possibility of creating a performance partnership that would pursue performance activities of mutual benefit to NPS and its grantees, and some alternative performance measurement systems that shift more of the burden of funding and execution from states and tribes to NPS.

PERFORMANCE PARTNERSHIP

Although states and tribes may resist federally-mandated performance measurement, a good case can be made to them to participate in partnership to this end with the National Historic Preservation program. When NPS takes the lead in pursuing the nation-wide goal of preserving historic structures, everyone benefits. Focusing national attention on historic preservation issues can stimulate more activity and funding for states and tribes for these purposes. The now classic example of this was the Beautification Act of 1965, spearheaded by Lady Bird Johnson, the intent of which was to remove junkyards and bill boards from the nation's highways, and replace them with wildflowers.

Arguably, the most successful performance partnership model was developed around the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) program. CDBG is a \$4 billion block grant program that funds nearly 100 eligible activities ranging from building community centers through demolishing derelict housing to providing meals to homeless people. A statutory formula allocates funding to 50 states and 1,200 communities.

Until two years ago, HUD CDBG management, states and communities resisted attempts to measure performance in all but superficial ways, reflecting the barriers listed above. Interestingly, state community development agencies began to fear that if they did not produce performance data for the Administration and Congress, they might experience severe funding cuts and eventual elimination of CDBG altogether. At the same time, the states did not want to produce performance data that did not reflect their needs and issues—especially the concern that they should be able to fund activities of their own choosing within the broad parameters of the law. They also did not want to produce performance data that might be used to cut CDBG programs if performance goals were not reached.

The professional association of state community development directors—Council of State Community Development Agencies (COSCDA)—took the lead in devising a new, revolutionary performance measurement system. First, COSCDA enlisted their entire membership in an exercise to develop a set of performance measurements that measured more than just outputs. The process took nearly a year to execute. Then COSCDA reached out to groups representing cities, counties and housing, who also bought into the process. Finally, COSCDA convinced the OMB and management of the CDBG program to participate in a facilitated group process with representatives from all stakeholder associations and representative individual states and cities for the purpose of developing a performance measurement system that would satisfy grantees, CDBG management and OMB. After a year of meetings, a system was negotiated and performance measures were produced, and are now the standard for CDBG.

ALTERNATIVE PERFORMANCE MEASUREMENT SYSTEMS

The NPS National Historic Preservation program employs output measures in its PART assessment, although OMB considers some of the measures to be outcomes because they reflect the change of historic structures from a less to more preferred status—e.g., “number of historic

properties newly designated as National Historic Landmarks.” While these measures provide a great deal of information on program effectiveness, they are limited in determining program outcomes and impacts. The National Historic Preservation program employs output measures primarily because the program is a block grant in which states receive federal funding and because program information at the federal level is basically an inventory of state activities.

Several performance measurement methodologies might be employed to supplement or complement the existing NHP performance measurement system as described above in Chapter 1. The four supplemental methodologies below are not mutually exclusive. Some can provide useful data to others. None need be conducted annually. Likely, the National Historic Preservation program would contract out the work to an independent organization because the program lacks the necessary resources. Likewise, some performance measurement data cannot be produced by SHPOs or THPOs across the country because of costs and resource constraints.

Social Science Attribution

There are social science studies that establish the impacts that historic preservation has on places and people. And, some states have completed impact studies of tax credits for historic preservation. But there are few if any studies that document state or tribal impacts across the board, let alone country-wide impacts. It is possible to take existing social science research and extrapolate the impact findings to similar historic structures across the country. For example, if social science research established that an historic structure in certain communities increased property values across a neighborhood, then analysts might take the inventory of similar structures in similar communities and extrapolate the impacts for the nation. This methodology is commonly used in a variety of economic development studies, such as estimating the economic benefits of constructing a new sports stadium or convention center. Social science impacts might also include educational, social, and historic perception impacts. In cases where there are no social science studies that establish impacts for specific historic structures, the National Historic Preservation program might fund them.

Range of Performance

Some states and tribes may not report or be able to report outcome or impact data because they lack resources, but other grantees might have the resources and interest to gather the necessary information. The National Historic Preservation program might develop a set of outcome and impact performance data that some states and tribes would be willing to gather. The program could use the information to establish a possible range in which program outcomes or impacts might fall. So for example, if states reported that property values in neighborhoods increased anywhere from 10 percent to 30 percent, the program could report that historic preservation activities likely produce impacts within this range across the country. If states and tribes could not be convinced to gather outcome and impact performance data with their own resources, the program might fund several states and tribes to gather the necessary information.

Simulation

Simulation often is just as accurate as primary data gathering, and much less expensive and much more available. The National Historic Preservation program could commission simulations of program outcomes and impacts where it is difficult to acquire primary data from states and tribes. A simulation is a mathematical model representing key relationships between inputs and resources, outputs, outcomes, and impacts. Simulations usually run on computer programs. The program might build databases for various activities where costs, outputs, outcomes, and impacts for some communities are known (drawing on the methodologies above), then enter in data for communities where these data are not known, asking the simulation what the likely outcomes and impacts would be based on the experience of others that is known.

Opportunity Cost

Whenever states and tribes make expenditures on some historic preservation activities, they forego benefits that might have been accrued had they expended these funds on other activities. States and tribes might be asked to report opportunity cost as a measure of the importance of the National Historic Preservation program. If one were to simply ask whether the program was important, all grantees would invariably say yes, but measuring what was foregone might reveal true program impact. For example, grantees might be asked to report how many houses could not be registered because insufficient funding was available. These data, in concert with those produced above, could be used to show the economic benefits foregone by not registering historic structures.

Oversight and Accountability

To make the methodological options above more credible, an independent board of practitioners, researchers, policymakers, and advocates could certify that the performance information produced was objective, satisfied social science research criteria, and was compliant with federal laws, regulations, and policies.

Demonstration Projects

Because the National Historic Preservation program has not undertaken performance research as described above, the program might fund several demonstrations to test the viability of the methods and their usefulness to policy makers and managers.

CHAPTER 4

FINDINGS AND RECOMMENDATIONS

OVERALL PROGRAM ASSESSMENT

Some forty years ago, the National Historic Preservation Act set forth a vision for a federal-state partnership to preserve and protect the nation's historic properties and cultural resources. The Congress found that the "spirit and direction of the Nation are founded upon and reflected in its historic heritage," that "the historical and cultural foundations of the Nation should be preserved as a living part of our community life," and that "preservation of this irreplaceable heritage is in the public interest." The NHPA also declared it the policy of the federal government to "provide leadership in [this] preservation," and "use measures, including financial and technical assistance, to foster conditions under which our modern society and our prehistoric and historic resources can exist in productive harmony and fulfill the social, economic, and other requirements of present and future generations." While historic preservation is a national goal, the practice of preservation is powered by grassroots interest in communities across the country.

In the Panel's view, the National Historic Preservation Program stands as a successful example of effective federal-state partnership and is working to realize Congress' original vision to a great extent. While the program's basic structure is sound, it continues to face a number of notable challenges. The Panel concludes that a stronger federal leadership role, greater resources, and enhanced management are needed to build upon the existing, successful framework to achieve the full potential of the NHPA on behalf of the American people.

The Historic Preservation Fund formula grant program has played an important role in building the capacity of SHPOs. Moreover, the requirements of the NHPA, the conditions that NPS has included in grant agreements, the Secretary of the Interior's Standards, and other regulatory and programmatic requirements have worked to increase consistency of practice across the states and tribes. The cross-section of stakeholders interviewed for this project generally view all major elements of the National Historic Preservation program as credible, fair, and equitable:

- The National Register is held in high regard.
- The Secretary of the Interior's Standards carry great weight.
- The Federal Historic Rehabilitation Tax Credit Program is considered highly effective.
- In the vast majority of cases, the Section 106 consultative review process seems to be working as the Congress intended.

Most historic preservation practitioners, advocates, and federal agencies believe that the Section 106 process is working reasonably well to ensure that federal agencies "take historic properties adequately into account." "Inordinate delays" are reportedly a fairly rare exception: the consensus estimate is less than 5 percent of projects. Most attribute responsibility for delays to federal agencies' inadequate preparation or tardy engagement. SHPOs note that a few federal

agencies are responsible for a disproportionate share of problems with Section 106 reviews and emphasize the importance of federal agency top management support for good faith compliance with Section 106. At the same time, federal agencies call for greater consistency by SHPOs and THPOs in conducting Section 106 reviews.

NPS is currently responding to recommendations by the National Park System Advisory Board to improve coordination and consistency between NPS staff and SHPOs in reviewing tax credit projects. Most of the preservation community believes that the changes that NPS is working to implement will significantly improve the coordination and predictability of determinations.

Thanks largely to Federal Historic Rehabilitation Tax Credit Program, historic preservation has become a catalyst for economic development and a major impetus for revitalizing downtowns and “Main Streets” in hundreds of communities. The collateral economic benefits include job creation, small business generation, additional affordable housing units, increased tourism, stronger local economies, and expanded property tax roles. As a result, awareness of and support for historic preservation has grown among the public, the media, and political leaders at the national, state, and local levels.

Many state legislatures have demonstrated growing support for historic preservation by enacting state tax credits, committing general funds or bond revenues for “bricks and mortar” grants and loans to rehabilitate historic properties, and committing significantly more funds for historic preservation than minimum federal matching fund requirements. Awareness and support for preservation is also growing at the local level, due in part to the CLG program, which has lent credibility and legitimacy to historic preservation in many communities.

The role of tribes in the national Historic Preservation Program differs significantly from the role of states in several important respects. First, the nature of tribes’ historic resources differs from most states, since archeological resources are more prevalent and sacred places differ qualitatively from historic buildings. Second, the average amount of formula grant funds that tribes receive is a small fraction of the average SHPO apportionment (about 11 percent). At the same time, THPOs are neither required to carry out all the functions required of SHPOs, nor are they subject to non-federal matching fund requirements. More importantly, THPOs are at a significantly different stage of development than most state historic preservation programs, which have benefited from steady formula grant funding for almost 30 years. In contrast, federal law first acknowledged the role of tribes in 1992, and NPS allocated the first formula grants to THPOs in 1996. As a result, most THPOs’ programmatic infrastructure is limited and many lack critical mass for effective operations.

CHALLENGES IN MEASURING PERFORMANCE

Measuring the performance of the NHP program faces several challenges:

- The fact that federal funds are allocated to SHPOs and THPOs by formula poses inherent challenges, because, by design, the amount of formula grant allocations is not based on the level of grantees’ performance. As long as SHPOs and THPOs meet the minimum set

of basic requirements, they have every reason to expect to receive their annual allocations, because NPS has no ability under the current formula financially to reward high performing programs or penalize low performing programs.

- The central purpose of HPF formula funds is to support the basic infrastructure of state and tribal historic preservation programs, rather than to fund more discrete and easily measured activities such as constructing a physical facility or conducting a research project. Most THPOs and SHPOs use these formula funds primarily to support staff responsible for carrying out federally required functions.
- The nature of historic properties and cultural resources varies dramatically between states and tribes and significantly from state to state and from tribe to tribe. These differences complicate the task of selecting metrics for consistent use in this national program.
- While federal law and grant agreements obligate SHPOs to carry out certain national functions, HPF formula funds cover only a portion of the cost. Many states commit significantly more funds than needed to meet the 60/40 (federal/state) matching requirement, such that the federal formula apportionment covers only a fraction of the cost of meeting federally-mandated requirements.
- Many states carry out a multitude of programs and activities that extend far beyond the core federal requirements, such as state tax credits, “bricks and mortar” grants, state “Main Street” programs, and educational programs. These activities contribute to national historic preservation goals either directly or indirectly, but fall outside SHPOs’ responsibilities to NPS under their HPF grants.
- SHPOs carry out many roles to advance historic preservation, but in almost all cases the ultimate impact (i.e., outcomes) depends on actions that private property owners take to improve their properties. SHPOs play a vital role in supporting, facilitating, and encouraging preservation, but, consistent with the original vision of the NHPA, SHPOs exert only indirect control over most program *outcomes*.
- In reality, most SHPOs also have limited control over their program’s *outputs*. For most SHPOs, external entities dictate workload levels for two of the most time-intensive program elements, Section 106 and tax credit reviews. Moreover, SHPOs’ schedule for completing these reviews is subject to deadlines established by federal regulation. As increasing workloads have stretched resources thin, SHPOs’ management discretion and flexibility have diminished, leaving them operating primarily in a reactive mode.

These challenges must be considered in designing and judging the performance measures for the NPS’s National Historic Preservation Program. NPS, OMB, and many of those interviewed freely acknowledge that NPS’s current measures are primarily outputs, not outcomes. The Panel agrees. At the same time, the nature of the National Historic Preservation program poses inherent challenges to consistently measuring outcomes over which SHPOs have some reasonable level of control.

The interviews conducted in the course of this review indicate that the preservation community clearly regards some state historic preservation programs as high performing, while others are recognized as struggling. Interestingly, the programs that most consider outstanding are those that rise above the “assembly line” of Section 106 reviews and tax credit applications to operate

proactively in forging partnerships that leverage other resources and advance preservation through creative strategies.

The level of resources and effort that NPS and its grantees commit to developing improved performance measures needs to be considered in light of how the results of evaluating SHPO and THPO performance will be used. Before embarking on a time-intensive process, NPS would need to be clear as to how that information would be used to measure and improve performance.

The Panel is keenly aware that the foundation of the success of the federal-state partnership in historic preservation is its “shared ownership” by states, localities, and tribes. The current performance measures, albeit imperfect, have been in use for many years and have achieved some level of familiarity, if not acceptance. To honor the trust of the federal-state relationship, the Panel urges NPS to engage the states and tribes actively to secure their insights and get their buy-in for a set of performance measures useful to and used by the federal government, the states, the tribes, and CLGs.

One mechanism to engage SHPOs and THPOs would be a national process along the lines of that used by the U.S. Department of Housing and Urban Development in connection with the Community Development Block Grant Program. This process might include a national conference or series of regional workshops. The Panel believes that in pursuing these or other outreach methods such as enumerated in Chapter 3, NPS should cast the goal in terms of “performance improvement” instead of “performance measurement.”

RECOMMENDATIONS

The Panel offers the following recommendations for the consideration of the Department of the Interior, the National Park Service, and, as noted, the Advisory Council on Historic Preservation and the Office of Management and Budget.

National Leadership

1. The Panel recommends that the National Park Service build on the National Historic Preservation program’s success over past three decades by providing a stronger national leadership role by taking the following steps in consultation with the Advisory Council on Historic Preservation and other national partners, as appropriate:
 - a. Initiate an inclusive planning process for a high-profile celebration of the 50th Anniversary of the National Historic Preservation Act with special attention to diversity to ensure that historic preservation “speaks to all Americans.”
 - b. Keep the historic preservation field alive and vibrant and provide for more consistent, optimal, and measurable decision-making and implementation (at the federal, state, local and tribal levels) by organizing conferences with action agendas on sensitive and emerging issues each year.
 - c. Address and remedy, as necessary, in a timely fashion inconsistent or untimely decision-making identified in this report.

- d. Develop educational materials that highlight the benefits of state historic preservation rehabilitation tax credits and other incentives for state and local political leaders.
- e. Encourage and assist federal agencies that own historic resources to be better stewards, in cooperation with the Advisory Council on Historic Preservation.
- f. Develop, perhaps in conjunction with the National Park Foundation or the National Trust, a high level national award program to honor and reward best practices by federal agencies, SHPOs, THPOs, and CLGs.
- g. Provide global leadership on preservation by working with the Department of State to share lessons learned in the U.S. with other countries and lessons from abroad with preservationists in this country, build good will, strengthen international ties, and expand the global preservation ethic.

Federal Agency Implementation of Section 106

- 2. The Panel recommends that the Advisory Council on Historic Preservation work to improve the Section 106 process through the following steps:
 - a. Perform an analysis to compare THPO and SHPO workloads associated with Section 106 reviews and evaluate the resource implications.
 - b. Develop a performance measurement system to provide regular feedback to federal agencies on their compliance with and good faith implementation of Section 106.
 - c. Ensures that national programmatic agreements are regularly reviewed to ensure satisfactory performance.

Capacity Building of SHPOs and THPOs

- 3. The Panel recommends that the National Park Service expand its mission to make building the capacity of SHPOs and THPOs a top priority and that it pursue this goal aggressively in cooperation with its national partners, as appropriate, through the following steps:
 - a. Hold regular national and regional conferences to bring those working in the field together to learn from each other, wrestle with common problems, and share best practices.
 - b. Develop additional training courses, such as in post-World War II buildings, cultural landscapes, technical innovations, application of the Secretary of the Interior's Standards, the Section 106 process, and federal and state tax credit implementation.
 - c. Provide intensive, on-site technical assistance to at least five state or tribal Historic Preservation Offices that need or request assistance each year.

- d. Provide for periodic assessments of SHPOs and THPOs at least every five years and provide resources for SHPOs and THPOs to perform self assessments and peer assessments to strengthen their programs (including SHPOs' certification of CLGs).
- e. Make consolidated, state-by-state performance data publicly available.

FUNDING FOR PERFORMANCE EFFECTIVENESS

4. The Panel recommends that the Department of the Interior and the National Park Service strengthen the performance of the National Historic Preservation program and expand resources based on its demonstrated effectiveness by working in cooperation with the ACHP to take the following steps:
 - a. Considering the full benefits of the National Historic Preservation program, request funding and FTE increases sufficient to address the increased workload since Fiscal Year 1981 in National Register eligibility opinions, tax credit reviews, Section 106 reviews, and HPF grants administration (needed to fulfill NPS, SHPO, and THPO responsibilities under the NHPA) and to redress, at least in part, the significant decline in inflation adjusted funding.
 - b. Engage SHPOs and THPOs to develop agreement on performance criteria that better reflect workload, performance, and outcomes and develop guidelines to implement Tier III of the HPF apportionment formula.
 - c. Identify, propose, and evaluate creative funding mechanisms to augment funds available to NPS, SHPOs, and THPOs to recoup costs and reflect the value added of preservation activities.
 - d. Support federal legislative and policy changes to advance historic preservation through expanded grants and incentives, such as through the Farm Bill, Transportation Enhancements, and changes to encourage smaller property owners to rehabilitate historic properties.

TRIBAL HISTORIC PRESERVATION

5. The Panel recommends that the National Park Service proactively address the situation in which tribes find themselves in addressing historic preservation objectives by taking the following steps:
 - a. Create an NPS-tribal working group to consider the experience gained and lessons learned over the past decade and recommend strategies to the Secretary of the Interior that will strengthen THPO capacity, improve performance, ensure accountability commensurate with funding, and engage tribes more fully in the historic preservation movement.
 - b. Develop technical materials to meet tribes' special needs.

ADMINISTRATIVE AND TECHNICAL ISSUES

6. To improve the efficiency of national historic preservation efforts, the Panel recommends that the National Park Service take full advantage of information technologies through the following steps:
 - a. Work with the Department of Homeland Security (DHS) to develop more comprehensive plans and mechanisms for responding to natural disasters.
 - b. Negotiate a national “umbrella contract” with sufficient flexibility to meet states’ individual needs to facilitate SHPO and THPO access to information technologies to digitize documentation of historic properties so that records are widely and consistently available.
 - c. Complete the redesign the NPS website to make its rich content easily accessible to all visitors.
 - d. Strengthen professionalism in federal agencies and across the historic preservation field by working with the Department of the Interior to update the Secretary’s Professional Qualification Standards and working intensively to persuade the Office of Personnel Management to create a Historic Preservation GS series.

Building Product and Technology Changes

7. The Panel recommends that the National Park Service take new building products and technological changes into account through the following steps:
 - a. Regularly develop and widely distribute publications and technical information that consider new building products, technological improvements, and state-of-the-art preservation treatments that meet the Secretary of the Interior’s Standards.
 - b. Help to resolve conflicts in areas where preservation and energy conservation are directly at odds, such as window replacement; and work with other federal agencies and private organizations to ensure that the LEED standards take the value of preserving existing buildings into account.

Federal Formula Grant Program Improvement

8. The Panel recommends that the OMB form a “community of interest” among federal program managers who administer block grant and formula grant programs to learn from each other how to improve accountability, measure results, and continuously improve performance.

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Colorado Preservation

Jason Roloff
Director
Washington Office of Governor Tim Pawlenty

Donovan Rypkema
Principal
PlaceEconomics

Ted Sanderson
Executive Director
Rhode Island Historical Preservation and Heritage Commission

Lynn Scarlett
Deputy Secretary
U.S. Department of the Interior

Kathleen Schamel
Federal Preservation Officer
Office of Construction & Facilities Management
Department of Veterans' Affairs

Timothy Slavin
Director, Division of Historical and Cultural Affairs and
State Historic Preservation Officer
State of Delaware

Dr. Jay Thomas
Deputy Federal Preservation Officer and Head of Navy Cultural Resources Office
U.S. Navy

Emily Wadhams
Vice President for Public Policy
National Trust for Historic Preservation

Jack Williams
Chair, Oysterville Preservation Commission

Andrea Williams
CTIA The Wireless Association

Arthur Ziegler
President
Pittsburgh History and Landmarks Foundation

STAKEHOLDER INTERVIEW QUESTIONS

The Panel developed the following questions for the stakeholder interviews. These questions cover a range of different issues and perspectives. For each interview, questions were selected that were most appropriate to the stakeholder's role, perspective, and involvement with the historic preservation program.

- (1) What do you view as the principal strengths and weaknesses of the federal Historic Preservation formula grant program? What activities and expenses does your program use these funds to cover? What role does this NPS grant program play in national historic preservation efforts?
- (2) Which historic preservation tool is most helpful in achieving concrete results? How and why? What is the major factor that limits expanded use of this tool?
- (3) Do you believe that the factors that you report to NPS in your end-of-year reports adequately reflect your program's accomplishments?
- (4) What other performance measures do you use? To what extent are your measures the same as those used by NPS?
- (5) How often do you measure historic preservation results? Do you make these results available to the public?
- (6) What concrete historic preservation results (outcomes, not outputs) did your program achieve in your last fiscal year? Are those results more than, less than, or about the same as your program's average annual results over the past 10 years? Why?
- (7) Do you use performance measures to justify securing state and other funding? If so, what measures are most significant?
- (8) Do you use performance results in program decision-making? If so, which measures are most significant? Would you provide a specific recent example?
- (9) How do you view the technical assistance that NPS provides your organization? For which programs is technical assistance most valuable? Least valuable? How might NPS's technical assistance be improved?
- (10) Who else does your organization rely on for Historic Preservation technical assistance besides NPS? For what purposes? At what cost? Why do you turn to them?
- (11) How do you believe the National Register program is operating – are the criteria fairly and equally applied to all? How might the National Register program be improved?
- (12) Do you believe the Section 106 review process works to ensure that federal activities take historic preservation adequately into account?

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- (13) How often do you believe the 106 review process results in inordinate delays? What's the reason for these delays and how could they be avoided? How might the Section 106 review process be improved? What federal agencies are most problematic?
- (14) Do you believe that the criteria for eligibility for federal historic rehabilitation tax credits are fairly and equally applied to all?
- (15) What's your assessment of the coordination between your SHPO and NPS on tax credit applications? How might the Rehabilitation Tax Credit program be improved?
- (16) What does your program do to promote the use of tax credits? What percent of tax credit applications has your staff worked on before submission of the application?
- (17) What is your assessment of the historic preservation results achieved by Certified Local Governments in your state? How might the CLG program be improved?
- (18) After awarding subgrants to CLGs, what measures do you use to assess their performance? How often do you review CLGs' compliance with federal and state requirements?
- (19) To what extent has historic preservation been included in economic, environmental, transportation, land use, and other planning, regulation, and incentives at the state and local levels?
- (20) Are there issues that you are working with NPS that you feel are noteworthy as an example of innovative approaches to preservation?
- (21) How would you say state programs have changed over the past 10 years? Have they progressed a little, a lot, or stayed about the same? What factors do you use to mark progress?
- (22) Are you familiar with the factors that SHPOs report to NPS in their end-of-year reports? Do you think they adequately reflect state programs' accomplishments?
- (23) Think for a second of 3-4 states with outstanding programs. What is it that exemplifies these leaders?
- (24) What state program would you say has improved the most over the past three years? Why?
- (25) What kinds of technical assistance does the Trust provide? How many states turn to you for assistance? On what issue areas?
- (26) What do you see as the big opportunities to advance historic preservation over the next five years?
- (27) What steps might NPS take to help SHPOs that are struggling improve their programs?

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- (28) What do you see as the important differences between state and tribal historic preservation programs?
- (29) What do your view as the greatest impediments to achieving historic preservation in the US?
- (30) How is your agency typically involved with state and tribal historic preservation offices?
- (31) How does your agency carry out its historic preservation responsibilities under Section 110 of the National Historic Preservation Act? How are these responsibilities carried out at the national/field level?
- (32) How much variability do you experience among state preservation offices?
- (33) What factors would you say distinguish outstanding state programs?
- (34) How much variability exists in how your agency's regions or field offices deal with historic preservation issues?
- (35) Has your agency worked with the state preservation programs or with the National Park Service on innovative approaches that may be exemplary?
- (36) Does your agency have an active program of survey and nomination of properties outside of the Section 106 compliance process?
- (37) What changes in federal programs or policies would improve the interrelationship between historic preservation objectives are your agency's programs?
- (38) How long as your jurisdiction been a CLG and what is your history of subgrant funding?
- (39) What impact has your designation as a CLG had in your community?
- (40) Do you believe your state's process for making subgrant decisions is fair and sound? What is required to win a subgrant? What do you use these funds for?
- (41) How often does your state review your program for compliance with federal and state requirements?
- (42) What factors do you report to your SHPO and NPS in your end-of-year reports? Do you believe that these adequately reflect your program's accomplishments?

TRENDS IN SHPO COMPLIANCE AND REVIEW

Program History – Review and Compliance

Federal Projects Reviewed By States &
National Register Eligibility Opinions
Provided by States to Federal Agencies

Number of Opinions/Properties
(one opinion for each property)

	National	Not National		Total	Federal
Fiscal Year	<u>Register Eligible</u>	<u>Register Eligible</u>		<u>Opinions</u>	<u>Reviewed</u>
Cumulative					
Thru FY 1980	40,900	130,880	**	171,780	431,300
FY 1981	4,100	13,120	**	17,220	63,100
FY 1982	8,600	27,520	**	36,120	87,700
FY 1983	5,586	17,875	**	23,461	65,500
FY 1984	13,900	44,480	**	58,380	78,500
FY 1985	9,600	30,720	**	40,320	80,000
FY 1986	13,800	44,160	**	57,960	101,200
FY 1987	8,400	26,880	**	35,280	96,100
FY 1988	16,400	52,480	**	68,880	105,100
FY 1989	13,800	44,160	**	57,960	92,000
FY 1990	9,100	31,900		41,000	69,200
FY 1991	14,006	31,914		45,920	77,300
FY 1992	11,500	39,289		50,789	79,000
FY 1993	12,552	39,449		52,001	93,482
FY 1994	13,186	39,567		52,753	95,518
FY 1995	11,927	41,355		53,282	94,066
FY 1996	11,934	42,224		54,158	86,903
FY 1997	13,029	41,449		54,478	80,805
FY 1998	13,803	43,643		57,446	90,476
FY 1999	12,108	47,831		59,939	95,149
FY 2000	15,467	42,256		57,723	100,273
FY 2001	15,986	51,314		67,300	108,456
FY 2002	17,597	50,712		68,309	103,023
FY 2003	18,557	54,868		73,425	101,377
FY 2004	23,900	54,300		78,200	103,700
FY 2005	20,700	53,200		73,900	105,700
FY 2006 (est.)	26,700	59,800		86,500	112,900
Total	397,138	1,197,346		1,594,484	2,797,828

** Estimates based on the average ratio between FY 1990 and FY 1997 of "Not Eligible" opinions to "Eligible Opinions." Information on "Not Eligible" Opinions was not collected prior to FY 1990.

TRENDS IN FEDERAL REHABILITATION TAX CREDIT PROJECTS

Year	# of Projects	Funding Level
Fiscal Year 1997	902 projects	\$1,130,000,000
Fiscal Year 1998	1,036 projects	\$2,085,000,000
Fiscal Year 1999	973 projects	\$2,303,000,000
Fiscal Year 2000	1,065 projects	\$2,602,000,000
Fiscal Year 2001	1,276 projects	\$2,737,000,000
Fiscal Year 2002	1,202 projects	\$3,272,000,000
Fiscal Year 2003	1,270 projects	\$2,733,000,000
Fiscal Year 2004	1,200 projects	\$3,878,000,000
Fiscal Year 2005	1,101 projects	\$3,127,000,000
Fiscal Year 2006	1,253 projects	\$4,082,000,000

HISTORIC PRESERVATION FUND GRANTS TO STATES

**Historic Preservation Fund Grants to States
FY 2005 Federal and Matching Funds Ratios***

STATE	FY 2005 Award	Match Contributed In FY 2005	Federal to Nonfederal Ratio	Nonfederal To Federal Ratio	Match % Of Total Grant
ALABAMA	\$622,440	\$1,496,037	0.42	2.40	70.62
ALASKA	\$730,638	\$552,546	1.32	0.76	43.06
ARIZONA	\$642,069	\$1,394,616	0.46	2.17	68.47
ARKANSAS	\$582,950	\$594,495	0.98	1.02	50.49
CALIFORNIA	\$1,004,702	\$1,010,236	0.99	1.01	50.14
COLORADO	\$657,879	\$1,101,918	0.60	1.67	62.62
CONNECTICUT	\$572,514	\$399,195	1.43	0.70	41.08
DELAWARE	\$454,591	\$360,065	1.26	0.79	44.20
DIST. OF COLUMBIA	\$452,941	\$863,996	0.52	1.91	65.61
FLORIDA	\$741,369	\$1,674,606	0.44	2.26	69.31
GEORGIA	\$672,955	\$448,691	1.50	0.67	40.00
HAWAII	\$481,180	\$320,787	1.50	0.67	40.00
IDAHO	\$570,760	\$1,074,606	0.53	1.88	65.31
ILLINOIS	\$805,228	\$933,788	0.86	1.16	53.70
INDIANA	\$675,550	\$1,250,194	0.54	1.85	64.92
IOWA	\$636,294	\$452,840	1.41	0.71	41.58
KANSAS	\$632,609	\$176,557	3.58	0.28	21.82
KENTUCKY	\$617,366	\$375,273	1.65	0.61	37.81
LOUISIANA	\$625,715	\$1,840,347	0.34	2.94	74.63
MAINE	\$557,563	\$390,712	1.43	0.70	41.20
MARYLAND	\$608,089	\$838,889	0.72	1.38	57.98
MASSACHUSETTS	\$676,126	\$298,036	2.27	0.44	30.59
MICHIGAN	\$787,868	\$533,646	1.48	0.68	40.38
MINNESOTA	\$690,219	\$458,397	1.51	0.66	39.91
MISSISSIPPI	\$577,497	\$1,108,084	0.52	1.92	65.74
MISSOURI	\$686,406	\$354,315	1.94	0.52	34.05
MONTANA	\$601,101	\$433,643	1.39	0.72	41.91
NEBRASKA	\$601,335	\$379,035	1.59	0.63	38.66
NEVADA	\$578,704	\$461,647	1.25	0.80	44.37
NEW HAMPSHIRE	\$507,180	\$319,827	1.59	0.63	38.67
NEW JERSEY	\$680,365	\$1,317,558	0.52	1.94	65.95
NEW MEXICO	\$602,641	\$978,743	0.62	1.62	61.89
NEW YORK	\$928,863	\$963,880	0.96	1.04	50.93
NORTH CAROLINA	\$681,207	\$1,350,982	0.50	1.98	66.48
NORTH DAKOTA	\$541,666	\$336,303	1.61	0.62	38.30
OHIO	\$783,488	\$579,696	1.35	0.74	42.53
OKLAHOMA	\$626,684	\$421,934	1.49	0.67	40.24
OREGON	\$646,538	\$653,480	0.99	1.01	50.27
PENNSYLVANIA	\$826,171	\$685,643	1.20	0.83	45.35
PUERTO RICO	\$521,116	\$134,382	3.88	0.26	20.50
RHODE ISLAND	\$483,448	\$1,723,038	0.28	3.56	78.09
SOUTH CAROLINA	\$586,856	\$420,218	1.40	0.72	41.73
SOUTH DAKOTA	\$555,046	\$575,960	0.96	1.04	50.92

APPENDIX G

**Historic Preservation Fund Grants to States
FY 2005 Federal and Matching Funds Ratios***

STATE	FY 2005 Award	Match Contributed In FY 2005	Federal to Nonfederal Ratio	Nonfederal To Federal Ratio	Match % Of Total Grant
TENNESSEE	\$637,887	\$397,113	1.61	0.62	38.37
TEXAS	\$913,957	\$567,931	1.61	0.62	38.32
UTAH	\$593,798	\$440,104	1.35	0.74	42.57
VERMONT	\$480,661	\$526,672	0.91	1.10	52.28
VIRGINIA	\$663,678	\$416,871	1.59	0.63	38.58
WASHINGTON	\$679,480	\$536,187	1.27	0.79	44.11
WEST VIRGINIA	\$556,166	\$366,090	1.52	0.66	39.70
WISCONSIN	\$694,979	\$463,319	1.50	0.67	40.00
WYOMING	\$546,068	\$417,649	1.31	0.76	43.34
TOTAL/AVERAGE	\$33,282,601	\$36,170,775	0.92	1.09	52.08

States not required to match their grants:

STATE	FY 2005 Award
AMERICAN SAMOA	\$379,421
FSM	\$311,809
GUAM	\$386,746
MARSHALLS	\$180,709
CNMI	\$387,718
PALAU	\$180,709
VIRGIN ISLANDS	\$390,158
Subtotal:	\$2,217,270
Grand total:	\$35,499,871

* Notes and Caveats:

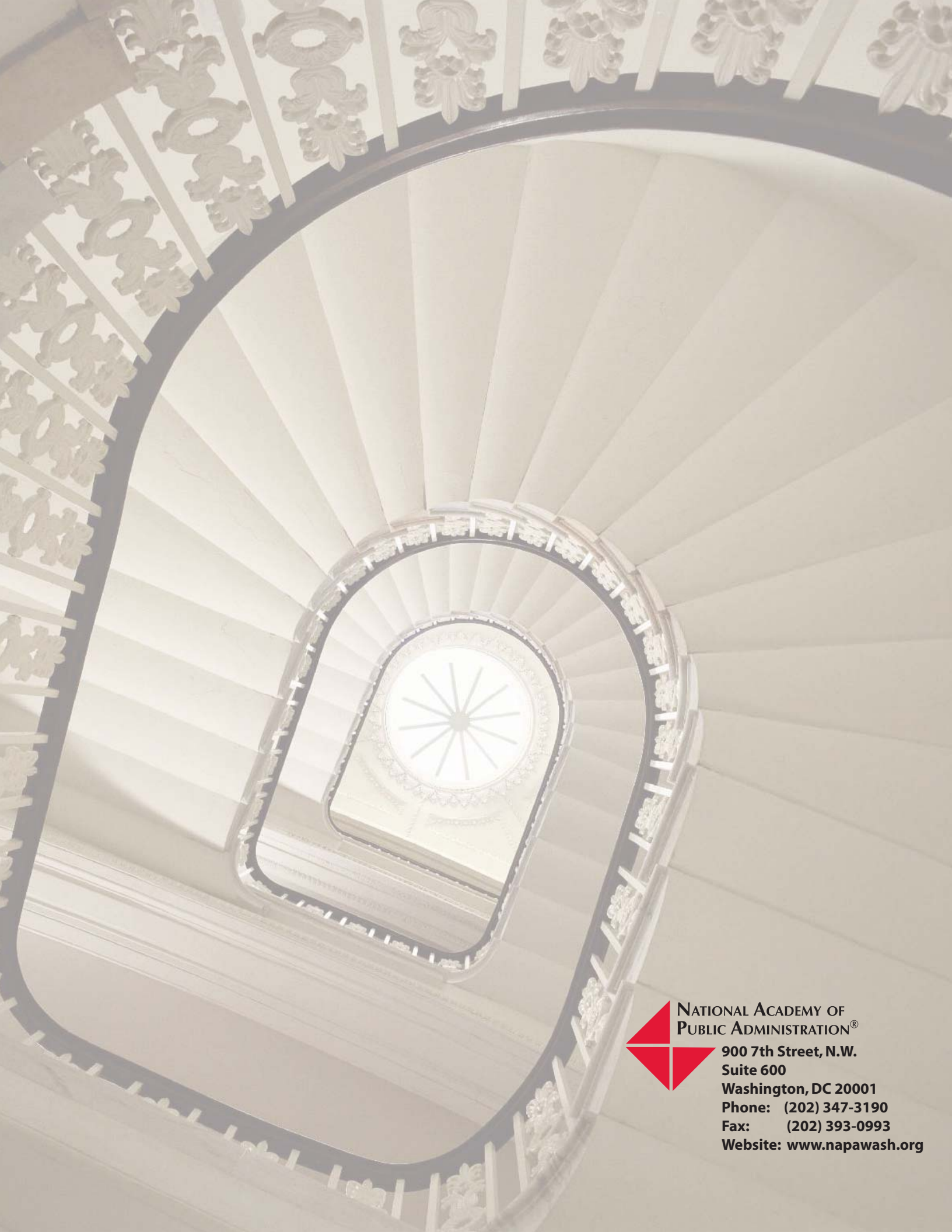
1. By statutory law, seven "States" are not required to match Federal grants. They are excluded from the ratio calculations.
2. Every year, the States have two active HPF grants. For example, during FY 2005, States had the second (and final) year of the FY 2004 grant award and the first year of the FY 2005 grant award. The Sources of Nonfederal Share Table (from which the matching funds figures above are drawn) does not distinguish which year's award is being matched. In other words, the FY 2005 Sources Table reports match contributed during FY 2005 regardless of whether it was matching the FY 2004 grant or the FY 2005 grant. For the purposes of this spreadsheet, this lack of precision evens out over time.
3. With regard to grants, "match" is a term of art that refers to nonfederal funds used to match a Federal grant. This kind of match is treated as if it were Federal money. That is, it is subject to Federal rules and is subject to Federal audit. NPS has long encouraged States to match the minimum amount required plus a small cushion just in case something gets disallowed in an audit. The minimum required ratio is 60/40 Federal/Nonfederal funds. In other words, This technical match is not the total of all funding that states make to their State Historic Preservation Offices. Many States contribute a lot of money to historic preservation that is not related at all to their "Federal Grant Program."

4. "Match" includes both "cash" and "donated goods and services." 94.72% of reported matching share is cash simply because it is easier to document and audit.

5. The Sources Table asks States to report on match that comes from the following sources: 1) Federal (i.e., Federal funds that can be used to match other Federal funds, such as CDBG grants), 2) State government, 3) Regional, 4) Tribes, 5) County, 6) Municipal, 7) CLG, 8) Educational institution, 9) Nonprofit organization, 10) Commercial organization, and 11) Private sources. 83% of the match reported in the FY 2005 Sources Table comes from State Government, which is the simplest source to document and audit while 9% comes from CLGs. If States that are required to match but don't have CLG programs (e.g., D.C.) are removed from the table, the CLG match percentage would grow to slightly more than 10%. NPS does not require that subgrantees match their HPF subgrants, but most States do have such a requirement.

IMAGE CREDIT

Photograph Courtesy of the National Park Service



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