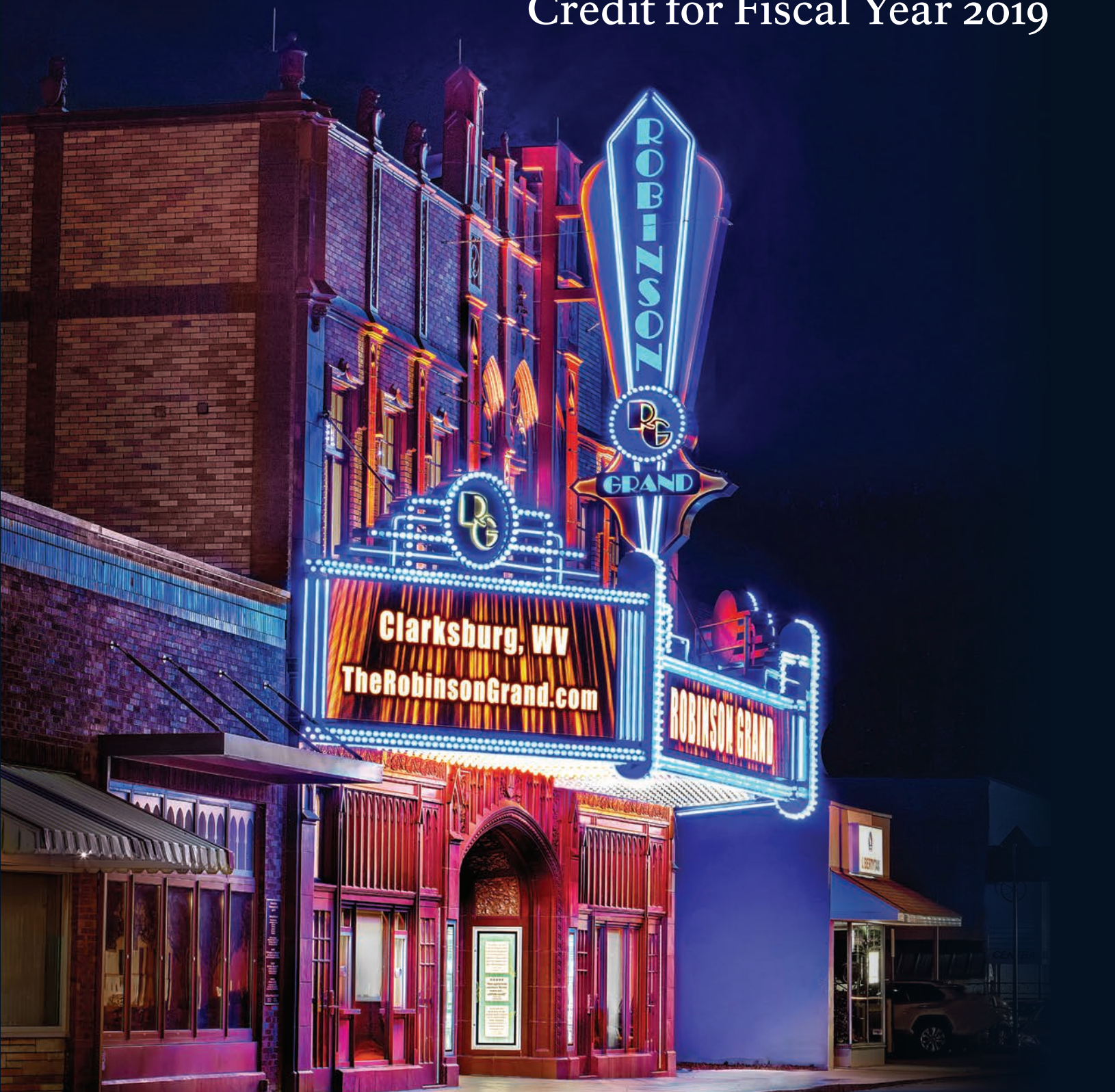


Annual Report on the Economic Impact of the Federal Historic Tax Credit for Fiscal Year 2019



RUTGERS

Edward J. Bloustein School
of Planning and Public Policy



National Park Service

U.S. Department of the Interior
Technical Preservation Services

A Message from the National Park Service

Beyond the National Park System, the National Park Service (NPS) through its Cultural Resources, Partnerships, and Science programs is part of a national preservation partnership working to promote the preservation of historic resources in communities small and large throughout the country. For the past 42 years the NPS, in partnership with the State Historic Preservation Offices, has administered the Federal Historic Preservation Tax Incentives Program. The program provides a 20% Federal tax credit to property owners who undertake a substantial rehabilitation of a historic building in a business or income-producing use while maintaining its historic character.

Commonly referred to as the Historic Tax Credit (HTC), the HTC is designed to not only preserve and rehabilitate historic buildings, but to also promote the economic revitalization of older communities in the nation's cities and towns, along Main Streets, and in rural areas. Since the program's inception in 1976, the NPS has certified the rehabilitation of more than 45,000 historic properties throughout the United States, with the HTC leveraging over \$173.7 billion in private investment in historic rehabilitation and generating over 2.8 million jobs.

In Fiscal Year (FY) 2019, 1,042 completed historic rehabilitation projects were certified by the NPS, representing \$5.77 billion in estimated rehabilitation costs that qualify for the 20% Federal tax credit. (Another 1,317 proposed projects were also approved in FY 2019.) Many of these projects involved buildings that were abandoned or underutilized and in need of substantial rehabilitation to return them to, or for their continued, economic viability. The HTC program is also an important tool in helping to revitalize older, economically depressed communities. Based on project information provided by the NPS, PolicyMap data indicates that 47% of the certified rehabilitation projects in FY 2019 were located in low- and moderate-income census tracts and 74% were located in economically distressed areas.

A common misconception about the HTC program is that it only supports large projects and projects in large cities. Almost half (49%) of all projects in FY 2019 were under \$1 million, and 17% were under \$250,000. PolicyMap data shows that 26% of all certified rehabilitation projects in FY 2019 were located in communities with under 50,000 in population and 16% in communities with under 25,000 in population.

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

For FY 2019, the NPS also turned to the Rutgers University Center for Urban Policy Research, through a cooperative agreement, to undertake a report on the economic impacts of the HTC for the fiscal year ending September 30, 2019. This report highlights its main findings. An economic model originally developed by the Center under a series of grants from the NPS was utilized in the preparation of this report. The economic model was utilized by the Center for their eight prior reports on the Federal HTC, as well as for a number of other economic reports for state governments and others.

As the Center's report identifies, the level and breadth of the positive economic impacts resulting from the Federal HTCs in FY 2019 are quite significant. The report also includes information on the cumulative economic impact of the Federal Historic Preservation Tax Incentives Program for the past 42 years, starting in 1977-78 with the first completed rehabilitation project to be certified by the NPS under the program. Lastly, the report includes four case studies of HTC projects certified in FY 2019. The program remains the Federal government's largest and most effective program supporting historic preservation and community revitalization.

Technical Preservation Services, National Park Service

October 2020



Executive Summary

St. Rose de Lima Church Complex, New Orleans, Louisiana,
School exterior detail

Overview of the Rutgers Economic Analysis

The Federal Historic Tax Credit (HTC) is a Federal income tax credit that promotes the rehabilitation of income-producing historic properties. This study examines the economic impacts of the HTC (a 20% credit since 1986) by analyzing the economic consequences of the projects it supports. This analysis focuses on the economic effects of these projects during construction, quantifying the total economic impacts (i.e., direct as well as multiplier, or secondary, economic consequences) for the Fiscal Year 2019, beginning October 1, 2018, and ending September 30, 2019, and for the period since the program's inception (beginning in FY 1978, with the certification of the first completed rehabilitation project under the program). The study utilizes the Preservation Economic Impact Model (PEIM), a comprehensive economic model development by Rutgers University Center for Urban Policy Research for the National Park Service.

The current analysis applies the PEIM to both cumulative (FY 1978 through FY 2019) HTC-related historic rehabilitation investment (about \$173.7 billion in inflation-adjusted 2019 dollars) and single-year (FY 2019) HTC-related rehabilitation investment (about \$6.4 billion). It considers the effects of the cumulative \$173.7 billion rehabilitation investment as if it applied to one year (2019), rather than backdating the PEIM for each of the 42 years in the study period. It also considers the full rehabilitation investment associated with the HTC (e.g., \$6.4 billion in FY 2019), and not the somewhat lower amount reported by the National Park Service based on estimated qualified rehabilitation costs indicated by property owners requesting certification of rehabilitation for purposes of the tax credit (e.g., \$5.8 billion in FY 2019).¹

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

JOBS	Employment, both part- and full-time, by place of work, estimated using the typical job characteristics of each industry.
INCOME	"Earned" or labor income; specifically, wages, salaries, and proprietor income.
WEALTH	Value-added—the sub-national equivalent of gross domestic product (GDP).
OUTPUT	The value of shipments, as reported in the Economic Census.
TAXES	Tax revenues generated by the activity, which include taxes to the Federal government and to state and local governments.

¹ The HTC has a multi-step application process, encompassing Part 1 (evaluation of the historic significance of the property), Part 2 (description of the proposed rehabilitation work), and Part 3 (request for certification of completed work). Both Part 2 and Part 3 rehabilitation statistics include only costs considered "eligible" or "qualified" for the tax credit under the Internal Revenue Code (Qualified Rehabilitation Expenditures, or QREs), as opposed to "ineligible" or "nonqualified" costs. While the ineligible/nonqualified expenses do not count for tax credit purposes, they are a component of the total rehabilitation investment or cost borne by the HTC property owner. In practical terms, the total rehabilitation investment, including ineligible/nonqualified costs, helps prime the economic pump. For example, in FY 2019, the Part 3 certified investment amounted (Part 3 estimated rehabilitation costs (QRE)) to about \$5.8 billion, while the total rehabilitation outlay associated with the HTC was an estimated \$6.4 billion.



Robinson Grand Theater, Clarksburg, West Virginia
Photo: Joe McNemar Photographer, Stonewood, West Virginia

National Economic Impacts

The following table summarizes the impacts of the HTC in inflation-adjusted 2019 dollars for each of these economic measures for the cumulative period FY 1978–2019 and for FY 2019.

National Total Impacts 2019 \$ billion	FEDERAL HTC-ASSISTED REHABILITATION	
	\$173.7 billion CUMULATIVE (FY 1978–2019)² historic rehabilitation expenditures results in:	\$6.4 billion ANNUAL FY 2019 historic rehabilitation expenditures results in:
Jobs (person-years, in thousands)	2,786	109
Income (\$ billion)	\$138.5	\$4.6
Output (\$ billion)	377.8	12.1
GDP (\$ billion)	188.2	6.2
Taxes (\$ billion)	53.7	1.6
Federal (\$ billion)	38.1	1.1
State (\$ billion)	7.7	0.3
Local (\$ billion)	7.9	0.3

The benefits of investment in HTC-related historic rehabilitation projects are extensive, increasing payrolls and production in nearly all sectors of the nation's economy. The cumulative effects for the period of FY 1978 through FY 2019 are illustrative. During that period, \$173.7 billion in HTC-related rehabilitation investment created 2,786,000 jobs and \$188.2 billion in GDP, about 31% of which (850,000 jobs and \$55.6 billion in GDP) was in the construction sector. This is as one would expect, given the share of such projects that require the employment of building contractors and trades. Other major beneficiaries were the service sector (505,000 jobs, \$25.0 billion in GDP), the manufacturing sector (585,000 jobs, \$49.7 billion in GDP), and the retail trade sector (397,000 jobs, \$13.4 billion in GDP). As a result of both direct and multiplier effects, and due to the interconnectedness of the national economy, sectors not immediately associated with historic rehabilitation, such as agriculture, mining, transportation, and public utilities, benefit as well. (see Exhibit 3.2).

The most recent economic benefits of the federal HTC are also most impressive. In FY 2019, HTC-related investments generated approximately 110,000 jobs, including 39,000 in construction and 25,000 in manufacturing, and were responsible for \$6.2 billion in GDP, including \$2.0 billion in construction and \$1.7 billion in manufacturing. HTC-related activity in FY 2019 generated \$4.6 billion in income, with construction (\$1.7 billion) and manufacturing (\$1.1 billion) reaping major shares. (See Exhibit 3.1)

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

Fiscal Year 2019 Highlights



\$6.4 billion

Total in rehabilitation investment.

2019 POSITIVE IMPACTS
on the national economy:

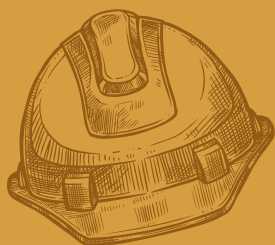
\$12.1 billion in output,

\$6.2 billion in GDP,

\$4.6 billion in income, and

\$1.6 billion in taxes, including

\$1.1 billion in Federal tax receipts.



110,000

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

47%

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

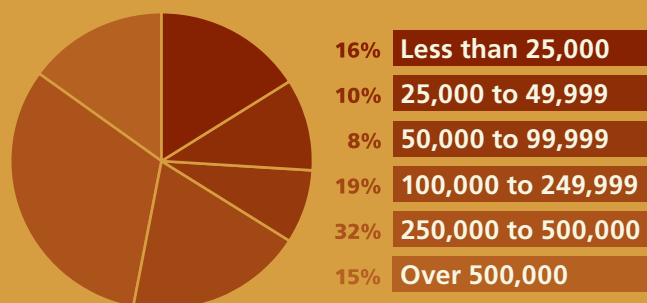
74%

Projects in **economically**
distressed areas.*

26%

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

Projects by Community Size (Population)*



*Courtesy of PolicyMap (Estimated Population, 2014–2018. United States Census Bureau, American Community Survey 5-year estimates. New Markets Tax Credit (NMTC) Eligibility Status for 2019 using 2011–2015 eligibility data. United States Department of the Treasury, CDFI Fund).

Fiscal Year 1978 — Fiscal Year 2019 Cumulative HTC Impacts

\$173.7 billion

in cumulative rehabilitation investment.

An inflation-adjusted (2019 dollars) \$32.9 billion HTC
cost **encouraged a five times greater amount** of historic
rehabilitation, \$173.7 billion.



2.8 million

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

CUMULATIVE POSITIVE IMPACTS
on the national economy:

\$377.8 billion in output,

\$188.2 billion in GDP,

\$138.5 billion in income, and

\$53.7 billion in taxes, including

\$38.1 billion in Federal tax receipts.

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



St. Rose de Lima Church Complex, New Orleans, Louisiana, Theater Interior

The HTC National and State Economic Impacts

A breakdown by state of the national economic benefits, both for FY 2019 and cumulatively for the last five fiscal years (FY 2015–2019), shows the benefits of the program on the national economy. (See Exhibits 2.1 and 2.2)

HTC-related historic rehabilitation benefits state economies as well as the national economy. For example, in Pennsylvania in FY 2019, Federal HTC-related rehabilitation activity totaled about \$649.2 million. The national impacts of that investment included 10,552 jobs, an additional \$1,265.9 million in output, \$471.3 million in income, \$624.7 million in GDP, \$114.3 million in Federal taxes, and \$154.3 million in total taxes. In Pennsylvania alone, the same \$649.2 million in HTC-related spending resulted in 5,823 jobs, \$649.1 million in output, \$288.3 million in income, \$348.6 million in gross state product (GSP), and \$77.5 million in total taxes.

HTC Impacts Compared with those of Non-Preservation Investments

How does HTC-related historic rehabilitation perform as an economic pump-primer compared with other, non-preservation investments? In short, quite well. Numerous studies conducted by Rutgers University have shown that in many parts of the country, a \$1 million investment in historic rehabilitation yields markedly better effects on employment, income, GDP, and state and local taxes than an equal investment in new construction or many other economic activities (e.g., manufacturing or services). These findings demonstrate that historic rehabilitation, combined holistically with the many activities of the broader economy, delivers a commendably strong “bang for the buck.”

The Cost of the HTC

The HTC is a tax expenditure and has a public cost. In the simplest terms, the Federal cost of the HTC is equal to the credit percent (20% since 1986) applied to the Part 3 (“qualified for tax credit”) estimated investment. Applying that calculation, the federal HTC costs the U.S. Treasury approximately \$32.9 billion (in inflation-adjusted 2019 dollars) over the period of FY 1978 through FY 2019, while the cost for projects certified by the National Park Service in FY 2019 alone was about \$1.154 billion. Weighing against these costs are the significant economic impacts (i.e., jobs, income, GDP, and output) and tax revenue (Federal, state, and local) generated by HTC-aided rehabilitations and documented in this study. An important finding is that the HTC yields a net benefit to the U.S. Treasury, generating \$38.1 billion in federal tax receipts over the life of the program, compared with \$32.9 billion in credits allocated. (See Exhibit 1)

³See footnote 1, on page 1.

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

Exhibit 1 Summary of Federal Historic Tax Credit Statistics

Dollar amounts are expressed in billions

Investment/Tax Credit Component ^a	FY 1978–2019			
	Nominal \$ ^d		Real \$ ^e	
	Total	Annual Average	Total	Annual Average
Approved proposed (for tax credit) rehabilitation (Part 2)	\$125.3	\$2.98	\$207.3	\$4.94
Certified (for tax credit) rehabilitation (Part 3)	\$92.1	\$2.19	\$156.4	\$3.72
Total rehabilitation cost ^b	\$102.3	\$2.44	\$173.7	\$4.14
Federal tax credit ^c	\$18.9	\$0.45	\$32.9	\$0.78

Dollar amounts are expressed in billions

Economic Impacts (See Exhibit 3.2 for details)	FY 1978–2019	
	Total	Annual Average
Jobs (in thousands)	2,786	66
Income	\$138.5	\$3.30
Gross Domestic Product	\$188.2	\$4.48
Output	\$377.8	\$9.00
Taxes-All Government	\$53.7	\$1.28
Taxes-Federal Government	\$38.1	\$0.91
Taxes-State Government	\$7.7	\$0.18
Taxes-Local Government	\$7.9	\$0.19

Technical Background: The HTC has a multi-step application process encompassing Part 1 (evaluation of the historic significance of the property), Part 2 (description of the rehabilitation work), and Part 3 (request of certification of completed work). With respect to the HTC's dollar magnitude, the most complete data is for the approved proposed (for tax credit) rehabilitation investment (Part 2). We do not have as good data on the year-by-year certified (for tax credit) rehabilitation (Part 3) volume over the full FY 1978-2019 period. (Only a portion of the Part 2 rehabilitation is ultimately certified as Part 3.) Further, we do not have specific data on the total rehabilitation investment associated with the HTC. By way of background, both Part 2 and Part 3 rehabilitation statistics include only what are termed "eligible" or "qualified" items (or Qualified Rehabilitation Expenditures—QRE) for the tax credit as opposed to what are called "ineligible" or "non-qualified" costs. Examples of "eligible"/"qualified" items include outlays for renovation (walls, floors, and ceilings, etc.) construction-period interest and taxes, and architect fees; examples of "ineligible"/"non-qualified" costs include landscaping, financing and leasing fees, and various other outlays (e.g., for fencing, paving, sidewalks and parking lots). While the "ineligible"/"non-qualified" expenses do not count for tax credit purposes, they are practically a component of the total rehabilitation investment borne by the HTC-oriented developer and in fact, the total rehabilitation investment (including "ineligible"/"non-qualified" costs) help pump-prime the economy. Based on the best published data and through additional case studies conducted specifically for the purposes of the current investigation, Rutgers University estimates some of the "missing information" noted above regarding the cumulative HTC investment over FY 1978–2019.^a

^a Data estimated from best available information.

^b Equals all rehabilitation outlays—both "eligible"/"qualified" expenses and "ineligible"/"non-qualified" costs. The total rehabilitation cost is estimated by dividing the Part 3 investment divided by .9. Case study investigation suggests that the Part 3 amount is closer to 85% of the total rehabilitation cost, however we elected to apply the .9 factor to be conservative, that is to derive a lower rather than a higher estimate of the total rehabilitation expense.

^c Assumes a 25% HTC in FY 1978–FY 1986 and a 20% HTC in FY 1987–FY 2019. These percents are applied to the certified rehabilitation (Part 3).

^d In indicated year dollars—not adjusted for inflation.

^e In inflation-adjusted 2019 dollars.

SOURCES: Department of the Interior, National Park Service, Technical Preservation Services; National Council of State Historic Preservation Officers; and calculations by Rutgers University.

Exhibit 2.1 Fiscal Year 2019 National Economic and Tax Impacts of Federal HTC-Related Investment by State

State	Total Rehabilitation Costs (in 2019 \$ millions)	National Economic Impacts (in 2019 \$ millions)				Tax Impacts (in 2019 \$ thousands)			
		Employment (Jobs)	Income	GDP	Output	Local	State	Federal	Total
Alabama	\$13.6	251	\$8.6	\$16.2	\$22.3	\$0.2	\$0.4	\$2.1	\$2.7
Alaska	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	2.7	47	1.6	2.1	5.2	2.6	1.7	0.5	4.7
Arkansas	31.2	646	21.7	32.4	57.7	0.6	1.1	5.2	7.0
California	229.0	3,415	166.0	216.8	448.0	5.8	9.2	42.1	57.1
Colorado	26.6	1,707	18.8	26.0	50.1	0.7	0.9	4.4	6.0
Connecticut	14.5	208	10.1	14.1	26.6	0.8	0.6	2.3	3.7
Delaware	10.7	169	7.5	10.3	19.9	0.5	0.5	1.7	2.7
District of Columbia	29.5	428	19.9	26.9	51.9	2.0	0.8	4.0	6.8
Florida	27.7	484	19.6	26.5	51.9	1.4	0.9	4.7	7.0
Georgia	107.1	2,116	74.4	109.3	196.2	5.1	4.9	18.1	28.1
Hawaii	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Idaho	1.4	27	1.0	1.4	2.6	0.0	0.0	0.2	0.3
Illinois	57.1	843	41.6	53.7	111.6	1.8	1.6	10.0	13.5
Indiana	71.9	1,259	51.3	69.1	137.1	23.7	15.8	12.2	51.7
Iowa	107.8	1,947	73.0	108.9	189.6	3.6	3.2	16.9	23.7
Kansas	42.6	774	29.8	41.3	79.0	10.1	7.0	6.9	23.9
Kentucky	67.8	1,297	46.9	66.3	124.1	6.8	5.4	10.8	23.0
Louisiana	323.5	5,715	230.6	302.1	612.8	11.3	11.8	53.1	76.1
Maine	25.6	389	15.1	22.6	49.1	1.2	1.1	4.1	6.3
Maryland	57.4	886	40.3	54.2	106.4	1.9	1.7	9.2	12.7
Massachusetts	247.9	3,221	173.9	233.4	461.6	6.6	8.0	40.0	54.6
Michigan	339.8	5,399	240.7	322.5	641.0	10.1	12.2	56.1	78.4
Minnesota	132.7	2,089	93.2	125.5	247.8	4.7	5.3	21.4	31.3
Mississippi	16.8	350	11.7	16.6	30.9	1.3	1.0	2.7	5.0
Missouri	412.9	7,074	294.5	390.1	785.0	11.4	13.0	68.4	92.8
Montana	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nebraska	25.7	493	17.6	25.4	46.0	5.3	3.6	4.0	12.9
Nevada	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Hampshire	68.9	1,058	48.0	66.8	127.6	2.7	1.0	11.0	14.6
New Jersey	121.8	1,749	86.4	113.7	231.4	2.4	3.6	19.9	25.9
New Mexico	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New York	577.9	9,561	411.8	550.0	1,087.5	37.5	31.7	99.3	168.5
North Carolina	423.6	7,935	298.4	424.3	793.5	10.2	14.8	72.5	97.5
North Dakota	0.2	4	0.1	0.2	0.4	0.0	0.0	0.0	0.0
Ohio	578.8	10,398	412.2	570.3	1,099.2	25.1	21.2	100.4	146.7
Oklahoma	84.8	1,673	60.4	84.8	162.0	2.0	2.9	14.6	19.5
Oregon	152.6	2,699	110.8	145.2	297.0	4.0	5.3	26.6	35.9
Pennsylvania	649.2	10,552	471.3	624.7	1,265.9	21.6	18.4	114.3	154.3
Rhode Island	52.2	797	35.6	53.5	94.0	1.9	1.7	8.2	11.7
South Carolina	169.8	3,174	117.8	172.2	310.3	4.9	5.5	28.2	38.5
South Dakota	1.9	38	1.3	1.7	3.5	0.1	0.0	0.3	0.4
Tennessee	58.1	1,028	40.8	56.4	108.3	1.6	1.2	9.5	12.4
Texas	288.4	4,660	209.0	273.3	564.9	10.0	5.7	51.5	67.2
Utah	2.2	41	1.6	2.2	4.1	0.1	0.1	0.4	0.5
Vermont	17.0	302	12.3	16.2	32.7	0.0	0.8	2.8	4.3
Virginia	335.9	5,653	240.4	324.9	640.0	8.7	11.3	57.5	77.5
Washington	124.0	1,987	88.9	120.5	238.3	5.7	4.5	21.4	31.6
West Virginia	28.9	553	20.0	29.0	52.7	0.9	1.0	4.6	6.5
Wisconsin	251.2	4,372	178.0	244.7	472.0	8.9	10.1	42.4	61.4
Wyoming	0.5	11	0.4	0.5	1.0	0.0	0.0	0.1	0.2
Totals	\$6,411.4	109,478	\$4,554.7	\$6,188.6	\$12,140.7	\$267.4	\$252.6	\$1,086.4	\$1,607.2

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

Exhibit 2.2 Cumulative Fiscal Years 2015–2019

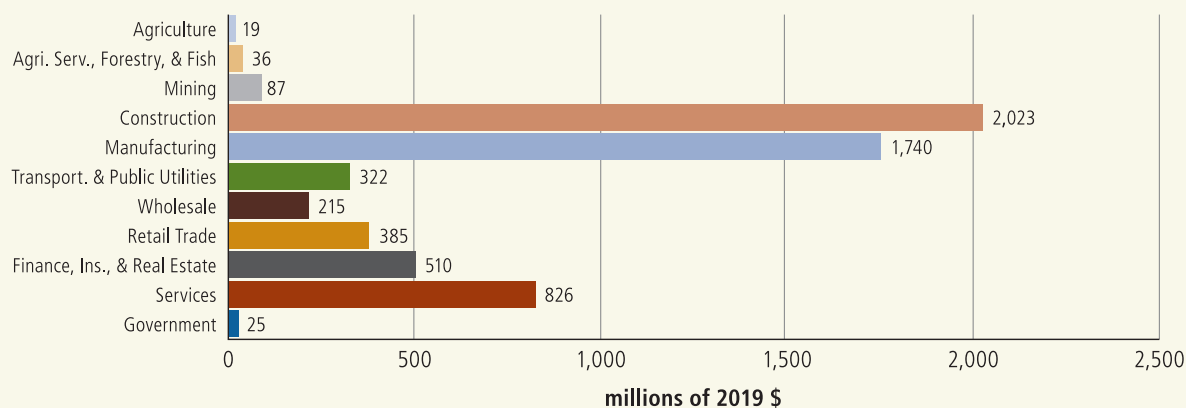
National Economic and Tax Impacts of Federal HTC-Related Investment by State

State	Total Rehabilitation Costs (in 2019 \$ millions)	National Economic Impacts				Tax Impacts (in 2019 \$ millions)			
		Employment (Jobs)	(in 2019 \$ millions)			(in 2019 \$ millions)		Federal	Total
			Income	GDP	Output	Local	State		
Alabama	\$261.4	4,554	\$165.7	\$311.7	\$428.9	\$435.7	\$648.9	\$3,747.1	\$4,831.6
Alaska	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arizona	120.0	1,940	71.0	91.5	230.9	2,435.4	1,572.7	429.9	4,437.9
Arkansas	207.5	4,088	144.3	215.6	383.7	278.7	508.7	2,352.6	3,139.9
California	827.1	11,672	599.6	783.0	1,618.2	6,478.5	10,359.3	47,159.9	63,997.7
Colorado	146.1	8,710	102.9	142.9	275.0	2,227.9	2,837.3	14,581.4	19,646.7
Connecticut	557.5	7,376	388.2	539.5	1,019.7	6,208.3	5,264.3	18,895.1	30,367.6
Delaware	55.4	826	39.2	53.5	103.5	24.9	26.1	85.2	136.3
District of Columbia	534.8	7,431	360.6	487.6	941.5	2,164.6	868.2	4,399.4	7,432.1
Florida	140.1	2,280	99.0	134.1	262.2	2,988.3	1,806.1	9,749.5	14,544.0
Georgia	451.1	8,532	313.1	460.5	825.9	2,433.6	2,362.6	8,727.8	13,524.0
Hawaii	7.8	106	5.3	7.4	13.6	39.1	46.2	169.6	254.9
Idaho	14.7	262	9.9	14.2	26.3	0.3	0.3	2.2	2.9
Illinois	1,347.9	18,518	981.3	1,266.5	2,632.5	7,389.9	6,707.9	40,841.7	54,939.7
Indiana	343.8	5,670	245.6	330.6	656.1	34,883.9	23,243.6	17,994.7	76,122.1
Iowa	873.0	14,851	591.1	882.3	1,535.7	4,249.3	3,780.8	19,905.1	27,935.1
Kansas	291.9	4,984	204.1	282.8	541.1	9,553.4	6,646.3	6,513.9	22,713.5
Kentucky	419.4	7,553	290.4	410.1	767.9	4,283.9	3,411.8	6,827.2	14,523.1
Louisiana	1,738.0	28,916	1,238.8	1,622.9	3,292.1	10,268.3	10,696.5	48,286.1	69,250.9
Maine	252.9	3,569	148.7	223.3	484.9	2,779.1	2,583.2	9,701.4	15,063.5
Maryland	601.2	8,685	422.3	567.8	1,115.6	1,970.9	1,783.2	9,724.1	13,478.0
Massachusetts	1,812.9	22,119	1,272.1	1,706.7	3,375.7	9,062.6	10,934.0	54,824.2	74,820.8
Michigan	1,290.8	19,434	914.3	1,224.9	2,434.8	9,710.7	11,808.8	54,116.9	75,636.5
Minnesota	1,161.7	17,028	815.7	1,098.8	2,169.6	9,073.2	10,264.3	41,665.4	61,002.7
Mississippi	101.2	1,981	70.5	100.0	186.4	1,783.1	1,420.6	3,813.4	7,017.3
Missouri	1,791.7	33,236	1,470.5	1,948.0	3,920.0	6,501.2	7,436.3	38,982.1	52,919.4
Montana	16.7	295	11.7	16.4	30.7	14.5	13.4	61.0	88.9
Nebraska	218.9	3,918	149.6	216.3	391.6	10,252.7	7,005.3	7,682.1	24,940.1
Nevada	1.4	19	1.0	1.3	2.6	0.0	0.0	0.2	0.3
New Hampshire	91.0	1,365	63.3	88.1	168.4	776.2	276.0	3,168.4	4,220.6
New Jersey	680.9	9,093	483.1	635.7	1,293.3	728.2	1,097.4	6,074.5	7,900.2
New Mexico	12.8	231	9.1	12.5	24.3	294.1	290.4	1,122.9	1,707.3
New York	4,346.0	67,578	3,096.7	4,136.0	8,178.1	43,497.6	36,853.9	115,380.2	195,731.8
North Carolina	1,279.3	22,668	901.2	1,281.4	2,396.5	3,886.7	5,621.5	27,502.2	37,010.4
North Dakota	25.9	429	18.1	24.1	47.9	446.0	346.5	1,941.7	2,734.3
Ohio	2,804.3	47,807	1,996.8	2,763.0	5,325.3	21,181.2	17,846.3	84,611.9	123,639.5
Oklahoma	420.4	7,755	299.4	420.2	802.9	2,135.0	3,083.2	15,215.4	20,433.6
Oregon	284.8	4,850	206.8	271.0	554.3	1,721.2	2,319.4	11,537.2	15,577.7
Pennsylvania	2,043.6	31,740	1,483.6	1,966.6	3,985.0	10,265.1	8,705.2	54,224.4	73,194.8
Rhode Island	532.9	7,671	363.4	545.6	958.6	3,171.9	2,773.8	13,701.5	19,647.3
South Carolina	302.5	8,390	326.4	477.1	859.7	947.9	1,062.2	5,501.1	7,511.0
South Dakota	14.5	234	8.7	11.2	23.0	138.7	80.9	645.0	864.6
Tennessee	498.3	8,486	349.4	483.3	928.7	1,084.9	823.5	6,267.4	8,175.8
Texas	1,346.0	20,861	975.0	1,275.2	2,636.3	1,381.6	793.7	7,139.5	9,314.8
Utah	24.4	424	17.2	24.1	45.5	27.0	34.1	168.8	230.0
Vermont	99.1	1,632	71.7	94.1	190.2	1,818.8	2,293.0	7,569.8	11,682.2
Virginia	1,923.1	30,482	1,376.3	1,860.1	3,664.5	12,485.8	16,184.5	82,521.3	111,191.5
Washington	360.3	5,463	258.4	350.1	692.4	1,167.3	914.1	4,364.2	6,445.4
West Virginia	78.7	1,442	54.6	79.1	143.8	253.4	292.4	1,343.3	1,889.3
Wisconsin	732.8	12,210	519.3	713.9	1,377.0	1,725.4	1,969.5	8,249.1	11,944.2
Wyoming	3.3	67	2.5	3.6	6.7	0.2	0.1	0.7	1.1
Totals	\$33,491.8	539,429	\$24,007.3	\$32,656.0	\$63,969.1	\$256,625.8	\$237,698.4	\$929,489.5	\$1,423,815.0

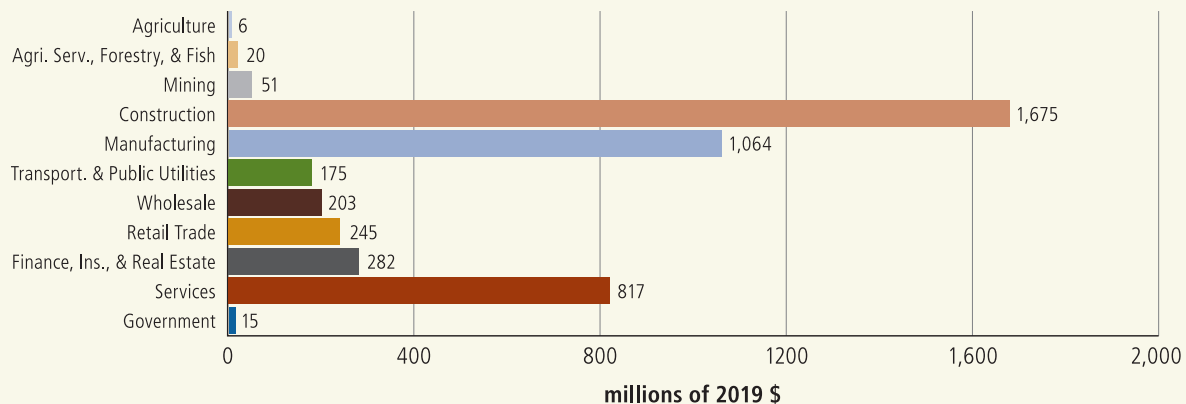
SOURCE: Technical Preservation Services, National Park Service. Calculations by Rutgers University.

**Exhibit 3.1 National Economic and Tax Impacts of Federal HTC-related Activity
FY 2019 (HTC Investment: \$6.4 billion)**

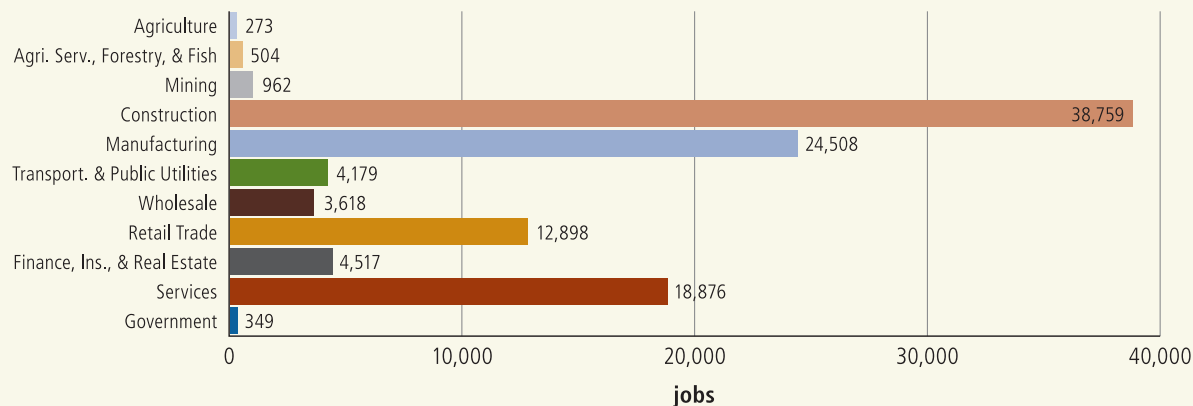
Gross Domestic Product by Sector from Federal Historic Preservation Investment
\$6,189 million, FY 2019



Income Created by Sector from Federal Historic Preservation Investment
\$4,555 million, FY 2019

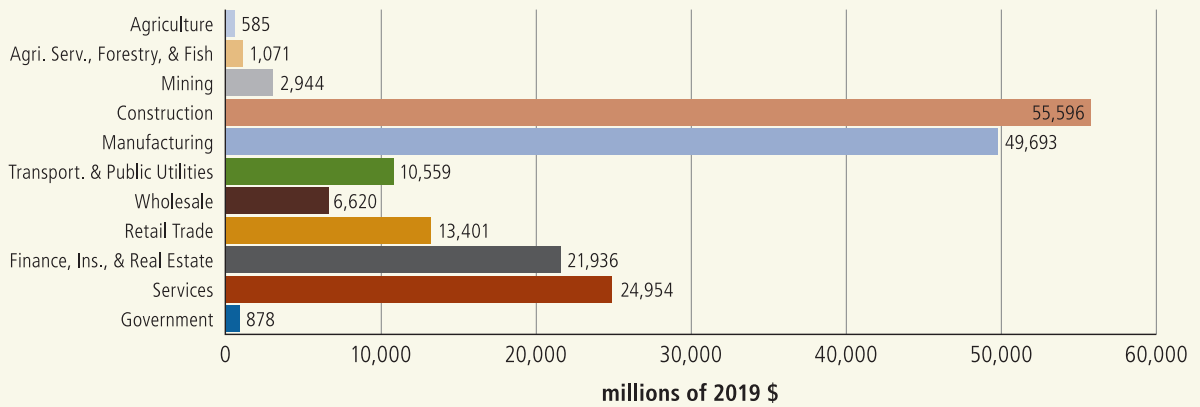


Jobs Created by Sector from Federal Historic Preservation Investment
109,478 jobs, FY 2019

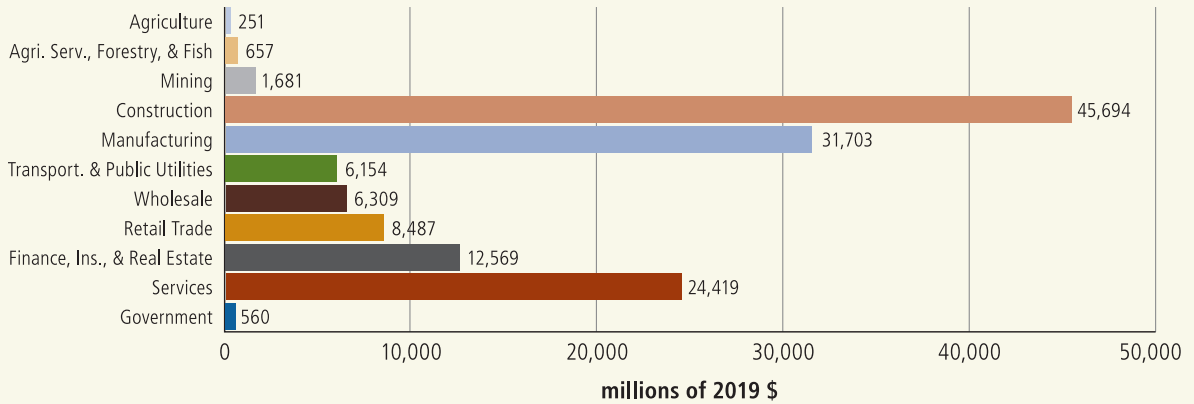


**Exhibit 3.2 National Economic and Tax Impacts of Federal HTC-related Activity
FY 1978 through FY 2019 (HTC Investment: \$173.7 billion)**

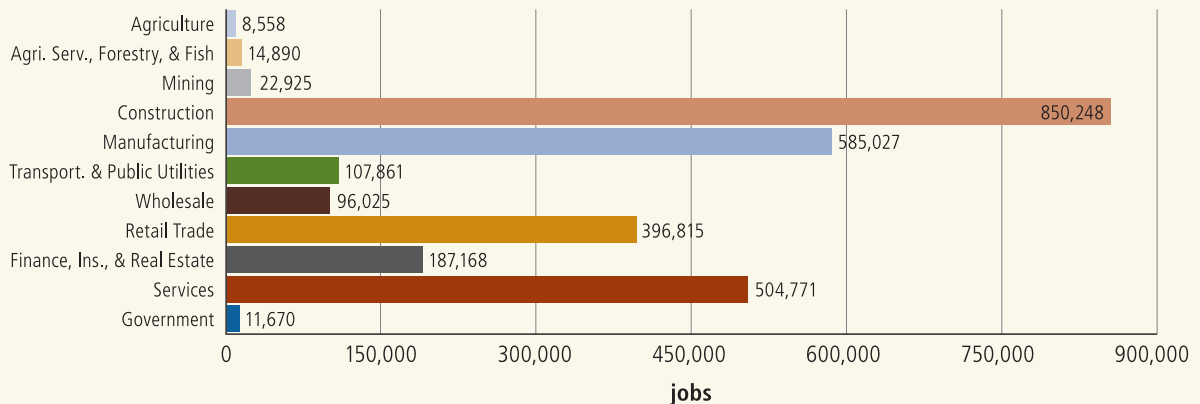
Gross Domestic Product by Sector from Federal Historic Preservation Investment
\$188,238 million cumulative, FY 1978–2019



Income Created by Sector from Federal Historic Preservation Investment
\$138,483 million cumulative, FY 1978–2019



Jobs Created by Sector from Federal Historic Preservation Investment
2,786,016 jobs cumulative, FY 1978–2019



St. Rose de Lima Church Complex

New Orleans, Louisiana

PROJECT PROFILE

Historic Name: St. Rose de Lima Church Complex

Current Name: Rose Collaborative for Arts, Education, and Entrepreneurship

Year Built: 1915

Rehabilitation Completed: 2018

Original Use: Church

New Use: Center for Arts, Education, and Entrepreneurship

Total Project Cost: \$12,126,912

Federal Historic Tax Credits (20%): \$1,445,402

Louisiana State Historic Tax Credits (20%): \$1,824,510

Federal New Markets Tax Credit Equity: \$2,626,000

History and Context

Originally established in 1857, the St. Rose de Lima Parish was the site of a seminal event in New Orleans' history celebrating the parish's abolitionist priest, the Rev. Claude Paschal Maistre, who defied the archdiocese and performed the funeral of Capt. Andre Cailloux, a free man of color who died in the Civil War in 1863. In the late 19th century, the parish relocated to its current site, which is now a predominantly Afro-Caribbean corridor lined with pastel storefronts housing an eclectic mix of diverse, locally owned businesses. Following decades of disinvestment and decline, the area has recently benefited from a strong public-private revitalization effort. However, the most prominent property, St. Rose de Lima Church and the two schoolhouses on its site, sat vacant and deteriorating for twelve years.

Scope of Rehabilitation

Alembic Community Development and Rose Community Development Corporation partnered to redevelop the complex of three historic properties, which are located in the Esplanade Ridge National Register Historic District in New Orleans' 7th Ward, as the Rose Collaborative for Arts, Education, and Entrepreneurship.

The rehabilitation project was undertaken as a three-part program. The 1915 church was rehabilitated as the new home and performance art space for New Orleans' acclaimed Southern Rep Theatre. The theater also offers special programming such as Care for Creatives for adults and after-school programs and summer camps for youth.

The frame schoolhouse that dates to 1938 was rehabilitated as shared office spaces for social justice nonprofit organizations and entrepreneurs. The ground floor co-working space is anchored by Fund 17, a nonprofit organization that operates a Community Business Incubator that provides training and mentorship programs as well as access to capital for micro-entrepreneurs.

The 1925 brick school was rehabilitated for the nonprofit Waldorf School of New Orleans, which has operated in the city since 2000. The school integrates academics with the arts, culture, and community from nursery school through 8th grade.

The project faced significant design and construction challenges, in particular how to create a professional theater in the deconsecrated church that respected and preserved its historic character and met the Secretary of the Interior's Standards for Rehabilitation. The team's solution was to construct a box within the church's volume with dedicated HVAC and electrical systems that create a self-contained black box theater. A secondary performance space was created in the open area at the front of the church. The team coordinated work on the three buildings simultaneously and packaged the scope of work for sub-contractors to ensure that small, minority-owned firms could bid on the jobs. The presence of lead-based paint and asbestos in all three buildings, plus the fact that the site was a brownfield with hazardous materials that had to be removed, added to the challenges faced in the rehabilitation project.

Role of the Historic Tax Credit

Both the Federal and Louisiana State Historic Tax Credits were critical to financing the rehabilitation of the three historic buildings. The rehabilitated buildings produce limited revenue because they offer affordable, below-market rate leases to the nonprofit tenants. This results in reduced cash flow that falls far short of supporting conventional financing. The equity realized through the Federal and State Historic Tax Credits, as well as other community development incentives, was vital in filling redevelopment financing gaps and made the project possible.



Top row: Theater exterior, school hallway
Second row: School exterior, office exterior

Economic Impact on the Community

The project has revitalized not only the St. Rose de Lima campus, but also the surrounding commercial establishments. The tenants in the rehabilitated buildings and the services they provide draw many visitors, including the 30,000 patrons who attend the Southern Rep Theatre's performances. These visitors also support the small neighborhood businesses nearby. Eventually, approximately 165 new full and part-time jobs will have been created for educators, administrators, playwrights, directors, performers, lighting and sound technicians, and other professionals. The rehabilitated offices in the 1938 school building annually supports the nearly 100 micro-entrepreneurs who share the space, and it offers the social justice organizations a collaborative environment to better execute their missions. The Waldorf School is projected to serve more than 200 students, providing 100% scholarships to low-income students.

PROJECT BUDGET

Sources of Funds	Amount
Federal Historic Tax Credit equity	\$1,445,402
Louisiana State Historic Tax Credit equity	\$1,824,510
Federal New Markets Tax Credit equity	\$2,626,000
Community Development leverage loans	\$5,031,000
Owner equity	\$1,200,000
Total	\$12,126,912

Uses of Funds	Amount
Acquisition	\$473,225
Construction	\$7,675,100
Soft costs	\$986,200
Financing & other fees, reserves	\$2,992,387
Total	\$12,126,912

Cambridge Apartments

Seattle, Washington



PROJECT PROFILE

Historic Name: Cambridge Apartments

Year Built: 1923

Rehabilitation Completed: 2018

Original Use: Housing

New Use: Affordable Housing

Total Project Cost: \$48,940,127

Federal Historic Tax Credits (20%): \$5,083,958

History and Downtown Context

The Cambridge Apartments are housed in a Classical Revival-style apartment building in the First Hill neighborhood of Seattle, Washington. Built in 1923, the L-shaped, reinforced concrete building is clad in red brick, stucco, and terra cotta.

The building was designed by architect Sherwood Ford, known for many prominent commissions in Washington State. It was Seattle's first concrete high-rise apartment building and was constructed during a period of dramatic growth when housing was in great demand. Once towering over downtown, the ten-story structure represented the city's ambition and ability to urbanize in a vertical direction.

The Cambridge Apartments building is individually listed in the National Register and historically significant for its connections to the broad patterns of development and growth of the city. Designed as an apartment-hotel, it was an innovative housing type that became popular in the 1920s, providing both tourists and long-term residents the privacy and space of an apartment with hotel-like amenities, including a concierge, a radio room where residents gathered to listen to the radio, and a tearoom.

Scope of Rehabilitation

For nearly 100 years, the Cambridge Apartments remained mostly unaltered. In December 2016, a major rehabilitation was initiated to convert the building into affordable housing. The rehabilitation included repair of the red brick, stucco, and terra cotta on the exterior and installation of new windows. On the interior, asbestos had to be abated first before other work could begin. That work included installation of new plumbing and HVAC systems and a new fire-alarm system. The existing elevators were modernized to meet current code requirements. The 157 apartments were updated while retaining the character-defining features and spaces that are unique to this historic apartment-hotel. The kitchens and bathrooms were refurbished with new energy-efficient appliances and fixtures, and several apartments were modified to be accessible units. The project included seismic and life safety upgrades that brought the building up to modern sustainability standards. The distinctive lobby and the radio room were also restored on the interior.



All photographs courtesy of William Wright Photography.

Role of the Historic Tax Credit

All financing sources were essential to this project. Due to a shortage of affordable housing in Seattle, available public funds are primarily used for new construction projects. The \$5,083,958 in equity generated by the Federal Historic Tax Credit filled a financing gap without which the creation of 157 affordable housing units would not have been possible.

Impact to the Community

When the Cambridge Apartments building was constructed in 1923, it represented the dramatic economic growth of the first two decades of the 20th century through a large-scale housing type. In Seattle, the need for affordable housing continues to grow due to rapid population growth and rising housing costs. That need has often resulted in the demolition of smaller historic apartment buildings to erect larger, new ones. The successful conversion of the Cambridge Apartments illustrates how historic preservation and rehabilitation can be used to meet the demand for affordable housing. The rehabilitated Cambridge Apartments provides affordable housing, in a location that is convenient to the city's financial, government, hospital, and education job centers, by serving households earning below 50% to 60% of area median income and individuals who qualify for Section 8 housing.

PROJECT BUDGET

Sources of Funds	Amount
First mortgage	\$8,740,461
WA Department of Commerce	\$533,333
Seller financing	\$14,984,048
Sponsor note	\$3,642,752
Deferred developer fee	\$1,750,000
General partner contribution	\$1,898
Limited partner Historic Tax Credits	\$5,083,958
Limited partner Low-Income Housing Tax Credits	\$14,203,677
Total	\$48,940,127

Uses of Funds	Amount
Acquisition costs	\$19,185,992
Rehabilitation/construction costs	\$22,485,939
Architectural & engineering costs	\$994,697
Interim/construction costs	\$2,152,118
Financing fees & expenses	\$131,785
Miscellaneous costs	\$700,531
Syndication costs	\$146,964
Developer fee(s)	\$2,750,000
Project reserves	\$392,101
Total	\$48,940,127

Robinson Grand Theater

Clarksburg, West Virginia

PROJECT PROFILE

Historic Name: Robinson Grand Theater

Current Name: Robinson Grand Performing Arts Center

Year Built: 1912

Rehabilitation Completed: 2018

Original Use: Theater

New Use: Performing Arts Center

Total Project Cost: \$23,715,605

Federal Historic Tax Credits (20%): \$2,322,733

WV Historic Tax Credits (20%): \$1,128,810

Federal New Markets Tax Credits: \$5,039,064



Photo: Art by Crim

Building History

The Robinson Grand Theater was built by Clarksburg Amusement Company in 1912, opening its doors in 1913. The Robinson brothers, Claude and Rueben, ran the day-to-day operations. Part of the Keith-Albee vaudeville circuit, the theater hosted such famous performers as Jack Benny and ventriloquist Edgar Bergen. The theater was significantly enlarged and remodeled in 1927. Claude Robinson's friendship with Albert Warner of Warner Brothers gave him early access to the new sound technology, and the theater became one of the first in the nation to show "talkies." In May of 1939, a fire destroyed most of the stage and auditorium, leaving the front part of the building, including the façade, largely intact. The façade was retained and an entirely new auditorium and stage in the Streamline Moderne style designed by Edward J. Wood were added. The theater reopened in December 1939, less than seven months after the fire. The reopening, which the theater presented as its "Christmas gift to Clarksburg," was lauded by the press, and received page upon page of congratulatory ads from the contractors and suppliers involved in the project. The interior was remodeled in 1984 to be more competitive with suburban multiplexes, but attendance continued to decline steadily until the theater closed in 2004.

The City of Clarksburg acquired the building in 2014 and immediately began a lengthy planning process to come up with a compatible reuse for the theater, which is a contributing structure to the Downtown Clarksburg National Register Historic District. A public-private partnership was created with the City, The Cultural Foundation of Harrison County, and others in the North Central West Virginia region to undertake the rehabilitation of the theater into a performing arts center. The project began in January 2017, and the Robinson Grand Performing Arts Center held its Grand Opening in October 2018.

Scope of Rehabilitation

The project restored the exterior, and the historic windows were repaired and retained. A new marquee with LED lighting and video display was installed. Inside, the historic chandeliers, terrazzo flooring, water fountains, and grand staircases in the lobby were preserved and repaired. The original coved plaster ceilings and antique air diffusers in the performance hall were preserved and updated with indirect lighting. The grand proscenium design was retained, along with the stage and ballroom flooring and decorative glass displays. In addition to making the building ADA compliant, the project included the construction of two additions containing a new concession area, expanded restrooms, and new green room/dressing rooms that connect directly to the stage. New drainage and an orchestra green room were installed in the basement. The rehabilitation resulted in a performance hall that seats over 1,000 patrons and an educational center with prep-kitchen and circular bar and lounge areas on the second floor.



Photo: Art by Crim



Photo: Joe McNemar Photographer, Stonewood WV

Role of the Historic Tax Credit

The rehabilitation of the Robinson Grand Performing Arts Center would likely not have happened without the support of Federal Historic Tax Credits. Additionally, significant spaces like the lobby, ballroom, and performance hall could not have been brought back to their original luster. Other important incentives included West Virginia State Historic Tax Credits, Federal New Markets Tax Credits, and a capital campaign that raised nearly \$2 million in private contributions.

Economic Impact on Community

The theater attracts over 120,000 visitors to 250 events a year and provides 11 free events to the local community. The impact of the performing arts center has been a catalyst for new economic development in the area. A new restaurant has opened several blocks from the theater, and an adjacent property has been recently purchased in preparation for new development to be completed in 2021. Increased local tax revenues can be attributed to increased foot traffic in and around the Robinson Grand Performing Arts Center.

PROJECT BUDGET

Sources of Funds	Amount
USDA Sales Tax Revenue	
Refunding bonds	\$8,507,921
Capital campaign – local donors	\$1,069,268
Federal Historic Tax Credits	\$2,322,733
WV Historic Tax Credits	\$1,128,810
New Markets Tax Credits	\$5,039,064
Developer equity	\$1,116,479
New Orleans City's Stabilization Fund	\$4,531,330
Total	\$23,715,605

Uses of Funds	Amount
Acquisition	\$781,236
Hard costs	\$16,440,873
Soft costs	\$5,658,718
Reserves	\$834,778
Total	\$23,715,605

Hale Bathhouse

Hot Spring, Arkansas

PROJECT PROFILE

Historic Name: The Hale Bathhouse

Current Name: Hotel Hale

Year Built: 1892

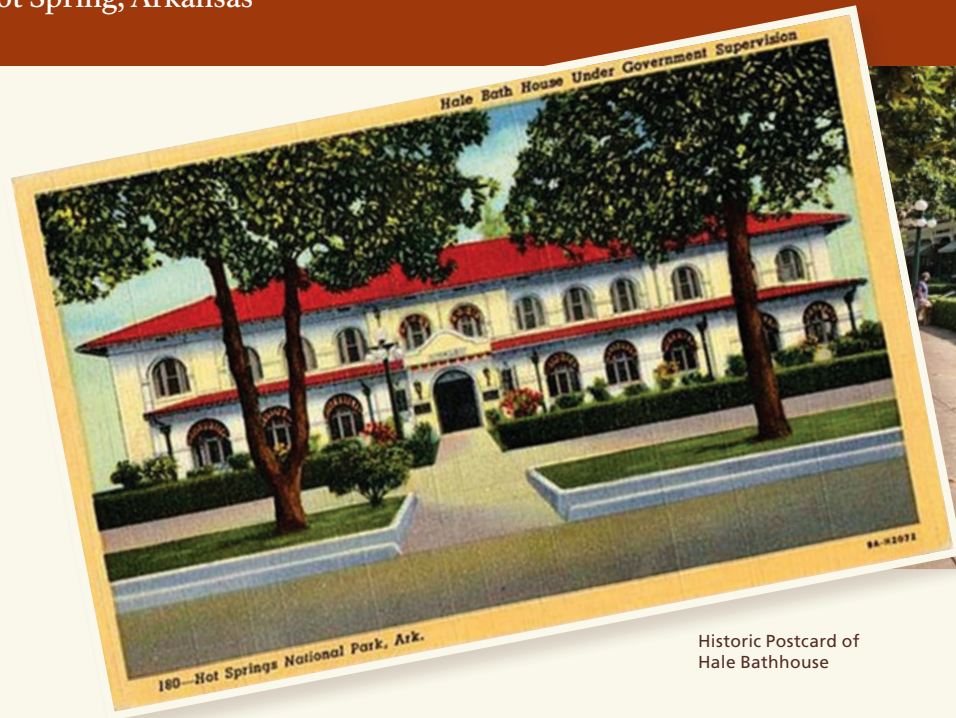
Year Rehabilitation Completed: 2018

Original Use: Bathhouse

New Use: Boutique hotel, restaurant, and conference center

Qualified Rehabilitation Expenditures: \$1,134,784

Federal Historic Tax Credits (20%): \$226,956 (estimated)



Historic Postcard of Hale Bathhouse

History and Context

The natural hot springs in Garland County, Arkansas, have attracted visitors for hundreds of years. In 1832 President Andrew Jackson designated the land around the hot springs as a “reservation” to protect and preserve it for use by the public. The reservation became a national park in 1921.

Bathhouse Row, as it has come to be known, consists of eight bathhouses built between 1892 and 1923. It was listed in the National Register of Historic Places in 1974 and designated a National Historic Landmark in 1987. Hale Bathhouse, the oldest of the existing bathhouses, was constructed in 1892 in the Classical Revival style by architects George and Freemont Orff for John C. Hale, an early resident of Hot Springs hired to survey lands owned by the Federal government. The brick building was remodeled twice, first in 1914 when it was enlarged, and again in 1939 when the brick exterior was stuccoed and it acquired its current Spanish Revival-style appearance.

The Hale Bathhouse had separate men’s and women’s sections, with needle, shower, and vapor baths, hot and cooling rooms, a gymnasium, and dressing rooms. A cave in the tufa rock bluff behind the building was used as a sweat room until 1911. In 1917, one of the hot springs was captured in a tiled enclosure in the basement that is still in place today.

The building ceased operation as a bathhouse in 1978. In 1981 it was remodeled for use as a theater and concessionaire operation. The operation failed, however, and the building closed nine months later.

Scope of Rehabilitation

In 2017, Pat and Ellen McCabe of Zest Enterprises, LLC, submitted a proposal to the National Park Service (NPS) to operate the Hale Bathhouse as a boutique hotel, restaurant, and conference center under a historic leasing agreement. The resultant long-term lease, with the assistance of the Federal historic tax credit, enabled the Hale Bathhouse to undergo a significant 11-month rehabilitation to convert it into the Hotel Hale.

The rehabilitation required considerable work, including the installation of a new insulated roof, a modern heat and air system, and upgraded electric and plumbing systems. Exterior accessibility ramps, improved drainage systems to control spring water seepage into the basement, and structural supports were also added.



Photo: National Park Service

Role of the Historic Tax Credit

While the Hale Bathhouse was considered one of the most structurally sound bathhouses, major upgrades were needed before the building could be reopened to the public. Use of Federal historic tax credits allowed the developer to exercise greater care in preserving this iconic building's historic character, including the first-floor sunroom formed by the entrance arcade.

Economic Impact on the Community

Rehabilitation and reuse of Bathhouse Row, including the Hale Bathhouse, attracts visitors to this popular city. Each year, the city hosts the Hot Springs Music Festival, Hot Springs Documentary Film Festival, and the Valley of the Vapors Independent Music Festival. The Hale Bathhouse lease also allows for a restaurant, bar, lounge and conference center to host special events and private functions. "This is a viable and appropriate new use of the building that is in keeping our historic preservation mandate and provides a positive economic impact to this community," said then-Superintendent Josie Fernandez. The hotel now employs 40 full-time employees.

"The National Park Service is very accepting of novel ideas, so if you have an idea and you have the wherewithal to get financing either as an individual or a group of individuals working together, they're very interested in hearing from you."

— Pat McCabe, Hotel Hale



Photo: Library of Congress, Prints & Photographs Division, HABS, Reproduction number HABS ARK, 26-HOSP, 1-B--9

LEASING HISTORIC PROPERTIES

The rehabilitation of the Hale Bathhouse was made possible with a long-term lease from the National Park Service (NPS) to Zest Enterprises, LLC. Leasing of some historic properties within units of the National Park System was authorized by Congress in 1980 by amending Section 111 of the National Historic Preservation Act. Beginning in the early 1980s, the NPS offered the vacant historic bathhouses along Bathhouse Row for adaptive use.

More information on leasing historic NPS properties is available at www.nps.gov/subjects/leasing/index.htm.

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

Front and Back Cover Images:
Robinson Grand Theater,
Clarksburg, West Virginia
Photos: Joe McNemar
Photographer, Stonewood,
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