

# Small Tax Credit Projects

**Heritage Ohio Conference**  
September 2014



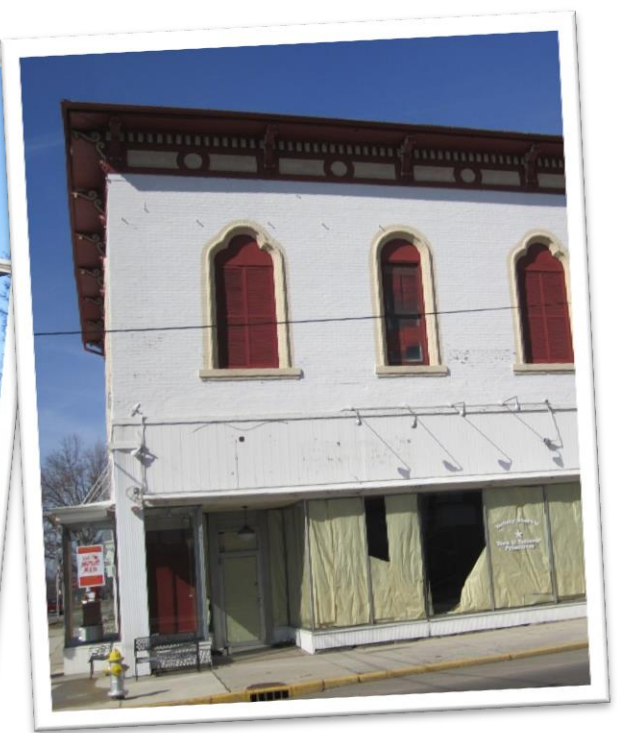
**Development  
Services Agency**

# Agenda

- Historic Preservation Tax Credits
  - Program Overviews
  - Small Project Observations and Advantages
- Historic Rehabilitation Case Study
  - Insight from Project Developer
- Questions and Discussion
  - FAQ's with Developer

# What is 'small'?

- Generally less than \$1 million in rehab costs
- Main Street / Elm Street type properties
- Majority of buildings in many communities



# Historic Preservation Tax Credits

- Federal and Ohio program
- Tax credits on value of Qualified Rehabilitation Expenditures (QREs)
- Building must be designated as a 'historic building'
- Rehabilitation work must meet U.S. Secretary of Interior's Standards for Rehabilitation
- Tax credits received upon certification of completion







# Federal Historic Preservation Tax Credit

- 20 percent tax credit
- Non-competitive
- Property must be income-producing
  - Excludes condos and single-family homes
- No annual program or project cap
- Administered by Ohio Historic Preservation Office, in coordination with the National Park Service



# Ohio Historic Preservation Tax Credit

- 25 percent tax credit
- Competitive
- Bi-annual application process
- No income-producing requirement, but projects are scored based on economic impact, project readiness, local support, and location
- \$60 M annual allocation and \$5 M project cap
- Administered by Ohio Development Services Agency, in partnership with the State Historic Preservation Office



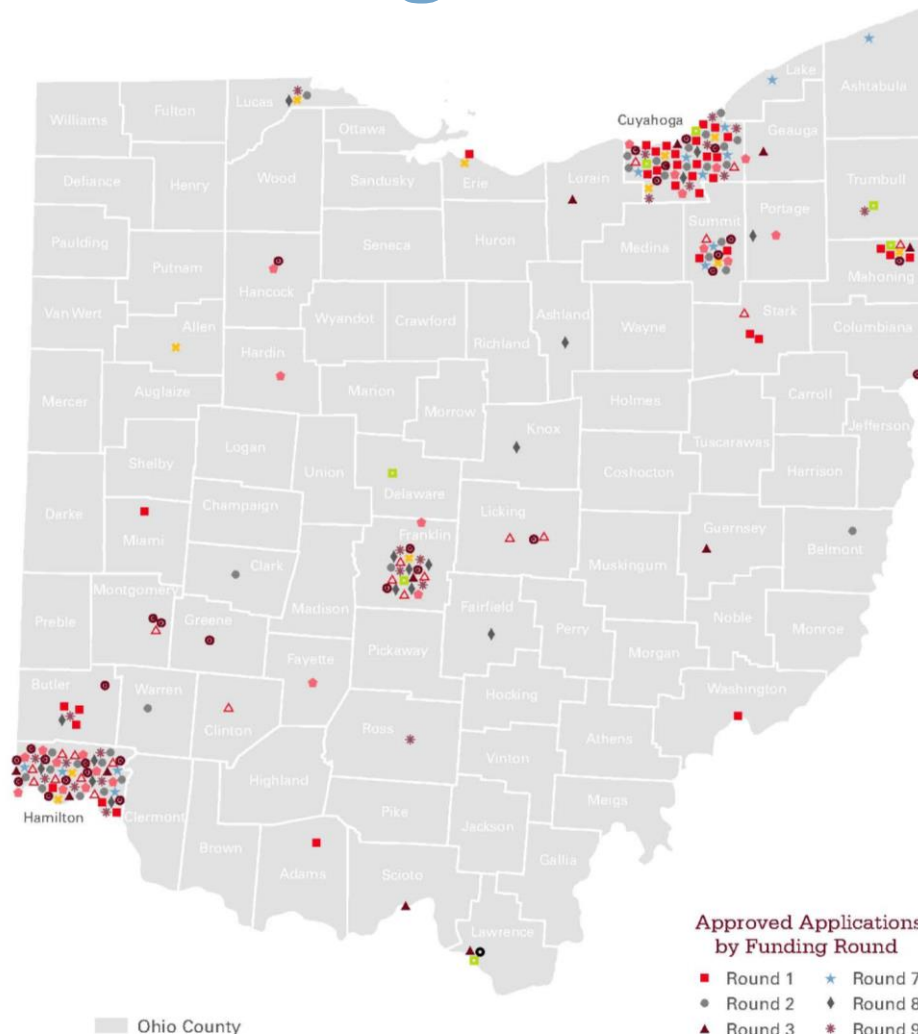
**Ohio**

**Historic Preservation**  
Tax Credit



# Ohio Program Awards

**Akron**  
**Ashtabula**  
**Berea**  
**Cambridge**  
**Canton**  
**Chagrin Falls**  
**Chillicothe**  
**Cincinnati**  
**Cleveland**  
**Columbus**  
**Cuyahoga**  
**Falls**  
**Dayton**  
**Delaware**  
**East Liverpool**  
**Findlay**  
**Granville**  
**Hamilton**  
**Hayesville**  
**Ironton**  
**Kent**  
**Kenton**  
**Lancaster**  
**Lebanon**  
**Lima**



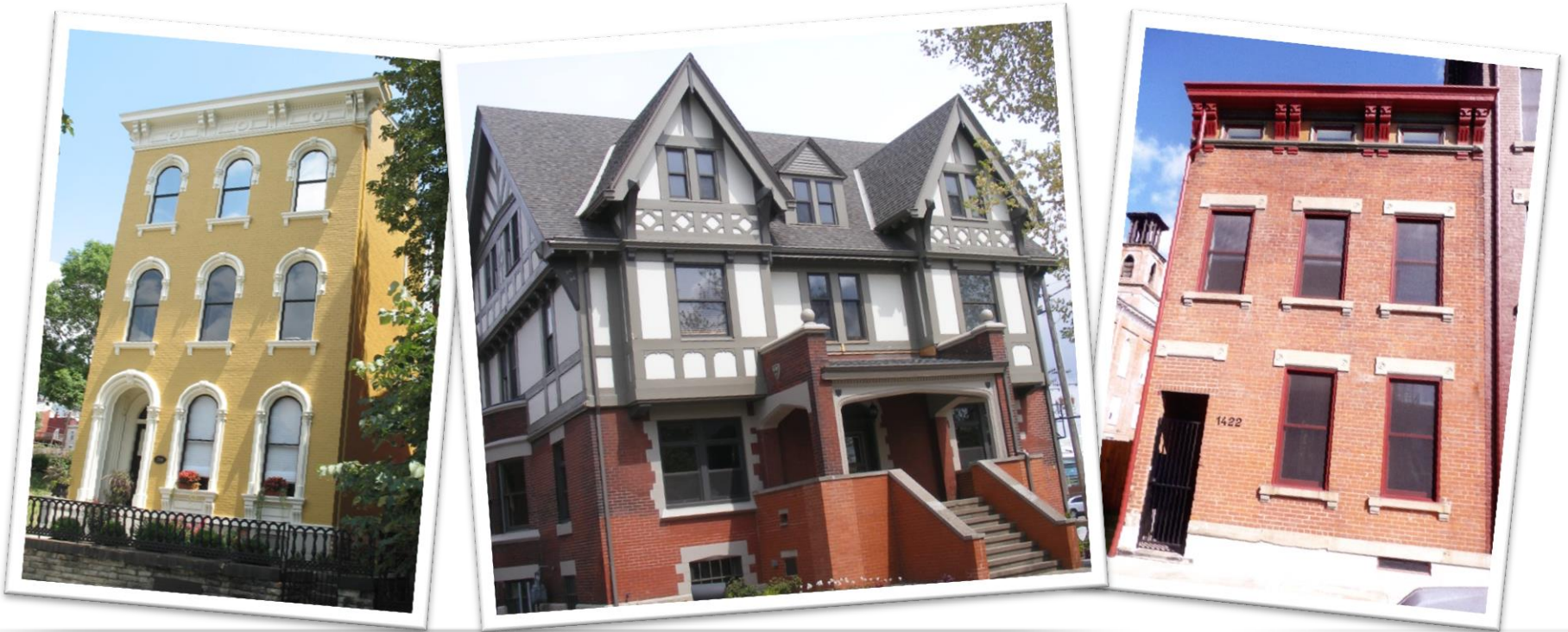
Prepared for: Office of Energy and Redevelopment,  
Ohio Development Services Agency (Research July 2014)

**Marietta**  
**Middletown**  
**Mt. Vernon**  
**Newark**  
**North Canton**  
**Oberlin**  
**Painesville**  
**Piqua**  
**Portsmouth**  
**Ravenna**  
**Russell Township**  
**Sandusky**  
**Scott Township**  
**Springfield**  
**St. Clairsville**  
**Toledo**  
**Warren**  
**Washington Court House**  
**University Heights**  
**Westerville**  
**Wilmington**  
**Xenia**  
**Youngstown**



# Small Project Participation

- Small Projects utilize the Ohio Program
  - 21 percent of projects under \$1 million (11% in May 2012)
  - 8 percent of projects under \$500,000 (5% in May 2012)



# Small Project Observations

- Owners/Developers are often more hands-on
  - Project and construction management
  - Preparing historic applications (Part 1, Part 2, etc.)
  - Preparing development applications
- Less complicated deal structure
  - Owner takes credit themselves (no investor)
  - Traditional financing, personal equity or investment partners
- A simpler, smaller project can reduce overhead costs

# Ohio Program Advantages

- Small Projects Allocation
  - 5 percent of allocation (at least \$1.5 million) each round is reserved for small projects
  - ≤\$1 million in QREs and a substantial rehabilitation
  - Compete for allocation before competing in larger pool
- Claiming the Tax Credit
  - Third-party cost certification is waived for projects under \$200,000 in QREs
  - Ability to stage projects and receive credits in phases
  - Tax credit is refundable when tax credit exceeds tax liability of individual or entity taking the credit

# Encouraging Small Projects

- Designate historic properties and districts
  - Historic designation is first step to accessing tax credits
  - Pipeline Initiative for National Register nominations
  - Certified Local Government (CLG) status
- Technical assistance
  - Help accessing local government or organization resources
  - Help completing historic research and applications
- Education



# Pipeline Initiative

- Technical assistance and small grants to plan and prepare historic properties for rehabilitation
- Primary goal of the initiative is to develop a pipeline of properties eligible for the Ohio program
- Ohio program requires properties to qualify as a 'historic building' at the time of application
- Nominating buildings and districts targeted for redevelopment is a good first step toward advancing rehabilitation projects

# Pipeline Project Types

## A. National Register Nomination for Individual Building

- Grant up to \$4,000 for third-party research and consulting to nominate a building
- Must have support of property owner

## B. National Register Nomination for a Historic District

- Grant up to \$12,000 for third-party research and consulting to nominate OR amend a district
- Must have support of property owners and local jurisdiction

# Pipeline Project Types

## C. NR Integrity Investigation of an Individual Building

- Grant of \$12,000 or more for brick and mortar activities to the exterior of a building to reveal intact historic materials (e.g. remove a non-historic façade)



# We're Here to Help

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