

Small Projects – Historic & Housing

Heritage Ohio Conference
May 2013



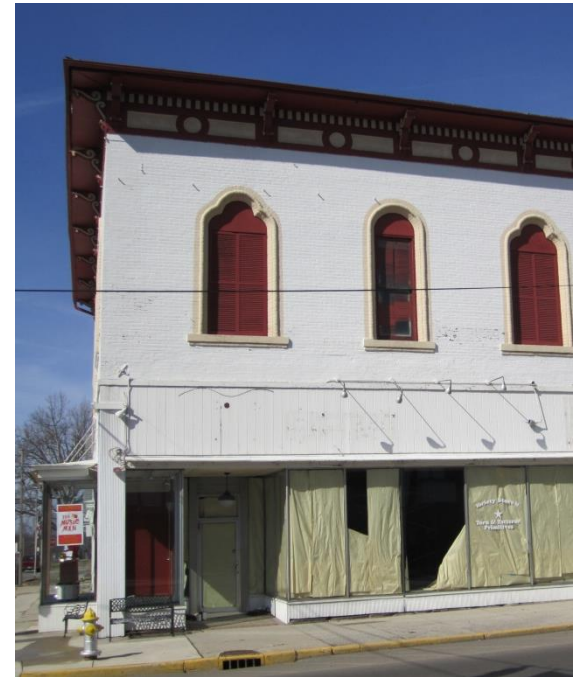
**Development
Services Agency**

Agenda

- Historic Preservation Tax Credits
 - Overview
 - Small Project Observations and Advantages
- Historic Rehabilitation Case Study
 - Insight from Project Developer
- Housing Development Gap Financing
 - Overview
 - Small Project Case Study
- Questions and Discussion

What is 'small'?

- Generally less than \$1 million in rehab costs
- Main Street (or Elm Street) type properties
- Majority of building stock in many communities



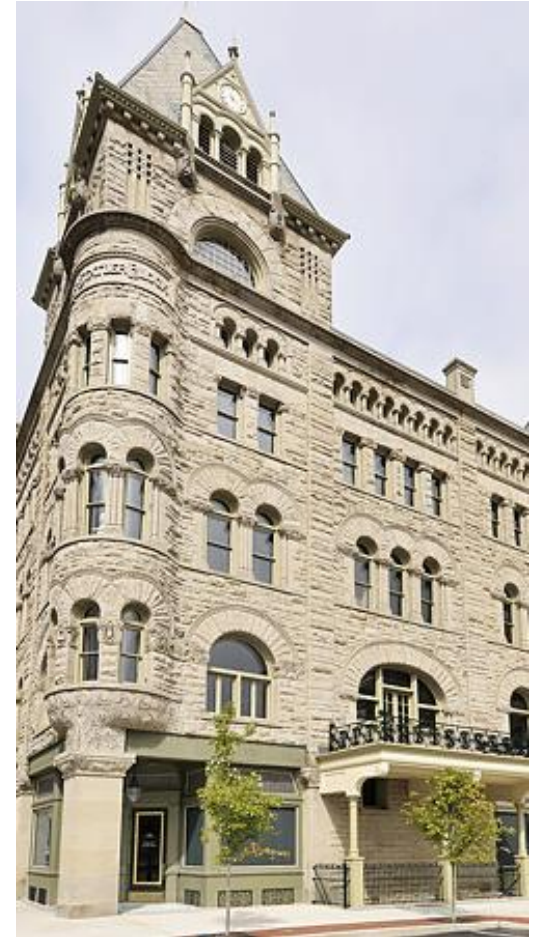
Historic Preservation Tax Credits

- 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% 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% 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 Ohio Historic Preservation Office



Ohio
Historic Preservation
Tax Credit

Small Project Participation

- Small Projects have utilized Ohio Program
 - 11% of projects under \$1 million
 - 5% of projects under \$500,000



Small Project Observations

- Owners/Developers are 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% 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
 - New Pipeline Pilot 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 (and myth-busting)

We're Here to Help



Development
Services Agency

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OHIO HISTORICAL SOCIETY

Ohio Historic Preservation Office
Technical Preservation Services

(614) 298-2000

ohpo@ohiohistory.org



Development
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Bodenheimer – Mayer House

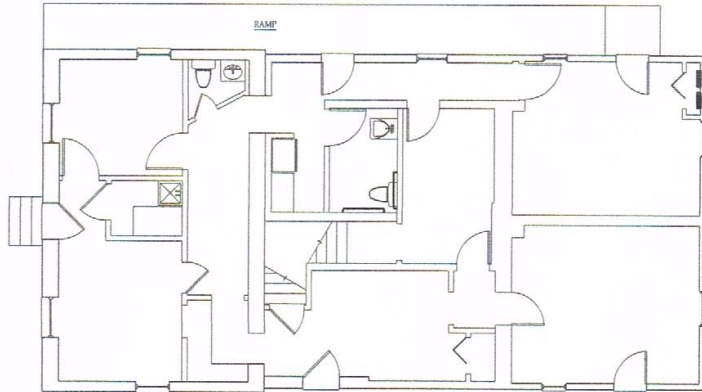
A small scale historic preservation project



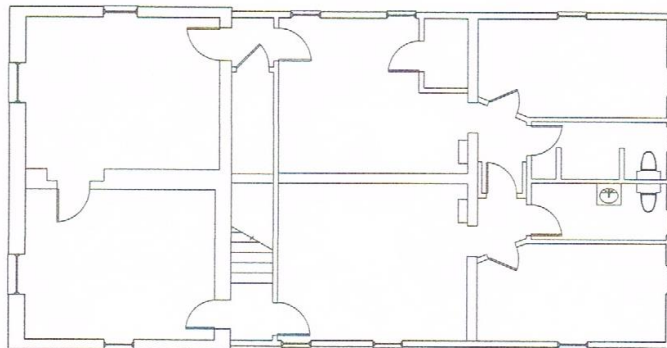
- Located in the Lancaster Ohio Historic District
- Not listed as a contributing building
- Front section built in 1835
- Middle section added in 1860
- Rear Section added in 1900
- Brick and Frame Construction
- Served as a single family home, a multi-family duplex, a dentist office and a lawyer's office
- Vacant for four years before being acquired in 2011
- Will house a mid market antique shop and art gallery and two apartments

Interior Floor Plan

Before

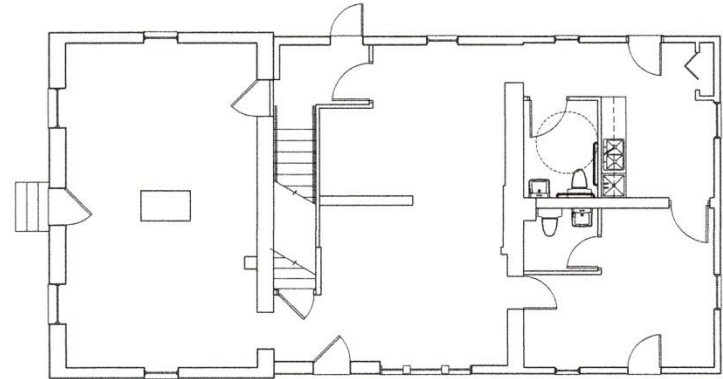


First Floor

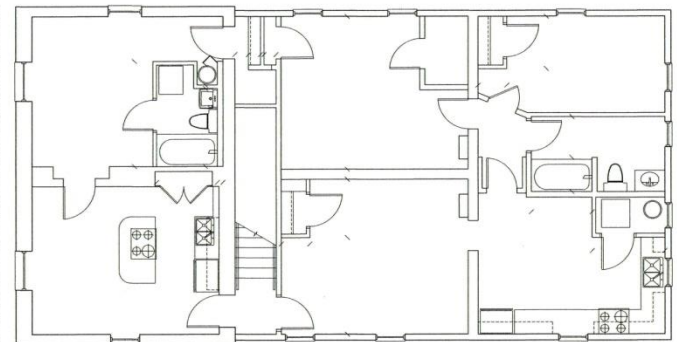


Second Floor

After

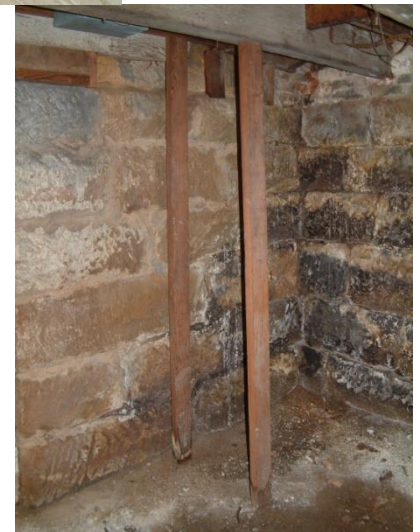


First Floor



Second Floor

What we saw at the beginning



Getting Started

- Had a structural engineer confirm the structural integrity of the building
- Prepared architectural as-is and concept drawings
- Talked with the Historic Preservation Office to determine what was possible
- Talked with Ohio Development Services Agency to see if a small project could qualify for the Ohio Historic Preservation Tax Credit
- Completed Part 1 Application
 - Used deed records to identify the earliest owners
 - Used property tax records stored in the county and Ohio Historical Society archives to determine dates when major changes were made to the house
 - Used Sanborn Fire maps to confirm our assumptions about major renovations
 - Used local histories to get to know the owners and the role they played in early Lancaster
 - Researched early newspapers to learn more about the owners and the building
 - Researched local court records and map rooms to determine when the lot was partitioned
- Completed Part 2 Application
- Completed Historic Tax Credit program application

Lessons Learned

- The Ohio Historic Preservation Office and the Ohio Development Services Agency are your best resources; the people are easy to work with and they want you to succeed
- It is not the things you can see in a historic preservation project that will cause you trouble during the restoration; it is the things you cannot see.
- Be observant. Little things can tell you a lot about how the building has changed over its life.
- Have a skilled carpenter on the team that knows how things should be done.
- Do not be in a hurry to get finished. The result is worth the wait.