



Successful Funding Strategies for Historic Building Redevelopment Friday, February 20, 2009 - NH Historical Society

Speakers' Bios & Contact Information

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PREDEVELOPMENT 101: Project Readiness

Jeff Taylor, President
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Mr. Taylor began his planning career with the City of Berlin, New Hampshire, in 1977. He later became director of all community and economic development for the city. He attracted in excess of \$10,000,000 in public grant funds to this community of 12,000 people. In 1989 Mr. Taylor was asked by then Governor Judd Gregg to become the Director of the New Hampshire Office of State Planning. Mr. Taylor was asked to stay on in that capacity under Governors Steven Merrill and Jeanne Shaheen. During these terms Mr. Taylor led major initiatives in environmental legislation, in economic development, and in community planning. In January of 2003, Mr. Taylor formed Jeffrey H. Taylor and Associates to provide consulting services in the areas of community planning and economic development to northern New England communities.

Mr. Taylor is the winner of numerous awards for his work in community planning, including, in 2003, being named an honorary member of the New Hampshire chapter of the American Institute of Architects and receiving an award for outstanding leadership from the New Hampshire Preservation Alliance.

GRANT PROGRAMS

Deborah Turcott Young, Executive Director
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Deborah Turcott Young is the Executive Director of the New Hampshire Land and Community Heritage Investment Program (LCHIP), a state authority tasked with preserving and conserving the state's most important natural, cultural, and historic resources. She previously held the Director position of the CDFA's Downtown Resource Center after she successfully led the repositioning of its predecessor organization, the NH Main Street Program. Prior to her statewide work, Ms. Turcott Young was the Executive Director of the Laconia Main Street Program and the Business Manager of Community Chapel, a large church in Nashua. She also travels the country doing public speaking for keynote and workshop sessions and consulting for non-profit and cause related organizations in the areas of organizational and board development, community development, downtown revitalization, and communications and promotions. A lifelong resident of New Hampshire, Deb grew up in Londonderry and attended Indiana Wesleyan University attaining a Bachelors of Science Degree in 1997.

(GRANT PROGRAMS,, continued)

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Gregg Macpherson

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Mr. Mac Pherson has over 28 years of experience with Rural Development. Starting with Farmers Home Administration in 1980, and currently working in Concord New Hampshire Area Office as a Community Programs Specialist. His primary responsibility is administering the Community Programs in New Hampshire.

TAX INCENTIVE PROGRAMS

Peter Michaud, National Register, Preservation Tax Incentives & Easements Coordinator

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Peter Michaud serves as the National Register, Preservation Tax Incentives, & Easements Coordinator for the New Hampshire Division of Historical Resources. Peter came to the Division of Historical Resources in 2006 the Division's Special Projects Director, after serving eight years with Historic New England. He has served in his new position since July of 2008 and is pleased to have this opportunity to promote the Preservation Tax Incentives program.

Dick Weaver, Assistant Director, Management & Development

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Dick Weaver has a BA degree from Colby College (1976) and an MRP from the University of North Carolina (1980). He also received a Certificate in Executive Leadership from the University of Notre

Dame in 2003. He has over 28 years of experience in the affordable housing and community development industry, the last 21 of which have been with the New Hampshire Housing Finance Authority. He has also volunteered time on local zoning and community revitalization boards. In his current position at the Authority, Mr. Weaver oversees the process of allocating affordable housing funding resources, underwriting project financings, inspecting construction, and monitoring for long term regulatory compliance.

Matt Walsh, Assistant for Special Projects

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Since 2001, Matt Walsh has worked for the City of Concord in a variety of capacities including his current responsibilities of managing the City's Grants and Projects Division, Revolving Loan Program targeted for affordable housing and economic development initiatives, as well as high profile public / private redevelopment projects. Prior to this he was the Principle Planner for Central New Hampshire Regional Planning Commission and the Town Planner for Alton, NH. Mr. Walsh earned a Masters in Public Administration from the University of New Hampshire.

PRIVATE FUNDRAISING

Betsy McNamara, Principal & Senior Consultant

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Betsy McNamara is a Full Circle Principal and Senior Consultant with 21 years experience fundraising for nonprofit organizations and has raised millions of dollars for organizations in education, affordable housing, the arts and land conservation. Ms. McNamara counsels non-profit organizations on how to raise money for programs or capital campaigns from individuals, businesses, religious organizations, civic groups, foundations and government grants. In addition, Ms. McNamara counsels individuals with philanthropic wealth on how to best make an impact through their philanthropic giving. Services here include proposal review, funding recommendations, follow upon grantees and prioritizing giving.

LOAN PROGRAMS

Rebecca Williams, Field Representative

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Rebecca Williams is a Field Representative in the Northeast Office of the National Trust for Historic Preservation, staffing Massachusetts, New Hampshire, and Vermont. She has a Masters degree in Historic Preservation from the University of Vermont and has a background in museums. Prior to her time at the National Trust, she was a preservation consultant in Vermont, working on projects ranging from National Register nominations to analyzing the historic paint schemes in a variety of building types. Rebecca has also volunteered at several building conservation field schools at National Park Service sites in California and Texas.

Janet Brewer, Vice President – Director of Community Development

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Janet Brewer is Vice President – Director of Community Development for Ocean Bank, serving as primary liaison to non-profit and community based organizations throughout Ocean National's marketplace. Ms. Brewer has over 30 years experience in commercial lending and community service. Ms. Brewer currently serves as Chair of the Monadnock Region of the NH Charitable Foundation. She also serves on the NH Community Development Finance Authority's Board of Directors and Executive Committee. Ms. Brewer earned a Masters in Business Administration from Rensselaer Polytechnic Institute.

PROFESSIONAL ASSISTANCE – Panel Session

Pam McDonald, Executive Director

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Pam McDonald is Executive Director of the Council on Fundraising (CONFR), a New Hampshire nonprofit organization that provides professional development and

networking opportunities throughout the state for nonprofit fundraisers. Since moving to New Hampshire in 1987, Pam has also served as Executive Director of the NH Community Technical Colleges Foundation; Regional Director of the National Kidney Foundation in New Hampshire; and as a development professional at Concord Hospital. Pam began her career at Stanford University in California as Associate Director of Foundation Giving, where she was part of a \$300 million capital campaign. Pam is a graduate of Leadership Greater Concord and serves on the LGC Steering Committee. She is a current member of the Leadership New Hampshire Class of 2009. Pam is a Director and Past President of the Hopkinton Woman's Club and was honored with the Muriel Lima Award for outstanding service to the Hopkinton Community. She is a member of the Fund Development Committee of the Friendly Kitchen in Concord, and is a Vestry Member and Lay Eucharistic Minister at St. John's Episcopal Church in Dunbarton. Pam graduated with a B.A. Degree in English from Stanford University and a Certificate from the Institute for Nonprofit Management at Antioch University New England. She also holds a New Hampshire real estate sales license.

Jack Dugan, Executive Director

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Nadine Peterson, Preservation Planner

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Nadine Peterson is the Preservation Planner for the New Hampshire Division of Historical Resources. Here, she oversees federally funded and permitted project review and assists agencies in determining affects to historic resources. She also works directly with New Hampshire's Heritage and Historic District Commissions on community preservation projects helping them implement best practices in historic preservation.

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(PROFESSIONAL ASSISTANCE, continued)

Christopher W. Closs

Christopher W. Closs and Company

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Christopher W. Closs, consultant in planning and community preservation and development, offers specialized services to municipalities, government agencies, and private/institutional clients in the integrated areas of historic preservation and contextual community planning, adaptive re-use of Certified historic commercial and industrial structures, and innovative approaches to downtown revitalization and historic and cultural landscape management. Closs formerly served with the Northeast Office of the National Trust for Historic Preservation in Boston, before forming his own company in Concord, NH in 1979. An expert in the use of federal and state historic tax credits to stimulate rehabilitation and adaptive re-use, he has participated in 62 successful Certified Rehabilitation (NR) development projects, generating over \$80 M in tax credits. In addition to an active consulting practice, Closs recently accepted appointment as Adjunct Professor in Plymouth State University's new, graduate-level Certificate in Historic Preservation Program, where he teaches three courses. He also currently leads a small private development partnership within the state, and offers strategic project management services to owners/developers of challenging older and historic depreciable properties in downtown environments. Closs holds advanced degrees in Natural Resource Planning and Historic Preservation from the University of Vermont and has held leadership positions on several statewide and local boards.



Historic Preservation Funding Resources

I. NEW HAMPSHIRE-BASED GRANT OPPORTUNITIES

New Hampshire Preservation Alliance Small Grants Program offers matching grants to assist non-profit organizations in hiring a consultant to assist many different aspects of preservation planning. www.nhpreservation.org

Moose Plate Grants: The Conservation License Plate Program provides funds to supplement existing efforts to preserve New Hampshire resources, from scenic lands and wildlife to historic sites. **Grants of up to \$10,000** are made available to state and county agencies, towns and cities and non-profit organizations that operate or manage publicly owned and accessible historic properties and historic or archaeological artifacts. The NH Division of Historical Resources, deb Gagne. Application deadline March 27, 2009.

NH Land and Community Heritage Investment Program (LCHIP): provides matching grants to public entities (other than state agencies) and non-profit organizations, to help communities acquire and preserve natural, cultural and historical resources. Current round is suspended until further notice. www.lchip.org. 224- 4113

NH Charitable Foundation and its Regional Divisions "The New Hampshire Charitable ... matches community needs or problems with philanthropic resources, and turns them all into opportunities for effective social action." Through their regional divisions, NHCF offers a variety of grants, and lists *Resources for Nonprofits* on their website. www.nhcf.org or 225-6641

The New Hampshire Community Development Finance Authority (CDFA) provides financial and technical assistance to community development corporations, worker cooperatives, and certain municipal entities. CDFA is unable to assist for-profit businesses directly, but can work through a nonprofit partner. They fund major community development projects primarily with the Community Development Investment (Tax Credit) Program, a major source of support for affordable housing and economic development. www.nhcdfa.org (603) 226-2170.

The Community Development Block Grant program, administered by CDFA, provides federal funds to communities for housing, economic development, and public facilities for low- and moderate-income people. Feasibility Grants are available for project planning (including feasibility studies, surveys, and professional architectural and engineering services). Implementation grants provide substantial funding for construction and rehabilitation work. www.nhcdfa.org (603) 226-2170.

USDA Rural Development offers a variety of grant and loan programs. 2009 Rural Business Enterprise Grant Applications are now invited. Applications due by March 2, 2009. Community Facilities Program funds support public safety, health care, cultural, educational and public buildings. The REAP Grant Program will provide grants for energy audits and renewable energy development assistance, and also provides funds to agricultural producers and rural small businesses to purchase

and install renewable energy systems and make energy efficiency improvements.
<http://www.rurdev.usda.gov/VT> NH office: 223-6045

The New Hampshire Housing Finance Authority is the state's housing advocacy agency, and has funding sources, including federal and state loans and grants, to support housing programs and projects. www.nhhfa.org

NH State Council on the Arts The Arts Council supports the efforts of arts and non-arts organizations and individual artists through a variety of grants. They have three main grant categories: arts Organizations, individual artists, and arts partners (schools, state agencies, community nonprofits, history & farm museums, municipalities, health care providers, and nursing homes). (603) 271-2789, www.nh.gov/nharts.

Public Service of New Hampshire

Community development grants available in the PSNH service territory on a rolling basis throughout the year for historic preservation and more. Contact PSNH's Community Development Manager, Doris Burke, 603-634-2442 PSNH, 780 North Commercial St. Manchester, NH 03101
www.psnh.com/Business/Economic/Community_Development.asp

The New Hampshire Coastal Program offers matching grants for technical assistance, planning/management, and construction/acquisition. N.H.'s 17 coastal cities and towns, the Rockingham and Strafford Regional Planning Commissions, state agencies, and non-profit organizations are eligible. www.des.nh.gov/organization/commissioner/pip/categories/grants.htm

New Hampshire's Transportation Enhancement Act supports projects that preserve the historic culture of the transportation system. Project categories include: facilities, safety and education for bicyclists and pedestrians; easement acquisition for scenic or historic sites; scenic or historic highway programs (including tourist and welcome centers); rehabilitation and operation of historic transportation buildings or facilities (i.e. railroads and canals); environmental mitigation to address highway-created water pollution and establishing transportation museums.
www.nh.gov/dot/org/projectdevelopment/planning/documents/CitizensGuide-TransportationEnhancement.pdf

II. NATIONAL GRANT OPPORTUNITIES

National Trust for Historic Preservation provides small grants for technical studies, historic structures reports, fundraising assistance, architectural/engineering plans, and other non-construction activities. The Trust's regional office staff can explain the program requirements and the application procedures. Specific funding programs of the National Trust include **Hart Family Fund for Small Towns**, which assists towns with populations of fewer than 5000 people with preservation and revitalization initiatives, **Johanna Favrot Grants** for preservation planning, and **Cynthia Woods Mitchell Fund** for Historic Interiors. For more information, contact Brent Leggs at the Northeast Regional Office, National Trust for Historic Preservation, 7 Faneuil Hall Marketplace, 5th Floor, Boston, MA 02109, (617) 523-0885. brent_leggs@nthp.org

Save America's Treasures

This program provides major funding for preservation and/or conservation work on historic districts or structures listed on the National Register of Historic Places. Grants require a non-Federal match of cash, donated services, or use of equipment. Applications are due February 1. Save America's Treasures Heritage Preservation Services, National Park Service 1201 "Eye" Street, NW, 6th Floor (ORG. 2255) Washington, D.C. 20005 202-513-7270, ext.6
www.saveameericastreasures.org/funding.htm

The 1772 Foundation

This relatively new historic preservation initiative has just re-focused their preservation priorities on Endangered properties/revolving funds, New Jersey inner-city revitalization, preservation trades and crafts schools and programs, agricultural endeavors, historic site sustainability training and conferences www.1772foundation.org

Preserve America The "Preserve America" initiative is a special program of recognition and grants developed by the Advisory Council on Historic Preservation (www.achp.gov/funding.html) and First Lady Laura Bush. Awards are made once a year. Advisory Council on Historic Preservation 1100 Pennsylvania Avenue, NW, Suite 809 Old Post Office Bldg, Washington, DC 20004 202-606-8503 www.achp.gov/preserveamerica.html

The Kresge Foundation makes large capital grants to acquire real estate and provide construction work for new buildings as well as preservation and rehabilitation work. www.kresge.org

The **Small Business Administration** doesn't target assistance to historic preservation projects; but some of its grants, loans, business development or business management programs may assist the property owners overall enterprise, and as a by-product also help achieve their historic preservation goals. www.sba.gov

The American Association for State & Local History has a variety of programs and services (including consultant grants) for member organizations. www.aaslh.org

The **Institute of Museum & Library Services** funds a broad range of museum and library projects www.imls.gov They partner with the **Heritage Preservation** to offer Conservation Assessment Grants. www.heritagepreservation.org/CAP/index.html

The **National Endowment for the Arts** promotes excellence in design fields and has a variety of grant programs, but it does not fund capital construction. www.nea.gov

The **National Endowment for the Humanities** has a broad range of grant programs to support projects in the humanities but does not fund capital construction. www.neh.gov.]

Save Our History The History Channel supports local history education and historic preservation efforts in communities across America. Their *Save Our History* grants fund history organizations that partner with schools on a local community preservation project. During the 2009/2010 school year, History will award grants of up to \$10,000 to historical organizations to fund hands-on, experiential educational projects that teach students about their local history and actively engage them in its preservation. www.saveourhistory.com *Deadline June 5, 2009.*

The Tauck Foundation Destination Grants fund historical, cultural and environmental preservation projects at sites where **Tauck World Discovery** tours currently take visitors. www.tauckfoundation.org

Heart & Soul Community Planning Grants Vermont's Orton Family Foundation invites proposals from small cities and towns, with partnering organizations, committed to developing and implementing plans for future growth inspired by their communities' "heart and soul." Communities must be: ready to use innovative project design, planning and communication tools; eager to work with community stakeholders; and committed to achieving citizen engagement and consensus building by seeking and listening to all residents, including those who are under represented in traditional planning processes. Orton Family Foundation, 802.388.6336; info@orton.org; www.orton.org/rfp

III. LOANS AND TAX INCENTIVE OPPORTUNITIES

Federal Rehabilitation Tax Credit

Federal law provides a federal income tax credit equal to 20% of the cost of rehabilitating a historic building for commercial use. To qualify a property must be a certified historic structure—that is, on the National Register of Historic Places or contributing to a registered historic district. (Non-historic buildings built before 1936 qualify for a 10% tax credit.) Work must meet the Secretary of the Interior's Standards for Rehabilitation. Apply through the NH Division of Historical Resources, www.nh.gov.nhdhr or contact Peter Michaud 271-3583. In addition, the National Park Service's website offers helpful information on this tax credit.

Downtown Tax Incentive, RSA 79 E

Once this law is adopted by a municipality's legislative body, a property owner who wants to substantially rehabilitate a downtown or village center building may apply to the local governing body for a period of temporary tax relief. The law is structured to encourage both rehabilitation of downtown structures, and housing in the downtown area. The temporary tax relief consists of a finite period during which the property tax on the structure will not increase as a result of its substantial rehabilitation. In exchange for the relief, the property owner grants a covenant ensuring the continuation of the public benefit during the period of the tax relief. Berlin, Concord, Hooksett, Lisbon, Manchester and Pittsfield are using this program to date. www.nhpreservation.org

National Trust Community Investment Corporation

The National Trust Community Investment Corporation, the for-profit subsidiary of the National Trust for Historic Preservation, makes equity investments in the rehabilitation of historic properties eligible for the 20 percent federal historic rehabilitation tax credit, and where available, state historic tax credits and the New Markets Tax Credit (NMTC). NTCIC invests in projects that have at least \$6.0 million in total development costs and that generate at least \$1.5 million in historic tax credit equity. Smaller deals will be referred to the Small Deal Fund for equity investment consideration. Tax-exempt nonprofit organizations and public-sector developers may be eligible for an NTCIC equity investment by creating a limited liability partnership. NTCIC has a special interest in those projects with a high community benefit.

www.ntcicfunds.com/

USDA Rural Development offers a variety of grant and loan programs. www.rurdev.usda.gov/VT NH office: 223-6045

NOTE: Some communities have their own grant programs (i.e. Main Street Façade Improvement Grants). Check with your municipality to see if local funds might be available for your project.

*Updated February 2009. Thanks to the **NH Division of Historical Resources** for their assistance in compiling this information.*



REHABILITATION TAX INCENTIVES

The Federal Historic Preservation Tax Incentives is described here in general terms only. For more detailed information, including copies of application forms, regulations, and other program information, contact your State Historic Preservation Office. Every effort has been made to present current information. However, the Internal Revenue Code is complex and changes frequently. Furthermore, the provisions of the tax code regarding at-risk rules, passive activity limitation, and alternative minimum tax can affect a taxpayer's ability to use these tax credits. Applicants are strongly advised to consult an accountant, tax attorney, or other professional tax advisor, legal counsel, or the Internal Revenue Service for help in determining whether these incentives pertain to their own situations.

Department of the Interior regulations governing the procedures for obtaining historic preservation certifications are more fully explained in Title 36 of the Code of Federal Regulations, Part 67. The Internal Revenue Service regulations governing the tax credits for rehabilitation are contained in Treasury Regulation Section 1.48-12. These sets of regulations take precedence in the event of any inconsistency with this publication.

Historic buildings are tangible links with the past. They help give a community a sense of identity, stability and orientation. The Federal government encourages the preservation of historic buildings through various means. One of these is the program of Federal tax incentives to support the rehabilitation of historic and older buildings. The Federal Historic Preservation Tax Incentives program is one of the Federal government's most successful and cost-effective community revitalization programs. The Preservation Tax Incentives reward private investment in rehabilitating historic properties such as offices, rental housing, and retail stores.

Since 1976, the National Park Service has administered the program in partnership with the Internal Revenue Service and with State Historic Preservation Officers. The tax incentives have spurred the rehabilitation of historic structures of every period, size, style and type. They have been instrumental in preserving the historic places that give cities, towns and rural areas their special character. The tax incentives for preservation attract new private investment to the historic cores of cities and towns. They also generate jobs, enhance property values, and augment revenues for State and local governments through increased property, business and income taxes. The Preservation Tax Incentives also help create moderate and low-income housing in historic buildings. Through this program, abandoned or under used schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices throughout the country have been restored to life in a manner that maintains their historic character. Current tax incentives for preservation, established by the Tax Reform Act of 1986 (PL 99-514; Internal Revenue Code Section 47 [formerly Section 48(g)]) include:

- 20% tax credit for the *certified rehabilitation* of *certified historic structures*.
- a 10% tax credit for the rehabilitation of *non-historic, non-residential* buildings built before 1936.

For both credits, the rehabilitation must be a *substantial* one and must involve a *depreciable* building. (These terms will be explained later.)

What Is a Tax Credit?

A tax credit differs from an income tax deduction. An income tax deduction lowers the amount of income subject to taxation. A tax credit, however, lowers the amount of tax owed. In general, a dollar of tax credit reduces the amount of income tax owed by one dollar.

- The 20% rehabilitation tax credit equals 20% of the amount spent in a *certified rehabilitation* of a *certified historic structure*.
- The 10% rehabilitation tax credit equals 10% of the amount spent to rehabilitate a *non-historic building* built before 1936.

20% Rehabilitation Tax Credit

The Federal historic preservation tax incentives program (the 20% credit) is jointly administered by the U.S. Department of the Interior and the Department of the Treasury. The National Park Service (NPS) acts on behalf of the Secretary of the Interior, in partnership with the State Historic Preservation Officer (SHPO) in each State. The Internal Revenue Service (IRS) acts on behalf of the Secretary of the Treasury. Certification requests (requests for approval for a taxpayer to receive these benefits) are made to the National Park Service through the appropriate State Historic Preservation Officer (SHPO). Comments by the SHPO on certification requests are fully considered by the NPS. However, approval of projects undertaken for the 20% tax credit is conveyed *only in writing* by duly authorized officials of the National Park Service. For a description of the roles of the NPS, the IRS and the SHPO, see [“Tax Credits: Who Does What?”](#) The 20% rehabilitation tax credit applies to any project that the Secretary of the Interior designates a *certified rehabilitation* of a *certified historic structure*. The 20% credit is available for properties rehabilitated for commercial, industrial, agricultural, or rental residential purposes, but it is not available for properties used exclusively as the owner’s private residence.

What is a “certified historic structure?”

A *certified historic structure* is a building that is listed individually in the National Register of Historic Places —OR— a building that is located in a *registered historic district* and certified by the National Park Service as contributing to the historic significance of that district. The “structure” must be a building—not a bridge, ship, railroad car, or dam. (A *registered historic district* is any district listed in the National Register of Historic Places. A State or local historic district may also qualify as a *registered historic district* if the district and the enabling statute are certified by the Secretary of the Interior.)

Obtaining Certified Historic Structure Status

Owners of buildings within historic districts must complete Part 1 of the [Historic Preservation Certification Application](#)—Evaluation of Significance. The owner submits this application to the SHPO. The SHPO reviews the application and forwards it to the NPS with a recommendation for

approving or denying the request. The NPS then determines whether the building contributes to the historic district. If so, the building then becomes a “certified historic structure.” The NPS bases its decision on the Secretary of the Interior’s [“Standards for Evaluating Significance within Registered Historic Districts.”](#)

Buildings individually listed in the National Register of Historic Places are already certified historic structures. Owners of these buildings need not complete the Part 1 application. Property owners unsure if their building is listed in the National Register or if it is located in a National Register or certified State or local historic district should contact their SHPO.

What if my building is not yet listed in the National Register?

Owners of buildings that are not yet listed individually in the National Register of Historic Places or located in districts that are not yet registered historic districts may use the Historic Preservation Certification Application, Part 1, to request a *preliminary determination of significance* from the National Park Service. Such a determination may also be obtained for a building located in a registered historic district but that is outside the period or area of significance of the district. A preliminary determination of significance allows the owner to proceed with the rehabilitation project while the process of nominating a building or a district continues. Preliminary determinations, however, are not binding. They become final only when the building or the historic district is listed in the National Register or when the district documentation is amended to include additional periods of areas of significance.

What is a “certified rehabilitation?”

The National Park Service must approve, or “certify,” all rehabilitation projects seeking the 20% rehabilitation tax credit. A *certified rehabilitation* is a rehabilitation of a *certified historic structure* that is approved by the NPS as being consistent with the historic character of the property and, where applicable, the district in which it is located. The NPS assumes that some alteration of the historic building will occur to provide for an efficient use. However, the project must not damage, destroy, or cover materials or features, whether interior or exterior, that help define the building’s historic character.

Application Process

Owners seeking certification of rehabilitation work must complete Part 2 of the [Historic Preservation Certification Application](#)—Description of Rehabilitation. Long-term lessees may also apply if their remaining lease is 27.5 years for residential property or 39 years for nonresidential property. The owner submits the application to the SHPO. The SHPO provides technical assistance and literature on appropriate rehabilitation treatments, advises owners on their applications, makes site visits when possible, and forwards the application to the NPS, with a recommendation.

The NPS reviews the rehabilitation project for conformance with the “Secretary of the Interior’s Standards for Rehabilitation,” and issues a certification decision. The entire project is reviewed, including related demolition and new construction, and is certified, or approved, only if the overall rehabilitation project meets the [Standards](#). Both the NPS and the IRS strongly encourage owners to apply *before* they start work.

After the rehabilitation work is completed, the owner submits Part 3 of the Historic Preservation Certification Application—Request for Certification of Completed Work to the SHPO. The SHPO forwards the application to the NPS, with a recommendation as to certification. The NPS then evaluates the completed project against the work proposed in the Part 2—Description of

Rehabilitation. Only completed projects that meet the Standards for Rehabilitation are approved as “certified rehabilitations” for purposes of the 20% rehabilitation tax credit.

Processing Fees

The NPS charges a fee for reviewing applications, except where the total rehabilitation cost is under \$20,000. Fees are charged according to a two-tiered system: a preliminary fee and a final fee. The preliminary fee is \$250. It covers NPS review of proposed rehabilitation work. The final fee covers NPS review of completed projects. The final fee amount depends on the cost of the rehabilitation, according to the fee schedule below. The preliminary fee is deducted from the final fee. Payment should not be sent until requested by the NPS. The NPS will not issue a certification decision until payment has been received.

Fee	Cost of Rehabilitation
\$500	\$20,000 to \$99,999
\$800	\$100,000 to \$499,999
\$1,500	\$500,000 to \$999,999
\$2,500	\$1,000,000 or more

IRS Requirements

To be eligible for the 20% rehabilitation tax credit, a project must also meet the following basic tax requirements of the Internal Revenue Code:

- The building must be *depreciable*. That is, it must be used in a trade or business or held for the production of income. It may be used for offices, for commercial, industrial or agricultural enterprises, or for rental housing. It may not serve exclusively as the owner’s private residence.
- The rehabilitation must be *substantial*. That is, during a 24-month period selected by the taxpayer, rehabilitation expenditures must exceed the greater of \$5,000 or the adjusted basis of the building and its structural components. The adjusted basis is generally the purchase price, minus the cost of land, plus improvements already made, minus depreciation already taken. Once the substantial rehabilitation test is met, all qualified expenditures, including those incurred outside of the measuring period, qualify for the credit.
- For phased rehabilitations, the same rules apply, except that a 60-month measuring period applies. This phase rule is available only if: (1) a set of architectural plans and specifications outlines and describes all rehabilitation phases; (2) the plans are completed before the physical rehabilitation work begins, and (3) it can reasonably be expected that all phases will be completed.
- The property must be placed in service (that is, returned to use). The rehabilitation tax credit is generally allowed in the taxable year the rehabilitated property is placed in service.
- The building must be a *certified historic structure* when it is placed in service; if it is not yet a *certified historic structure* when it is placed in service, the owner must have requested on or before the date that the building was placed in service a determination from the NPS that the building is a *certified historic structure*, and have a reasonable

expectation that the determination will be granted. (This means, generally, for buildings not individually listed in the National Register of Historic Places, that Part 1 of the Historic Preservation Certification Application must have been filed before the building was placed in service.)

- Qualified rehabilitation expenditures include costs associated with the work undertaken on the historic building, as well as architectural and engineering fees, site survey fees, legal expenses, development fees, and other construction-related costs, if such costs are added to the basis of the property and are determined to be reasonable and related to the services performed. They do not include costs of acquiring or furnishing the building, new additions that expand the existing building, new building construction, or parking lots, sidewalks, landscaping, or other facilities related to the building.

Getting your project approved, or “certified”

Tens of thousands of projects have been approved for the historic preservation tax credit.

Observing the following points will make approval of your project easier:

- *Apply as soon as possible—preferably before beginning work.* Consult with the SHPO as soon as you can. Read carefully the program application, regulations, and any other information the SHPO supplies. Submit your application early in the project planning. Wait until the project is approved in writing by the NPS before beginning work. Work undertaken prior to approval by the NPS may jeopardize certification. In the case of properties not yet designated *certified historic structures*, apply before the work is completed and the building placed in service.
- *Photograph the building inside and outside—before and after the project.* “Before” photographs are especially important. Without them, it may be impossible for the NPS to approve a project.
- *Read and follow the “Secretary of the Interior’s Standards for Rehabilitation” and the “Guidelines for Rehabilitating Historic Buildings.”* If you are unsure how they apply to your building, consult with the SHPO or the NPS.
- *Once you have applied, alert the SHPO and the NPS to any changes in the project.*

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THE SECRETARY OF THE INTERIOR’S STANDARDS FOR REHABILITATION

Rehabilitation may be considered as a treatment when repair and replacement of deteriorated features are necessary; when alterations or additions to the property are planned for a new or continued use; and when its depiction at a particular period of time is not appropriate. Prior to undertaking work, a documentation plan for rehabilitation should be developed.

1. A property shall be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.

2. The historic character of a property shall be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other buildings, shall not be undertaken.
4. Changes to a property that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and, where possible, materials. Replacement of missing features shall be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, shall be undertaken using the gentlest means possible. Treatments that cause damage to historic materials shall not be used.
8. Archaeological resources shall be protected and preserved in place. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials, features, and spatial relationships that characterize the property. The new work shall be differentiated from the old and shall be compatible with the historic materials, features, size, scale and proportion, and massing, to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

*These standards were initially developed in 1975 and were revised in 1983 and 1992.
This revision of the Standards was codified as 36 CFR Part 68 in the Federal Register, Vol. 60, No. 133, July 12, 1995;
it replaces the Federal Register notice, Vol. 48, N. 190, September, 1983.*

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