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Private Parties and Cultural Heritage

Corporate Foundations and US Cultural Heritage: role of US corporate in protecting and promoting the built Cultural Heritage sector [*]

by ***Anastasia Telesetsky***

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In contrast to European corporate foundations, U.S. corporate foundations have traditionally financed few projects involving historic preservation, restoration and rehabilitation. These projects were instead managed and financed by the government. Recently, in order to encourage corporate involvement in cultural heritage protection, the U.S. federal government and numerous state governments have created tax incentives for groups investing in historic preservation and rehabilitation. Motivated in part by these new incentives, U.S. corporate foundations have begun making investments in cultural heritage including creative re-uses of historic buildings to meet contemporary demands for affordable housing and local economic development. This paper provides a series of case studies describing U.S. corporate foundation sponsorship for preservation and rehabilitation projects, partnerships with existing non-profit historic preservation groups to preserve cultural sites and properties needing historic rehabilitation.

Corporate foundations [1] in the United States give generously to the arts. Most major museum exhibitions and classical performing arts are sponsored by corporate foundations [2]. For some companies, support of the arts has become an integral part of their marketing and branding strategies [3]. Non-profit art and cultural organizations depend on private foundations including corporate foundations for between a quarter and a half of their operating budgets [4]. There are more than 2000 corporate foundations in the United States [5].

But surprisingly few U.S. based corporate foundations finance built cultural heritage projects such as historic preservation, restoration, or rehabilitation projects. The American Express corporate foundation is the only large U.S. based corporate foundation player who has developed a long-term program to give to conservation and preservation efforts. Perhaps, corporate foundation leadership is reluctant to engage in architectural rehabilitation or conservation heritage projects because of a perception that these projects have less of an impact on product marketing than other cultural donations such as sponsorships of operas and multi-city museum exhibitions.

Yet, there are tremendous opportunities for corporate foundations to become involved in preserving and rehabilitating both American and international cultural heritage while receiving tax benefits. As a number of heritage organizations are demonstrating, built heritage can be preserved while buildings are adopted for new community-oriented and community-needed uses. Historic preservation is no longer simply about brick and mortar preservation but is now part of a larger dialogue regarding community, affordable housing, and economic development [6]. As one scholar in urban planning observed, historic preservation has the possibility of shaping a different society by creating "a more sustainable metropolitan development process" [7].

Using a number of case studies, this chapter will discuss three existing possibilities for greater corporate foundation involvement in community-based cultural heritage protection:

- Corporate foundation sponsorship for preservation and rehabilitation projects

- Corporate foundation partnership with existing non-profit historic preservation groups to preserve cultural sites and objects.

- Corporate foundation managed and owned historic rehabilitation projects.

Each of these possibilities provides much needed funding to preserve historic values in the built environment while also furthering corporate foundation goals of building positive linkages between national or multinational corporate foundations and their local communities.

1. Corporate Foundation Sponsorship for Preservation and Rehabilitation Projects

Most foundations have a grant-making process for projects that fulfill goals set by the corporate foundation. Even though there has been a decline in foundations that support built historic preservation, some foundations continue to provide financing for historic conservation and preservation projects [8].

One excellent example of a built cultural heritage project sponsored in part by corporate foundations is the renovation of the Red Seal Shoe Factory in Atlanta, Georgia [9]. Built between 1908 and 1910, the factory was in operation downtown until it closed its doors in the 1960s. The property sat derelict until the 1990s when a private non-profit developer purchased the property for conversion to 76 assisted living apartments for homeless people struggling with mental illness. While the buildings structure was generally in good condition, most of the windows had been bricked over. Working with the Georgia State Historic Preservation Office in a public-private partnership, the non-profit developer invested $2.9 million in rehabilitating the exterior of the building to its original 1910 façade, creating apartments, re-opening the windows, restoring the original hardwood flooring and tongue and groove ceilings, and touching up the original Red Seal Shoe Factory sign.

While corporate foundations were not necessarily part of the visioning process for the project, corporate foundations including the Coca-Cola Foundation and Georgia Power Foundation were financially involved in the project through the provision of funds needed to implement the project [10].

Where the corporate foundation is only involved in financing a project, the foundation's involvement in these projects is typically a donation from the corporate foundation to a 501(c)(3) organization based on the grantee applying for funds through a publicized grant-making process. The relationship between the corporate foundation and its recipient of funds is one of grantor and grantee. In these partnerships, the corporation is primarily concerned that the funds are used for the purposes for which they have been requested such as environmental restoration, neighborhood revitalization, community building, or affordable housing. The protection of the actual built cultural heritage values is merely a secondary benefit to the adaptive reuse goals of the project. The Red Seal Shoe Factory demonstrates that the benefits to heritage while important were secondary to the goals of finding appropriate long-term housing for vulnerable groups in the community.

Under this model of corporate foundation financing, some corporate foundations have elected to create revolving funds to support the historic preservation efforts of non-profits. For example, the Moody Foundation and the Kempner Fund, both operated by companies located in Galveston, created a revolving fund for the non-profit Galveston Historical Foundation to help finance the restoration efforts in the downtown area [11]. Privately funded revolving funds are a form of financing that can help to fund historic preservation efforts when public funding and other conventional sources are not available [12]. Non-profits use a portion of a revolving fund to purchase a historic property, which is preserved or rehabilitated. Some of the properties will be resold with protective covenants and deed restrictions which ensure that the historic characteristics of the property will be protected for the future. The monies from the sale are used to replenish the fund for future projects. The revolving fund is a particularly useful tool when there are multiple stages to a project for which there is inadequate startup capital to complete all of the restoration. Revolving funds have been used to preserve single buildings, neighborhoods, or key landmarks. Since revolving funds are primarily a mechanism for funding otherwise difficult to finance historical preservation activities, it is not uncommon for revolving funds to recoup in sales and rents less than the amount invested in preserving or rehabilitating a project.

The value of a corporate foundation funding a revolving fund in contrast to a single project is one of long-term sustainability. Since a revolving fund creates and reserves a pool of capital for historic preservation, it can be an effective tool to address blighted neighborhoods, revitalize a historic district or commercial area, and demonstrate the economic benefits of historic preservation.

Corporations and corporate foundations may also be able to indirectly provide sponsorship for built heritage through tax credit purchases from the National Trust Community Investment Corporation (NTCIC), the for-profit subsidiary of the National Trust for Historic Preservation [13]. NTCIC sells credits from certified rehabilitation projects that qualify for federal and state historic tax credits and/or the New Markets Tax Credit to groups seeking these credits. NTCIC profits from tax credit sales are provided to the National Trust to support non-profit preservation programs such as the National Trust Main Street Center and the National Trust Loan Fund. NTCIC's investment partners include Bank of America, Chevron Texaco and National City Bank. One example of an NTCIC project is the conversion of the American Brewery Brewhouse in one of the blighted areas of Baltimore, Maryland to an office center with space for a local non-profit to expand its clinical services for individuals with developmental disabilities. As an investor in the project, Bank of America received new market tax credits [14]. The central role of tax credits in historic preservation will be discussed in further detail in Part C below.

2. Corporate foundation partnerships with existing non-profit historic preservation groups for the purpose of preserving cultural sites and objects

A number of large corporate foundations have also entered into partnerships with non-profit groups to specifically create preservation strategies for important buildings and objects. Unlike the corporate sponsorship projects discussed above, these partnerships focus on the protection of cultural heritage as the primary benefit of the project. Secondary benefits of the project include job generation, downtown revitalization, or creating venues for other cultural events. In these partnerships, the corporate foundations take a more active role than simply financing activities that support the foundation's grantmaking objectives.

These programs begin with an initial donation from the corporate foundation that is targeted at preservation efforts in a specific geographical region or for a specific landmark, monument, or other cultural object. Under the supervision of the corporate foundation, the donated funds are used by the partner historic preservation group or an agreed upon affiliate group to undertake the actual preservation or restoration activities. What distinguishes these projects from other corporate sponsorship projects is that the relationship goes beyond simply that of a funder and a recipient. The corporate foundation expects their partnership to achieve specific preservation efforts.

The most prominent U.S. corporate foundation participating in cultural preservation partnerships is the American Express Foundation. In 1983, American Express raised $1.7 million for the preservation of the Statue of Liberty and Ellis Island [15]. In 1995, American Express became one of the founding sponsors of the World Monuments Watch and has donated $10 million to preserve 126 historic sites on the World Monuments Watch List of the 100 Most Endangered Sites [16]. In cooperation with the World Monuments Watch, American Express started a Partners in Preservation program [17].

As part of this program, American Express works with experts at World Monuments Fund to identify needed conservation and restoration opportunities around the world. American Express choose a number of sites from the biannual "List of Most Endangered Sites" which is compiled based on nominations by governments and groups around the world who identify heritage sites that are in the most critical need of assistance [18]. All sorts of sites can be included on the list including residential, civic, commercial, military or religious architecture; engineering and industrial works; cultural landscapes; archaeological sites; and townscapes and historic city centers [19]. Nominators are asked to identify the significance of the site in terms of its historical, artistic, social, spiritual, research, natural, economic, and/or symbolic values and then describe the challenges at the site any feasible plan of action to address the challenges [20].

To prepare the endangered sites list from which the American Express Foundation selects its project, WMF organizes an independent panel of experts who are leaders in archaeology, architecture, art history, and historic preservation to review the hundreds of nominations and select for inclusion on the list the sites with the greatest threats that can be effectively protected [21]. Through its partnership, American Express has funded over 125 global projects. As described in Appendix C below, most of the Partners in Preservation projects involve repair, documentation, or interpretation. Many of the sites for which funds have been supplied are not well known outside of their region such as a sugar mill in Barbados or a petroglyph site in the Philippines but are considered to be important cultural sites for their regions. All of the projects have given American Express positive public exposure.

Building on its successes in the international Partners in Preservation program, the American Express Foundation in 2006 launched a U.S. based Partners in Preservation program [22]. Investing $5 million over the course of 5 years, the program combines the efforts of American Express Foundation and National Trust for Historic Preservation personnel in preserving and restoring a variety of significant but lower profile cultural and historic sites in the United States.

In 2006, the Partners in Preservation inaugurated its city-targeted cultural heritage protection efforts in the San

Francisco Bay Area. Pledging $1 million towards restoration and preservation, the Foundation selected a number of overlooked and underfunded historic sites including a county courthouse, a YWCA building, and the Angel Island Immigration station that reflected San Francisco's diverse cultural heritage [23]. The public was invited to choose from among the twenty-five sites in seven counties the places that they thought were most deserving of funding.

In 2007, American Express and the National Trust repeated the San Francisco pilot program in Chicago. Twenty-five sites were nominated on the basis of historic significance, restoration plan, community impact, demonstrated management capacity of nonprofit organization, and ability to complete work by June 2009. As with the San Francisco project, the public was invited to choose among the sites. Each of the selected sites shared in a $1 million preservation and conservation fund. The selected sites included the iconic On Leong Merchants Association Building in Chicago's Chinatown with work on the terra cotta facade, the Southside Community art center in an 1893 building focused on African-American artists, and the Humboldt Stable that have been converted into a Puerto Rican Arts and Culture center [24].

In 2008, the Partners in Preservation launched a similar community-based historic preservation initiative in New Orleans. The Partners in Preservation nominated nine overlooked historic sites in neighborhoods impacted by Hurricane Katrina that would be eligible for a total of $400,000 of grant monies. All of the sites were serving or had served as local community gathering places and included churches, a saloon, a cemetery, a parish hall and Creole cottages. Five of the sites were selected for funding. Partners in Preservation anticipated that the grant money would contribute to not only the preservation of the site but also stimulate some economic development by, for example, paying for local construction labor to adapt the building for contemporary use or creating a new income-generating tourism opportunity [25].

In 1999, the AT&T Foundation participated in a public-private partnership with the National Archives and Records Administration in Washington, D.C. to cover preservation costs and enhance the public display of the Declaration of Independence, the Constitution of the United States and the Bill of Rights. What distinguishes the AT&T Foundation's participation in this project from a simple corporate donation was the Foundation's continued involvement with Save America's Treasures (a partnership of the White House Millennium Council and the National Trust for Historic Preservation) to design and promote a website covering various historical and cultural aspects of the keystone American documents [26].

All of these projects position corporate foundations as not just indirect protectors of cultural heritage, but also as active promoters of cultural heritage values seeking ways to make a specific rehabilitation donation relevant in a larger contemporary cultural context.

There are plenty of opportunities for corporate foundations to locate existing non-profit historic foundations and to negotiate collaboration on projects that will raise awareness of important social issues, protect historic values, and create positive consumer impressions of a corporation place in the community. One possibility is to assist the work of organizations that contribute to dialogue on issues of importance to broad constituencies such as human rights and justice. For example, in 1987, the owner of an estate in New Jersey called Paulsdale sold a significant historic property that had been the birthplace and home to Alice Paul (1885-1997) [27]. While Alice Paul is not a household name, she was one of the key players in the women's suffrage movement as well as the promotion of the Equal Rights Amendment; her Paulsdale home was the site of a number of important events that eventually led to the history of American women obtaining the right to vote. The Alice Paul Centennial Foundation has succeeded in restoring Alice Paul's birthplace and is now actively using the site as a leadership training center for young women [28].

Non-profit foundations recognize the need to build critical partnerships to help realize the publicly oriented goals of the non-profits. In the case of the Alice Paul project, the non-profit struggled with raising funds for the restoration because there was lack of knowledge regarding Alice Paul's nearly century long contributions to women's rights [29]. Plenty of work remains to preserve meaningful heritage sites. As one scholar observes, "The identification, preservation, and interpretation of structures and places associated with less prominent women, the contribution of women in groups and minority communities are essential" [30].

While U.S. corporate foundation money tends to go larger well known institutions such as the Chicago Art Institute, Lincoln Center, and the Metropolitan Museum of Art in New York [31], there may be untapped opportunities for foundations to contribute to important community-based projects and benefit from closer connections with a more diverse group of communities.

There is ample room for corporate foundation leadership to create partnerships that will simultaneously prioritize historic restoration and contemporary issues such as quality of life for vulnerable populations. While a number of major U.S. corporate foundations including the Owens Corning Foundation and Masco Foundation have partnered with groups such as Habitat for Humanity to support new affordable housing construction, there is also an opportunity to form partnerships with community groups working to restore historic buildings. For example, in Florida, Rebuilding Together promotes historic neighborhood revitalization program which renovate at no cost the historic homes of elderly, low-income, or disabled homeowners [32]. Corporate foundation partnership with projects such as Rebuilding Together provide triple win situations: meaningful funding for historic restoration, needed restoration for vulnerable homeowners, and a positive community image for the foundation.

3. Corporate foundation managed historic rehabilitation project

While most corporate foundation projects involve the project development skills of other non-profits such as the projects undertaken by the American Express foundation, corporate foundations may also be able to independently undertake their own historic rehabilitation projects through the creation of a non-profit development company that acquires tax credits for rehabilitation work, and syndicates tax credits to for-profit companies that can use them to offset taxes [33]. In order to sell tax credits that it cannot use, a foundation's non-profit development group would probably need to form a limited partnership with a for-profit entity and maintain a minority interest as a general partner [34].

Rehabilitation of historic structures meet a variety of community goals including providing affordable housing, providing construction jobs, promoting smart urban based growth, and building municipal tax revenue. Some government agencies such as the Environmental Protection Agency encourage rehabilitation of buildings as part of a larger brownfield cleanup [35]. In light of increasing pressures on environmental resources, rehabilitation of existing structures makes environmental sense. As architect Carl Elefante has said, "The greenest building is one that is already built" [36]. The National Trust for Historic Preservation reported in its "Green Issue" of its bi-monthly magazine that demolishing building results in 136 million tons of waste annually, of which 10-30% of this waste ends up in landfills [37].

Much of the historic rehabilitation work undertaken by for-profit and non-profit developers has been stimulated in part by federal and state tax incentives available for cultural heritage rehabilitation projects. The following sub-sections describe four federal tax incentives and several state tax incentive schemes which can be combined for various tax credits that can be used to finance historical rehabilitation and adaptive reuse projects.

3.1. The Historic Rehabilitation Tax Credit

This program jointly administered by the National Park Service and the Internal Revenue Service in partnership with the State Preservation Historic Offices provides an income tax credit worth 20 percent of the qualified rehabilitation expenses on certified historic, income-producing properties [38]. Having a tax credits is more valuable than a tax deductions, because the credits can be deducted directly from taxes, rather than subtracting from the income subject to taxes. Any rehabilitation work performed must meet federal preservation standards and must constitute a substantial rehabilitation. Rehabilitation is defined as "the process of returning a building or buildings to a state of utility, through repair or alteration, which makes possible an efficient use while preserving those portions and features of the building and its site and environment which are significant to its historic, architectural, and cultural values." [39] A separate 10 percent credit is also available for nonhistoric, nonresidential properties that were built before 1936 [40].

In order to be eligible for the 20 percent credit, rehabilitation plans must be pre-certified by the National Park Service as conforming with the Secretary of the Interior's Standards for Rehabilitation. The Park Service will decide whether there is sufficient historic material to preserve. A rehabilitation project completed prior to submitting a request for rehabilitation to a "certified historic structure" status cannot qualify for the rehabilitation tax credit. In order to have rehabilitation plans reviewed, an applicant should submit an original and a copy of an application to the State Historic Preservation Office (SHPO) who will retain one and forwards the second to the National Park Service (NPS).

A historic Preservation Certification Application includes a signed application form, a tax payer's identification number, number of rehabilitation phases, costs, starting and completion dates, square footage, and 35 mm color photographs documenting the building before rehabilitation, and plans showing the proposed work must also be provided. Parts one and two of the application are completed before undertaking work while part three of the application is a request to the Park Service for final approval of the work.

In order to be eligible for the 10 percent credit, 75 percent or more of the existing external walls must be retained as external or internal walls and at least 75 percent of the existing internal structural framework must be left in place. The tax credit will not be given for projects that create a historic-looking building from new materials.

The Historic Rehabilitation Tax Credit (HRTC) was added to the U.S. tax code in 1978 and has been extensively used by developers. In order to qualify for the 20 percent credit, a property owner must undertake a substantial rehabilitation of a property that is either listed individually on the National Register of Historic places [41] or certified by the National Park Service as contributing to the historic significance of a registered historic district. A substantial rehabilitation is a rehabilitation where "qualified rehabilitation expenses" either exceed the greater of $5,000 the adjusted basis of the building (purchase price - land value + capital improvements made - depreciation).

Qualified rehabilitation expenses include costs for work done on the historic structure, including architectural and engineering fees, site survey fees, legal expenses, and development fees. For purposes of determining what are qualified expenses, the NPS does not permit recovery of expenses for appliances, cabinets, carpeting (if tacked in place and not glued), decks (not part of original building), demolition costs (removal of a building on property site), new construction costs or enlargement costs (increase in total volume), fencing, feasibility studies, financing fees, furniture, landscaping, leasing expenses, parking lot, planters, porches and porticos (not part of original building), retaining walls, sidewalks, signage, storm sewer construction costs, or window treatments. Rehabilitation work must be done according to the ten standards of the Secretary of the Interior's Standards for Rehabilitation [42].

Red flags for the National Park Service and the state historic preservation officers which may not qualify for the rehabilitation tax credits include new buildings, new onsite parking, rooftop additions, additions to the building, ground floor changes to commercial buildings, window work, and new balconies. Other changes that may require further consultation include dividing significant rooms, redefining a building's basic floor plan, exposing mechanical ductwork in traditionally finished spaces, or removing plaster to expose masonry walls and ceiling joists [43].

Property owners usually take the tax credit on their federal tax bill for the year in which the building is returned to commercial use. Some owners of qualified historic structures will offer the tax credit to an institutional investor in exchange for investment capital to complete the rehabilitation work.

The new Housing and Economic Recovery Act as amended provides that corporate taxpayers can use historic rehabilitation tax credit to offset federal income tax liability under the alternative minimum tax [44]. To avoid having to pay back the tax credit to the IRS, a building must be held for a minimum of five years after the credit is taken. If the property is sold in the first year, the owner is required to pay back 100 percent of the credit [45].

Tax credits obtained from rehabilitation work cannot be "sold" per se but can be transferred through partnership or limited liability corporations from a developer to a project investor. To properly achieve a transfer, the party receiving tax credits may want to work with an attorney to ensure that the partnership is properly structured.

Projects, which have received this tax credit, include moderate and low-income housing in historic buildings, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices. A specific example of a recent project is the renovation of the Raymond Hilliard Center in Chicago. Built in 1966 as high-rise public housing for elderly and low-income housing, the complex was listed on the National Register of Historic Places in 1999 for exceptional architectural and historic significance. In 2007 using Federal Historic Rehabilitation Credits, a private developer in cooperation with federal and municipal organizations rehabilitated the apartment towers to create 645 living units of public-housing rental and affordable rental units [46].

3.2. The Historic Preservation Easement Deduction

Since 1976, this program provides a federal income tax deduction worth the full market value of the easement donated as a charitable contribution [47]. The value of the easement is calculated by taking the fair market value of the property before and after the easement is granted. In calculating the value after the easement is granted, the assessors assume that a historic easement would limit the development opportunities for the property. In order to qualify for an easement, a property owner must donate historically significant features of a certified historic structure such as the façade of a building or land of historical value to a historical preservation organization to be maintained in perpetuity.

Historic land areas also qualify for the deduction if the land area is 1) an independently significant area and its related historic resources that meet National Register criteria for evaluation; 2) a land area within a registered historic district, including buildings, which contributes to the significance of the historic district; or 3) a land area adjacent to a property individually listed in the National Register of Historic Places which contributes to the historic or cultural integrity of the historic property [48].

An owner can take a one-time charitable deduction against their income. All donations under this easement must be made accessible to the public. Additional credits may be combined with easement deductions including the low-income housing credits.

Qualifying for a tax deduction based on an easement requires a property owner to be carefully in appraising historic values. In a 2006 U.S. Tax Court decision, a developer from Virginia was denied federal tax deductions for a historical easement because the court found that the property lacked historic value even though it was near land that had once been part of George Washington's original estate [49].

3.3. The Low-Income Housing Tax Credit (LIHTC)

This program provides an income tax credit worth up to 90 percent (9 percent annually for ten years) of a building's qualified basis for new and substantially rehabilitated properties [50].

Each state receives a certain number of tax credits that it can distribute each year through state-based tax allocation committees. At least .01 percent of an allocated tax credit goes to the general partner responsible for the management of the completed property which is often a non-profit organization. Up to 99.99 percent of the tax credit (along with depreciation losses, mortgage interest deductions, and sometimes a portion of the cash flow) goes to the limited partner who has provided substantial equity capital.

Substantial rehabilitation of an existing property in a low-income community usually qualifies for the credit. Substantial rehabilitation is defined as expenditures incurred during a two-year period that are not less than the greater of 1) $3,000 of qualified basis per low-income unit or 2) 10 percent of the adjusted basis of the building [51].

Properties receiving the credit must demonstrate over the course of fifteen years that the residents earn less than certain earning thresholds for low-income housing. To qualify as low-income housing, a developer must demonstrate either that at least 20 percent of the units are reserved for households earning no more than 50 percent of the area's median income or at least 40 percent of the units are reserved for households earning no more than 60 percent of the area's median income [52].

In order for a mixed used project to qualify for the LIHTC, at least 80 percent of the project must be residential. The IRS audits all low-income housing properties when first made available to the public and then may continue to audit the properties in subsequent years. Tax credits may be lost if a property is found to be out of compliance.

LIHTC can be combined with federal Historic Rehabilitation Tax Credits.

3.4. The New Markets Tax Credit

In 2000 as part of the Community Renewal Tax Relief Act, the IRS and the Community Development Financial Institutions (CDFI) Fund under the direction of the U.S. Department of the Treasury introduced a program for a New Markets Tax Credit [53]. The CDFI allocates tax credits to certified "community development entities" which are for-profit organizations recognized by the U.S. Department of Treasury as having serving or providing investment capital for low-income communities or low-income persons as at least 60 percent of the entities' activities.

The community development entity can offer the tax credits as an incentive to attract equity investors. The money raised by the investors can be used for historic rehabilitation in low-income communities. The program provides an income tax credit to investors worth up to 39 percent for the equity invested in a certified community development entity over a seven-year period. Five percent of the credit can be taken in the first three years followed by six percent for the remaining four years [54]. The credit value is based on the amount invested in a "community development entity" rather than the cost of a particular project. Each year, the "community development entity" issues a certificate to attach to the investor's federal income tax form

3.5. Additional state tax incentives may also be available

A number of the states have tax incentive programs for historic rehabilitation which can in some states be combined with federal tax incentives to ensure the financial viability of a rehabilitation project. Appendix B discusses various state tax incentives. Due to budget shortfalls in many states, the terms of tax incentives are likely to change and state codes and legislation should be consulted before investing in projects that depend on state credits for financing.

Maine has one of the most generous recent incentive programs. Under the Maine program, parties can claim a 25% state historic tax credit for any qualified rehabilitation expenditures between 2008-2013 for sites listed on the National Register of Historic Places or located in certified local districts [55]. Even if a developer does not claim a federal historic tax credit, a developer can claim a 25% credit for historic projects involving qualified sites that have rehabilitation expenses between $50,000 and $250,000.

For projects where 33 percent of the project's square footage is affordable housing for persons at or below 60 percent of median income, a developer can claim a 30 percent tax credit as long as the project is kept affordable for 30 years. The credit cap for a single project is $5 million and can be allocated to non-profit foundation such as a corporate foundation.

Other states such as Maryland have almost as generous programs with a 20% credit for rehabilitation expenditures for commercial properties and a $3 million cap per project. However, due to the credit crisis, Maryland was forced to cut its annual credit from $25 million to $14.7 million [56].

North Carolina has general historic rehabilitation tax credits plus a special North Carolina Mill Rehabilitation Tax Credits, prompted by the closure of many textile, tobacco and furniture plants. The tax credit is provided in lieu of the historic rehabilitation tax credit (20 percent) as an added incentive to encourage developers to rehabilitate historic mill properties. Depending on which county the mill is located in, a property owner may be able to claim between a 30 percent to 40 percent state tax credit plus a 20 percent federal investment tax credit if the rehabilitated mill produces income [57].

Some states have additional non-income based tax credits. For example, in order to promote conversion of historic industrial mills into offices, Rhode Island offered a business tax credit for interest earned and paid on loans made for costs associated with rehabilitation of certain certified mill buildings [58]. In Maryland, qualified institutions such as financial institutions can claim a franchise tax credit for rehabilitation of certified historic properties while developers can use for a certain amount of time pre-rehabilitation property level tax assessments. All of these are creative efforts on the part of legislatures spur reuse of underutilized historic structures.

The following lists some of the income tax incentives for historic properties that have been provided or are currently being provided by different states and municipalities. Greater detail is provided in Appendix B for some of the programs.

• Income tax rehabilitation credits for residential or non-income producing historic properties in Connecticut, Colorado, Maryland, Michigan, Missouri, New Mexico, North Carolina, Ohio, Rhode Island, Utah, Virginia, West Virginia and Wisconsin.

• Income tax rehabilitation credits for commercial, rental or income-producing historic properties in Colorado, Indiana, Maine, Maryland, Michigan, Missouri, New Mexico, North Carolina, Ohio, Virginia, West Virginia and Wisconsin.

• Income tax deductions for historic lands in California.

• Income tax credits for corporations that give a donation to aid the preservation of historic properties within enterprise zones in California and Florida.

• Reduced property tax assessment values or property tax relief for historic properties in Alaska, Arizona, Alabama, Connecticut, District of Columbia, Maine, Mississippi, Nevada, North Carolina, Oklahoma, Oregon and Texas.

• Property tax relief for 'qualified' rehabilitation in California, Florida, Georgia, Iowa, Kentucky, Louisiana, New Jersey, Maryland, Massachusetts, New York, South Carolina, South Dakota, Virginia and Washington.

• Property tax exemptions or lower assessment levels for historic properties that are owned or used by nonprofit or government organizations in Arizona, Florida, Illinois, Kentucky, Maryland, Massachusetts, Montana, New Jersey, Ohio, and Texas.

• Property Tax Relief for Historic Industrial Mills in Rhode Island [59].

3.6. Local incentives associated with historic restoration

Concerned about the future of their downtowns and smart regional planning, some municipalities provide additional incentives to invest in rehabilitating rundown historic structures. For example, in Phoenix, Arizona, the city offers a number of incentives through its infill program including the waiving of certain of development-related fees; city participation in the cost of off-site improvements; expedited zoning procedures; and more flexible development standards [60].

In Baltimore, the City offers a tax credit program so that assessed tax on a renovated or rehabilitated property remains for ten years at the same level as it was before renovation. If the rehabilitation is certified by a city commission for historical and architectural preservation, the credit is for 100 percent of the City tax assessment [61].

3.7. Case Studies for Tax Credits

A prime example of the power of the tax credits to fuel rehabilitation work is the Cohannet Mill Apartment project in Taunton, Massachusetts [62]. Built in 1890s for the cotton industry, the mill had fallen into disrepair when it ceased operation in the 1980s. In 2003, the local non-profit community development corporation was trying to raise financing to create an affordable housing project while restoring the property's riverfront access. Over half the money for the financing strategy for the project came from low income and federal historic tax credits [63].

Even where a party cannot use all of its tax credits, it is common practice to leverage the tax credits to cover rehabilitation costs. In North Carolina, a preservation and rehabilitation project for a creamery secured its landmark designation as a commercial property and is able to capitalize on a 20% credit from the Federal rehabilitation program [64]. It is also eligible under the North Carolina laws for a 20% income tax credit from the state. By combining the state and federal credits, the owner of the historic property could realize a total of 40% in income tax credits. However, since the owners of the creamery are not able to utilize the full 40% of its income tax, they have marketed the credits to the Chevron Oil Company.

4. Specific Community Opportunities for Preserving America's Built Cultural Heritage

As industrial trends in the United States shift from manufacturing to service industries, there are increasing numbers of vacant industrial properties. These properties present an opportunity for would-be developers working alone or in public-private partnerships for adaptive reuse. For example, in San Francisco, when the Ghirardelli chocolate factory relocated operations from its Fisherman's Wharf location, there was a concern that the factory would be simply demolished and replaced with generic highrise development. Instead with the foresight of some local philanthropists and concerned residents, the property was purchased and renovated into a vibrant retail and office center with restaurants as a "demonstration project in preservation and contemporary use" [65].

The rundown factory mills in North Carolina and South Carolina have potential for conversion to new community uses. With the location of the textile industry overseas, many of these mills have become rundown and vacant. Yet the craftsmanship of the mill buildings merit protection. An important step in heritage protection in these areas has been creating an inventory of specific types of historic sites. The lists can be used to demonstrate how historic sites have been converted to new uses and to generate interest in rehabilitation of other vacant sites.

For a corporate foundation that wishes to simultaneously support both built cultural heritage and contemporary artists, the Artspace Projects organization provides an interesting model [66]. The organization was founded in 1979 in Minneapolis as an advocacy group to provide studio space for artists who could not afford the spaces that they had been previously using. The organization looks for underutilized or vacant historic buildings in less desirable zip codes that can be rehabilitated into artist studios or community art centers and then rented to cooperatives of artists. In order to finance its projects, the organization relies on federal and state tax incentives. An example of one of its conversion projects is the rehabilitation of a Pontiac dealer in Pittsburg, Pennsylvania into an artist cooperative.

5. Conclusion

As this paper suggests, there are numerous opportunities to preserve built heritage in the United States. Rehabilitating historic properties for new uses such as conversions of industrial properties to commercial and residential centers has become increasingly popular. Reusing historic buildings has fewer environmental impacts than removing an existing building to install a new building.

Corporate foundations have traditionally played a role in preservation and conservation of built heritage. While foundation attention has shifted its arts and culture funding to financing performing arts and museum displays, numerous possibilities remain for foundations to participate in preserving the unique cultural landscapes and cityscapes of the U.S. by funding built heritage projects. One of the easiest ways to participate in needed heritage preservation efforts is through the traditional foundation grantmaking process by earmarking a certain amount of funds for non-profits groups involved in adaptive reuse of historic buildings or for preservation of overlooked historic sites. Similar to this first approach, a foundation can identify a number of partners with expertise in historic preservation or conservation. The American Express Foundation and their partnerships with the World Monuments Fund and the National Trust exemplify this approach for Historic Preservation. A final approach is for foundations to fund and manage their own non-profit development groups that could simultaneously provide space for affordable housing or social services while protecting community cultural heritage. All of these approaches will provide some long-term assurance that built heritage which reflects our collective memory and our social ideals will remain relevant part of our human environment.

APPENDIX A [**]

The Secretary of the Interior's Standards for Rehabilitation are ten basic principles designed to preserve the distinctive character of a historic building and its site, while taking into consideration economic and technical feasibility.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces 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 architectural elements from other buildings, shall not be undertaken.

4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic 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 other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

8. Significant archeological resources affected by a project shall be protected and preserved. 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 that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features 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.

APPENDIX B

Alabama - In Alabama, buildings that are determined by the Alabama Historical Commission to be eligible for listing in the National Register or are individually listed in the National Register or are listed as contributing to a National Register historic district commercial historic buildings and sites can be assessed for ad valorem tax purposes at 10% instead of the usual 20%.

Ala. Code §§ 40-8-1, Section 2 (Wallace Property Relief Constitutional Amendment)

Alaska - In Alaska, municipalities may allow tax-exemption for historic buildings and may also allow for up to ten years of a "deteriorated property" that is being rehabilitated.

Alaska Stat. § 29.45.050 (b)(1)(B) and (o)

Arizona - The State Historic Property Tax (SPT) program offers a 35% to 45% reduction in the state property tax assessment for eligible owners. Owners of qualified properties enter a fifteen-year agreement requiring maintenance of the property according to federal and Arizona State Parks Board standards on property used for non-income producing activities. In order to qualify for the program, the property must be listed on the National Register of Historic Places either individually or as a contributor to a historic district. The State Historic Preservation Office (SHPO) determines program eligibility and monitors property maintenance while the county assessor manages issues of property value and tax calculation. Property owners are required to submit a notarized form (furnished by the SHPO) every three years to verify that the property has been maintained according to program guidelines. This report also requires submission of two photographs demonstrating the current condition of the property. Furthermore, the owner is required to notify the SHPO when the property ownership or property use changes.

Arizona Revised Statute § 42-12101 through § 42-12108

California - In 1972 the California Legislature passed a program sponsored by Senator Mills to provide property tax incentive to promote historic preservation. Known as the Mills Act, the law allows cities and counties to enter into contracts with owners of qualified historical buildings. The counties and cities that participate are listed at http://ohp.parks.ca.gov/pages/1074/files/mills%20act%20contacts.pdf. A qualified historical property must be privately owned, not exempt from property taxes and either 1) listed in the National Register of Historic Places, 2) located in a registered historic district or 3) listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

The contracts are for a minimum of ten years and renew automatically each year unless non-renewed by either party. During the term of the contract the owner agrees to preserve the qualified historical property and, when necessary, to restore and rehabilitate it. Once a contract is recorded prior to January 1 of any year, the assessor values the property and designates a "restricted" valuation. The "restricted" value is compared to the Proposition 13 base year value of the property and the owner receives the benefit of whichever value is lower.

Cal. Government Code § 50280 *et seq.*

Cal. Rev. & Tax. Code §§ 439-439.4

Colorado - Colorado offers an income tax credit to Colorado resident individuals and C Corporations for the preservation and rehabilitation of a qualified historic property. The structure must be at least 50 years old, and must be: a) designated individually or as a contributing property in the State Register of Historic Places; b) designated as a landmark by a certified local government; or c) designated as a contributing property in a designated historic district of a certified local government. Qualified rehabilitation costs must exceed $5,000, and the project must be completed within 24 months (one extension of time may be applied for). The project must receive initial approval from the reviewing agency (Colorado Historical Society or a certified local government) between Jan. 1, 1991 and Dec. 31, 2019, and you may claim the tax credit only for work completed by Dec. 31, 2019.

The state income tax credit is 20 percent of qualified rehabilitation costs up to a maximum $50,000 credit per qualified property. In any given tax year, the maximum allowable credit is the amount of your tax liability for the year. The excess credit may be carried forward for a maximum of ten years.

Beginning in 2011 the availability of the historic preservation income tax credit for a given year will be contingent upon the anticipation of a revenue surplus for that year. If a credit cannot be claimed for the tax year in which it accrued because a surplus is not expected, it may be claimed for the next tax year for which a revenue surplus is anticipated. The availability of this credit for any tax year beginning subsequent to December 31, 2010 will be posted on the Department's Web site once it has been determined.

If the qualified rehabilitation project is located in an enterprise zone, the credit may not be taken in conjunction with the state income tax credit allowed for the rehabilitation of a vacant building in an enterprise zone (Colorado Revised Statute § 39-30-105.6)

Colo. Rev. Stat. Ann. § 39-22- 514

Connecticut - The Historic Structures Rehabilitation Tax Credit Program establishes a tax credit for the conversion of historic commercial and industrial buildings to residential use, including rental or condominium units or mixed use projects. Participants receive a 25% tax credit of the total qualified rehabilitation expenditures on building listed on the National or State Register of Historic Places, either individually or as part of an historic district. For affordable housing, participants receive 30% tax credit.

State tax credits may be combined with the 20% federal historic preservation tax credits provided the project qualifies under federal law as a substantial rehabilitation. The State annual caps the credit at $15 million with a per building cap of $2.7 million. Tax credit is available for the tax year in which the building is placed in service. Tax credits can only be used by C corporations with tax liability under Chapters 207 through 212 of the Connecticut General Statutes. Tax credits can be assigned, transferred or conveyed in whole or in part by the owner to others

Conn. Gen. Stat. §§ 10-416a

Florida - Florida voters approved by referendum an amendment to the Florida State Constitution authorizing units of local governments to provide a partial ad valorem property tax exemption to owners who rehabilitate historic properties.

Georgia - Georgia Preferential Property Tax Assessment Program for Rehabilitated Historic Property allows eligible participants to apply for an 8-year property tax assessment freeze.

The Georgia State Income Tax Credit Program for Rehabilitated Historic Property provides historic preservation tax credit of up to $100,000 for renovation/rehabilitation of residential properties and $300,000 for commercial. The credit can be taken for up to 25% of the total project cost for both residential and commercial.

The incentives are administered by the Historic Preservation Division (HPD) of the Georgia Department of Natural Resources.

Georgia Annotated Code Sections 48-7-29.8, 48-5-7- 48-5-7.3

Hawaii - Haw. Rev. Stat. Ann. § 246-3

Illinois - Illinois's primary tax incentives are offered in the form of a property tax assessment freeze. Under the law, homeowners of registered historic structures can have their property taxes frozen for eight years if at least 25% of the property's market value is spent on a rehabilitation project. After eight years, the property taxes increase incrementally every quarter for the next four years.

Some developers in Illinois have taken advantage of federal donation laws allowing historic preservation easements to be deducted as charitable donations under the federal tax code. Such easements have been used successfully in Chicago to gain the tax incentives needed to build projects. For example, the Northern Realty Group undertook a $36 million conversion of the Shubert Theatre complex into a combination performing center and hotel. The developer conveyed an easement to the Landmarks Preservation Council of Illinois and were then able to write-off some of the value of the conveyance as a charitable donation.

Iowa 25% rehabilitation tax credit for eligible commercial properties; mixed use properties, and barns built before 1937. 25% rehabilitation tax credit for income-producing, non-income-producing residential properties and barns built before 1937.

$15 million annual statewide cap on credit in State Fiscal Year 2009 and $20 million in SFY2010 and each fiscal year thereafter; no per project cap. Minimum investment: For commercial property rehabilitation, costs must equal at least 50% of the assessed value of the property, excluding the land, prior to rehabilitation. For residential properties or barns, the amount of rehab costs must equal at least $25,000 or 25% of the assessed value of the property, excluding the land, prior to rehabilitation. For mixed-use properties, the rehab costs shall not exceed $100,000 per residential unit. Credits are transferable

Indiana - In Indiana, the state historic tax credit program offers a matching 20% credit to the federal tax credit program. However, the Legislature capped yearly credits at $750,000 with no more than $100,000 offered on any one project. According to the

Historic Landmarks Foundation of Indiana, the program is so popular that there are applications for the credit up to 2016.

Easements can be given to organizations such as the Historic Landmarks Foundation of Indiana. But foundations are becoming reluctant to take credits because of concerns over the cost of enforcing easements.

Ind. Code Ann. §§ 6-3.1-16-1 to 6-3.1-16-15

Kansas - The Kansas historic preservation tax credit program has a tax credit equal to 25 percent on commercial or residential properties; it has a 10-year 'carry forward' and 'carry back' provision, meaning that the credit can apply against past or future taxes; it is transferable and has no annual or per-project cap.

Kentucky - New program established in 2005 provides a 30% rehabilitation tax credit for owner-occupied residential properties; 20% rehabilitation credit for all other properties

Louisiana - In 2002, the Louisiana Legislature created an income and corporation franchise tax credit for the rehabilitation of historic structures located in downtown areas. The Louisiana Historic Rehabilitation Credit, allows a credit against income and corporation franchise tax for the amount of costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development district. The credit cannot exceed twenty-five percent of the eligible costs and expenses of the rehabilitation for any taxable year, is limited to one credit per historic structure rehabilitated, and cannot exceed two hundred fifty thousand dollars. The credit is transferable.

Louisiana also has a Restoration Tax Abatement Program to provide commercial property owners and homeowners who expand, restore, improve or develop an existing structure in a downtown development district, economic development district or historic district, the right for five years after completion of the work, to pay ad valorem taxes based on the assessed valuation of the property prior to the commencement of the project

La. Rev. Stat. 47:6019 (Historic Rehabilitation Credit)

La. Rev. Stat. Ann. §§ 47:4311-47:4319 (Restoration Tax Abatement)

Maine - In the supplemental budget that was signed into law on March 31, 2008, Governor included An Act to Amend the Credit for Rehabilitation of Historic Properties including the creation of a small projects provision for taxpayers who do not claim the federal tax credit but who are eligible for the state credit.

Maryland - Maryland's Historic Preservation Tax Credit gives owners a credit equal to twenty-five percent of certified rehabilitation costs and is available for work on both owner-occupied residential and income-producing property. The property must be listed on the National Register of Historic Places or be designated as a historic property under local law, or be certified as a historical resource within a National Register or local historic district. The program provided $155.5 million in rehabilitation investment in the course of two years and created 1,225 construction jobs and a similar number of other jobs.

Md. Ann. Code art. 83B, 5-801 (income tax); Md. Code Ann., Tax-Prop. 9-204 (property tax).

Massachusetts - Massachusetts Historic Rehabilitation Tax Credit provides a tax credit equal to 20 percent of "qualified rehabilitation expenditures" on historic structures listed or eligible for listing on the National Register of Historic Places. This state legislation was signed into law in November 2003. It provides up to $10 million of tax credits annually for a five-year period beginning in 2005. The Massachusetts Historical Commission will administer the tax credit.

Michigan - State single business tax credits and state income tax credits are available for owners of historic properties that are planning rehabilitation work. The properties, depending on their community's size, must be listed in the State Register, the National Register, or be included in a locally protected historic district.

39a of the Single Business Tax Act (MCL 208.39a)

Section 266 of the Income Tax Act of 1967 (MCL 206.266)

Missouri - The program offers a 25% state tax credit for commercial and owner-occupied residential properties listed on the National Register of Historic Properties or in a state-certified historic district. There is no annual or per-project cap, and the credits are transferable by sale to third parties. The program also has a 10-year 'carry-forward' provision, where the credit can be used against taxes due during that future period, as well as a 'carry-back' provision for taxes.

The Missouri Department of Economic Development found a direct tax benefit to the state of $1.78 for every $1 of tax credit issued. One sample project using the tax credits is the Paul Brown Building. Formerly a 16-story office tower that has been converted into a 222-unit apartment building in a $53.4 million project. The developer Pyramid Co. of St. Louis secured $25 million in debt and through federal and state historic preservation tax credit programs received $20 credits. The property was contaminated so through the state's brownfield program, the developer received an additional $1.6 million tax credits for remediation.

Since a percentage of the apartment units qualified as affordable units, Pyramid also received $5 million in state and federal low income housing credits. Through local tax increment financing and tax-exempt bonds at 5.75% for 42 years, the developer was able to acquire a total of $28 million in debt to cover the remaining expenses of the project.

Mo. Ann. Stat. §§ 253.545- 253.561

Mississippi - New program provides a 25% historic rehabilitation credit for both commercial property and owner occupied residences with no cap.

Montana - A historic property undergoing rehabilitation, restoration, expansion, or new construction may receive a tax abatement credit for up to five years after the construction is finished. The tax abatement is limited to 100% of the increase in taxable value caused by the rehabilitation, restoration, expansion, or new construction. The tax abatement is available for properties located within the boundaries of a national register historic district as well as a newly constructed property within the boundaries of a national register historic district that meets design review criteria as being architecturally compatible with the historic district or a property listed individually in the National Register of Historic Places.

Mont. Code. Ann. §§ 15-24-1601 to 15- 24-1607

New Mexico - The state income tax credit is available to owners of historic structures who accomplish qualified, rehabilitation on a structure or stabilization or protection of an archaeological site. Each program project carries a maximum of $50,000, although the project costs may exceed this amount. Maximum credit is 50% of eligible costs of the approved rehabilitation or $25,000 (50% of project maximum) or 5 years of tax liability, whichever is least. The credit is applied against New Mexico income taxes owed in the year the project is completed and the balance may be carried forward for up to four additional years.

New York - New York offers a number of tax credits. New York State Historic Tax Credit Program for Income Producing Property must be used with the Federal Investment Tax Credit Program for Income Producing Properties. Owners of income producing properties that have been approved to receive the 20% federal rehabilitation tax credit qualify for the additional state tax credit. Owners can receive 30% of the federal credit value up to $100,000. After Part 1 and Part 2 of the federal application are approved by the National Park Service, The New York State Office of Parks, Recreation, and Historic Preservation will issue a certification form allowing owners to take the state credit.

The New York State Historic Homeownership Rehabilitation Tax Credit provides a credit on qualifying owner-occupied homes to cover 20% of qualified rehabilitation costs of structures, up to a credit value of $25,000. To qualify for the credit, the house needs to be located in a "distressed" census tract and spend at least 5% of the total on the exterior work.

The Farmer's Protection and Farm Preservation Act, enacted in 1996, was designed in part to preserve the pre-1936 historic barns that are still income producing.

North Carolina - Since 1998 North Carolina has provided a 20% credit for those taxpayers who receive the federal credit, providing investors with a combined 40% credit against eligible project costs. In addition, the state provides a 30% credit for the rehabilitation of nonincome-producing historic properties, including private residences. New "State Mill Rehabilitation" Tax Credits provide even greater credit amounts for qualifying former industrial sites.

N.C. Gen. Stat. § 105-130.42

Ohio - The Ohio Department of Development and State Historic Preservation Office, administers Ohio's Historic Preservation Tax Credit program (allowing property owners who meet federal standards for historic rehabilitation projects to deduct 25% of their construction costs from the state corporate franchise tax). A $120 million tax credit has been authorized to be paid between 7/01/09 and 7/01/11.

Ohio Rev. Code Ann. §§ 3735.65-3735.67

Pennsylvania - HB 221 was passed unanimously by the House and is now in the Senate.

The bill provides incentives to buyers and sellers of historic homes, homes in historic neighborhoods, or commercial properties in downtown areas when they are refurbished and used again. Residential projects can receive a maximum of $15,000 per project and a commercial property may receive a maximum of $500,000 per project per year.

Rhode Island - Rhode Island has a tax credit for owner-occupied residences covering 20% of the cost of exterior restoration work. The maximum credit per year is $2000, and unused credits can be rolled over to future years, as long as the taxpayer resides in the home and maintain its historic features.

A commercial credit is offered for historic buildings that are used to produce income such as offices, stores, rental apartments, and factories; development of condominiums may qualify. The credit equals 30% of the cost of approved rehabilitation work. In order to qualify, the project must cost at least as much as half the value of the building (50% of adjusted basis). The entire credit may be claimed when the project is completed. Unused portions of the credit may be taken over a 10-year period. Also, the owner does not have to use the credit him/herself, but instead can sell the credit to another individual or to a corporation. Non-profit owners can qualify for the credit and assign or sell it to a tax-paying partner or investor.

Preservation easements are also available.

South Dakota - South Dakota exempts the increased assessed value of a rehabilitated historic buildings from property taxes for eight years.

Texas - Local municipalities provide some tax incentive programs.

Tennessee - The law provides exemption from property taxes for the value of "any improvement made to or restoration of" qualified historic structures. The exemption is available for ten years in the case of a partial or exterior restoration or improvement, and fifteen years in the case of a total restoration. Exemption is only available in towns of 200,000 people or more.

Tenn. Code Ann. § 67-5-218

Utah - Utah provides a 20% tax credit on qualified rehabilitation for owner-occupied or rental residences. The building does not need to be listed in the National Register at the beginning of the project, but a complete National Register nomination must be submitted when the project is finished. The property must be listed in the National Register within three years of the approval of the completed project. Total rehabilitation expenditures must exceed $10,000. The purchase price of the building and any donated labor cannot be included. The project must be completed within 36 months.

Utah Code Ann. § 59-10- 108.5

Vermont - 10% State Historic Rehabilitation Tax Credit - This credit applies to the costs for substantially rehabilitating a certified historic building,. All building related rehabilitation costs are eligible including exterior and interior improvements and code compliance. The first $500,000 in costs receives a 10% credit along with half the costs over $500,000. 25% Façade Improvement Tax Credit - This credit applies to the rehabilitation of a building façade up to $25,000. This credit cannot be used for a building that is eligible under the 10% Historic Rehabilitation. 50% Code Improvement Tax Credit- This credit applies to the costs of bringing a building into compliance with state building codes, to abate hazardous materials, or to redevelop a contaminated property. This credit may be used in conjunction with the other two credits, as long as the applicant does not request credits more than once on an eligible project.

Virginia - State tax credits are available for owner-occupied, as well as income-producing buildings. The amount of the credit shall be determined by multiplying the total amount of eligible rehabilitation expenses incurred in connection with the plan of rehabilitation by 25%.

Va. Code Ann. § 58.1-339.2

Washington - Wash. Rev. Code Ann. §§ 84.26.010-84.26.130- The Local Tax Incentive Program encourages the preservation of historic resources by providing for "a revision of the assessed value of a historic property which subtracts, for up to 10 years, such rehabilitation costs as are approved by a local review board." Such renovations must cost at least 25 percent of the building's value

West Virginia - A credit of ten percent of the qualified expenditures for the rehabilitation of residential and nonresidential buildings designated by the National Park Service, United States Department of the Interior as "certified historic structures," and further defined as a "qualified rehabilitated structure," may be taken against West Virginia Personal Income Tax and West Virginia Corporation Net Income Tax. A certified historic structure is any building located within the State of West Virginia that is listed individually in the national register of historic places or is located within a registered historic district, reviewed by the West Virginia Department of Culture and History, and certified by the National Park Service as being of historic significance to the district. A certified rehabilitation is any rehabilitation of a certified historic building that is reviewed by the West Virginia Department of Culture and History, and certified by the National Park Service as being consistent with the historic character of the property, and, where applicable, the district in which it is located.

W. Va. Code Ann. §§ 11-21-8a to 11-21-8g.

Wisconsin - Wisconsin Supplemental Historic Preservation Credit. This program returns an additional 5 percent of the cost of rehabilitation to owners as a discount on their Wisconsin state income taxes. Owners that qualify for the Federal Historic Preservation Credit automatically qualify for the Wisconsin supplement if they get NPS approval before they begin any work.

APPENDIX C

American Express Foundation funded projects through Partners with Preservation (partner World Monuments Fund)

Location	Cultural Heritage Restoration Work
San Luis Capistrano, California, U.S.	Repair vestry dome
Fort Apache, Apache Tribal Lands, Arizona, U.S.	Supported emergency stabilization necessary to turn site into cultural center
San Estaban Del Rey Pueblo, Acoma Pueblo, New Mexico, U.S.	Conservation plan to provide emergency stabilization and necessary wooden roof repair
Mesa Verde National Park, Colorado, U.S.	Mural conservations

Tree Studio and Medinah Temple, Chicago, Illinois, U.S.	Worked with city to support reuse of the building
Lafayette Cemetery No. 1, New Orleans, Louisiana, U.S.	Funded restoration of iron gates
Holy Cross Neighborhood, New Orleans, Louisiana, U.S.	After Hurricane Katrina, launched work program in Holy Cross neighborhood for restoration of historic buildings by local craftspeople and residents
Lancaster County, Pennsylvania, U.S.	Feasibility study for the reuse of historic buildings in a cultural landscape area threatened by suburban sprawl
Teotihuacan Mexico	Supported preservation project for murals
Jesus Nazareno Church in Atolonilco, Mexico	Restored church interior after rainwater damage and
Mexico City, Mexico	Restoration of contemporary murals by Jose Clemento Orezco
San Francisco Convent, Tzintzuntzan, Mexico	Restoration of west wing and adaptation of part of the convent to a local craft workshop
Church of San Juan Batista, Cuauatinchan, Mexico	Study to address humidity problems, restoration of murals
Santa Prisca Church, Taxco de Alarcon, Mexico	Structural stabilization and repair of church
San Juan de Ulua Fort, Veracruz Mexico	Restoration of historic bastion
Yucatan Indian Chapels	Provided instruction to community groups on proper preservation of historic adobe structures
Piedras Negras, Guatemala	Integrated conservation plan to repair damage caused by time and archaeological excavations
San Lorenzo Fort and San Geronimo Fort, Panama	Conservation and restoration project, local youth work corps
Old Iron Bridge, Jamaica	Structural support
Puerto Plata Light House, Dominican Republic	Created a conservation plan
San Jose Church, Puerto Rico	Conditions assessment and emergency stabilization project
Morgan Lewis Sugar Mill, Barbados	Restoration of sugar mill
San Francisco Church in Coro, Venezuela	Repaired wooden roof
San Pedro Cloisters, Cartagena, Colombia	Restoration of eastern gallery including removal of a damaged floor
Las Penas, Ecuador	Restoration of a historic house where Bolivar held historic meetings, plan for comprehensive restoration of historic area
San Pedro de Morrope Chapel, Peru	Emergency repairs
Rio Lauca Burial Towers, Bolivia	Vegetation removal and cleaning of adobe and stone towers
Elevators of Valparaiso, Chile	Created conservation plan and pilot project
Church of La Merced, Buenos Aires, Argentina	Restoration of stained glass windows and drafting of conservation plan
Jesuit Guarani Missions in Brazil, Argentina, and Paraguay	Conservation of a portal, creation of a visitor center
Paranapiacaba, Brazil	Restoration of buildings
Quinta da Boa Vista, Brazil	Restoration of rooms in Empress' plaza
San Francisco Convent Brazil	Master Conservation Plan
Dampier Rock Art, Dampier Archipelago, Australia	Funded inventory study of rock art
Merv Archaeological Site, Turkmenistan	Emergency stabilization and conservation training in eastern architecture
Uch Monument Complex, Pakistan	Preservation of site from environmental degradation
Basgo Gompah, Kashmir, India	Preservation of murals
Osmania Women's College, Hyderbad India	Supported documentation
Dalhousie Square Calcutta, India	Restoration of the exterior of St. John's
Dutch Hospital, Sri Lanka	Conservation efforts
Shaxi Market Area Jianchuan China	Restoration of key historic buildings
San Xing Dui, Guang Han City, China	Site interpretation, construction, and English language guide
Xuanjian Tower, Yuci City, China	Restoration of tower
Toyo Port, Fukuyama, Japan	Restoration and reuse of a merchant house as a visitor center and guest house
Minh Mang Tomb, Hue City, Vietnam	Restore Pavilions
My Son Temple District, Vietnam	Site conservation and documentation efforts
Ayuttaya Temple, Thailand	Helped restore temple damaged by floods caused by poor flood management
Banteay Thmar, Cambodia	Stabilized temple
Phnom Bakheng, Angkor Wat Cambodia	Sponsored stakeholder conference on how to manage excess tourism's effects on monuments
Georgetown, Malaysia	Restore building as advocacy building for smart

	development
Kampung Cina River Frontage, Malaysia	Sponsored revitalization study
Omo Hada, Nisa, Indonesia	Conservation of historic chieftain's house
Tanah Lot Temple, Bereban, Indonesia	Assessed preservation needs, repaired fences protecting structure from erosion
Angono Petroglyphs, Philippines	Supported conservator training program, helped incorporate the petroglyphs into a development to ensure long-term protection
San Sebastian Church, Manila Philippines	Restoration of basilica
Kabayan Mummy Caves, Philippines	Site mapping and conservation
Rabbi Shlomo Ibn Danan Synagogue, Fez, Morocco	Restoration
Sahrij Sbaiyin Madrasses, Fez, Morocco	Documentation and stabilization
James Island, Gambia	Conservation training, reinforcement of sea walls
Larabanga Mosques, Ghana	Restoration
Djenne Djeno Archaeological Site, Mali	Intervention with pillage of site, construction of site museum, replanting of area surrounding site to prevent erosion
Bandiagara Escarpment Cultural Landscape, Mali	Conservation plan
Giraffe Rock Art Site, Niger	Conservation and management plan
Khami National Monument, Zimbabwe	Efforts to protect site from vandalism and unchecked vegetation
Masaka Cathedral, Uganda	Emergency stabilization and conservation
Thimlich Ohinga Cultural Landscape	Conservation plan and signage
Gondar Palace Ethiopia	Stabilization and documentation
Valley of the Kings, Luxor, Egypt	Management and conservation plan
Mortuary Temple of Amenhotep III, Egypt	Emergency protection measures and site mapping
Qa'itbay Sebil, Cairo Egypt	Restoration of project
Petra Archaeological Site, Jordan	Work on site's water management system
Tel-Dan Canaanite Gate, Israel	Emergency stabilization
Mount Nemrut Archaeological Site, Turkey	Structural analysis and condition assessment
Kahal Shalom Synagogue, Rhodes, Greece	Roof repair
Branciu's Endless Column, Romania	Restoration
Chersoneson Ancient City, Ukraine	Research and conservation planning
Arkangelskoye, Moscow, Russia	Restore roofs and windows
Ostakino Palace, Moscow, Russia	Restoration of picture gallery
Russakov Club, Moscow, Russia	Restore roof
Tsarskoje Sela, St. Petersburg, Russia	Helped Russian cultural ministry obtain ownership of building, replaced roof
Church of our Savior on the Marketplace, Rostov Valley, Russia	Provided engineering for the foundation to protect church from rising water table
Royal Garden Pavilions, Budapest, Hungary	Supported international conference to address effect of vandalism, pollution, and traffic on site
Basil the Great Church, Slovakia	Supported documentation and conservation
Our Lady's Assumption Basilica, Krakow, Poland	Restoration of western portal
Vistalamouth Fortress, Gdansk, Poland	Emergency restoration and protection measures
Kuks Forest Sculpture, Czech Republic	Emergency protection measures, technical studies on water damages
St. Ann's Church, Prague, Czech Republic	Window restoration
Terezin Fortress, Czech Republic	Emergency protection measures
Lednice and Valtice Cultural Landscapes, Czech Republic	Cultural restoration
Thomaskirche Leipzig, Germany	Restoration
Pieterskerk, Leiden, Netherlands	Restoration of stained glass windows
Cinque Terra, Italy	Study on sustainability
Bridge of Chains, Italy	Conserved decorative elements of arches.
Tuff Towns and Vie Cave, Italy	Topographic and geotechnical laser surveys
Pompeii Ancient City, Italy	Survey and digital mapping project
Rupestrian Churchs of Puglia and Matera	Restoration of frescoes, stone sculptures, and wooden elements
Mnajdra Prehistoric Complex	Structural assessment and photogrammatic survey
Windmills of Mallorca, Spain	Restoration of mill
Moorish Houses of Granada, Spain	Feasibility and pilots restoration projects
Pazo de San Miguel das Penas, Spain	Restore mural painting
Segovia Aqueduct, Spain	Development of integrated masterplan and site assessment
Roman Villa of Rabacal, Portugal	Stabilization and work on drainage issues
Saint Emilion Monolithic Church, France	Technical Study to address conservation

Chateau de Chantilly, France	Restoration of palace structures
Saint Vincent Church, Glasgow, Scotland	Restoration of tower
Saint Brendan's Church, Ireland	Condition and planning study.

APPENDIX D

Federal Historic Rehabilitation Tax Credit

Selected portions of 36 CFR 67 - Historic Preservation Certifications Pursuant to Section 48(g) and Section 170(h) of the Internal Revenue Code of 1986

CONTENTS:

Sec. 67.2 Definitions.

As used in these regulations:

Certified Historic Structure means a building (and its structural components) which is of a character subject to the allowance for depreciation provided in section 167 of the Internal Revenue Code of 1986 which is either: (a) Individually listed in the National Register; or (b) Located in a registered historic district and certified by the Secretary as being of historic significance to the district. Portions of larger buildings, such as single condominium apartment units, are no independently considered certified historic structures. Rowhouses, even with abutting or party walls, are considered as separate buildings. For purposes of the certification decisions set forth in this part, a certified historic structure encompasses the historic building and its site, landscape features, and environment, generally referred to herein as a ``property'' as defined below. The NPS decision on listing a property in the National Register of Historic Places, including boundary determinations, does not limit the scope of review of the rehabilitation project for tax certification purposes. Such review will include the entire historic property as it existed prior to rehabilitation and any related new construction. For purposes of the charitable contribution provisions only, a certified historic structure need not be depreciable to qualify; may be a structure other than a building; and may also be a remnant of a building such as a facade, if that is all that remains. For purposes of the other rehabilitation tax credits under section 48(g) of the Internal Revenue Code, any property located in a registered historic district is considered a certified historic structure so that other rehabilitation tax credits are not available; exemption from this provision can generally occur only if the Secretary has determined, prior to the rehabilitation of the property, that it is not of historic significance to the district.

Certified Rehabilitation means any rehabilitation of a certified historic structure which the Secretary has certified to the Secretary of the Treasury as being consistent with the historic character of the certified historic structure and, where applicable, with the district in which such structure is located.

Duly Authorized Representative means a State or locality's Chief Elected Official or his or her representative who is authorized to apply for certification of State/local statutes and historic districts.

Historic District means a geographically definable area, urban or rural, that possesses a significant concentration, linkage or continuity of sites, buildings, structures or objects united historically or aesthetically by plan or physical development. A district may also comprise individual elements separated geographically during the period of significance but linked by association or function.

Inspection means a visit by an authorized representative of the Secretary or a SHPO to a certified historic structure for the purposes of reviewing and evaluating the significance of the structure and the ongoing or completed rehabilitation work.

National Register of Historic Places means the National Register of districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, engineering, and culture that the Secretary is authorized to expand and maintain pursuant to section 101(a)(1) of the National Historic Preservation Act of 1966, as amended. The procedures of the National Register appear in 36 CFR part 60 et seq.

Owner means a person, partnership, corporation, or public agency holding a fee-simple interest in a property or any other person or entity recognized by the Internal Revenue Code for purposes of the applicable tax benefits.

Property means a building and its site and landscape features.

Registered Historic District means any district listed in the National Register or any district which is: (a) Designated under a State or local statute which has been certified by the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of significance to the district, and (b) Certified by the Secretary as meeting substantially all of the requirements for the listing of districts in the National Register.

Rehabilitation means the process of returning a building or buildings to a state of utility, through repair or alteration, which makes possible an efficient use while preserving those portions and features of the building and its site and environment which are significant to its historic, architectural, and cultural values as determined by the Secretary.

Standards for Rehabilitation means the Secretary's Standards for Rehabilitation set forth in section 67.7 hereof.

State Historic Preservation Officer means the official within each State designated by the Governor or a State statute to act as liaison for purposes of administering historic preservation programs within that State.

State or Local Statute means a law of a State or local government designating, or providing a method for the designation of, a historic district or districts.

[54 FR 6771, Feb. 26, 1990, as amended at 62 FR 30235, June 3, 1997]

Sec. 67.3 Introduction to certifications of significance and rehabilitation and information collection.

(a) Who may apply:

(1) Ordinarily, only the fee simple owner of the property in question may apply for the certifications described in Secs. 67.4 and 67.6 hereof. If an application for an evaluation of significance or rehabilitation project is made by someone other than the fee simple owner, however, the application must be accompanied by a written statement from the fee simple owner indicating that he or she is aware of the application and has no objection to the request for certification.

(2) Upon request of a SHPO the Secretary may determine whether or not a particular property located within a registered historic district qualifies as a certified historic structure. The Secretary shall do so, however, only after notifying the fee simple owner of record of the request, informing such owner of the possible tax consequences of such a decision, and permitting the property owner a 30-day time period to submit written comments to the Secretary prior to decision. Such time period for comment may be waived by the fee simple owner.

(3) The Secretary may undertake the certifications described in Secs. 67.4 and 67.6 on his own initiative after notifying the fee simple owner and the SHPO and allowing a comment period as specified in Sec. 67.3(a)(2).

(4) Owners of properties which appear to meet National Register criteria but are yet listed in the National Register or which are located within potential historic districts may request preliminary determinations from the Secretary as to whether such properties may qualify as certified historic structures when and if the properties or the potential historic districts in which they are located are listed in the National Register. Preliminary determinations may also be requested for properties outside the period or area of significance of registered historic districts as specified in Sec. 67.5(c). Procedures for obtaining these determinations shall be the same as those described in Sec. 67.4. Such determinations are preliminary only and are not binding on the Secretary. Preliminary determinations of significance will become final as of the date of the listing of the individual property or district in the National Register. For properties outside the period or area of significance of a registered historic district, preliminary determinations of significance will become final, except as provided below, when the district documentation on file with the NPS is formally amended. If during review of a request for certification of rehabilitation, it is determined that the property does not contribute to the significance of the district because of changes which occurred after the preliminary determination of significance was made, certified historic structure designation will be denied.

(5) Owners of properties not yet designated certified historic structures may obtain determinations from the Secretary on whether or not rehabilitation proposals meet the Secretary's Standards for Rehabilitation. Such determinations will be made only when the owner has requested a preliminary determination of the significance of the property as described in paragraph (a)(4) of this section and such request for determination has been acted upon by the NPS. Final certifications of rehabilitation will be issued only to owners of certified historic structures. Procedures for obtaining these determinations shall be the same as those described in sec. 67.6.

(b) How to apply:

(1) Requests for certifications of historic significance and of rehabilitation shall be made on Historic Preservation Certification Applications (NPS Form No. 10-168). Normally, two copies of the application are required; one to be retained by the SHPO and the other to be forwarded to the NPS. The information collection requirements contained in the application and in this part have been approved by the Office of Management and Budget under 44 U.S.C. 3507 and assigned clearance number 1024-0009. Part 1 of the application shall be used in requesting a certification of historic significance or nonsignificance and preliminary determinations, while part 2 of the application shall be used in requesting an evaluation of a proposed rehabilitation project or, in conjunction with a Request for Certification of Completed Work, a certification of a completed rehabilitation project. Information contained in the application is required to obtain a benefit. Public reporting burden for this form is estimated to average 2.5 hours per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding this burden estimate or any aspect of this form may be made to the Chief, Administrative Services Division, National Park Service, P.O. Box 37127, Washington, DC 20013-7127 and to the Office of Management and Budget, Paperwork Reduction Project Number 1024-0009, Washington, DC 20503.

(2) Application forms are available from NPS regional offices or the SHPOs.

(3) Requests for certifications, preliminary determinations, and approvals of proposed rehabilitation projects shall be sent to the SHPO in participating States. Requests in nonparticipating States shall be sent directly to the appropriate NPS regional office.

(4) Generally reviews of certification requests are concluded within 60 days of receipt of a complete, adequately documented application, as defined Sec. 67.4 and Sec. 67.6 (30 days at the State level and 30 days at the Federal level). Where a State has chosen not to participate in the review process, review by the NPS generally is concluded within 60 days of receipt of a complete, adequately documented application. Where adequate documentation is not provided, the owner will be notified of the additional information needed to undertake or complete review. The time periods in this part are based on the receipt of a complete application; they will be adhered to as closely as possible and are defined as calendar days. They are not, however, considered to be mandatory, and the failure to complete review within the designated periods does not waive or alter any certification requirement.

(5) Approval of applications and amendments to applications is conveyed only in writing by duly authorized officials of the NPS acting on behalf of the Secretary. Decisions with respect to certifications are made on the basis of the descriptions contained in the application form and other available information. In the event of any discrepancy between the application form and other, supplementary material submitted with it (such as architectural plans, drawings, specifications, etc.), the applicant shall be requested to resolve the discrepancy in writing. In the event the discrepancy is not resolved, the description in the application form shall take precedence. Falsification of factual representations in the application is subject to criminal sanctions of up to $10,000 in fines or imprisonment for up to five years pursuant to 18 U.S.C. 1001.

(6) It is the owner's responsibility to notify the Secretary if application reviews are not completed within the time periods specified above. The Secretary in turn will consult with the appropriate office to ensure that the review is completed in as timely manner as possible in the circumstances.

(7) Although certifications of significance and rehabilitation are discussed separately below, owners must submit part 1 of the Historic Preservation Certification Application prior to, or with, part 2. Part 2 of the application will not be processed until an adequately documented part 1 is on file and acted upon unless the property is already a certified historic structure. Reviews of rehabilitation projects will also not be undertaken if the owner has objected to the listing of the property in the National Register.

Sec. 67.4 Certifications of historic significance.

(a) Requests for certifications of historic significance should be made by the owner to determine--

(1) That a property located within a registered historic district is of historic significance to such district; or

(2) That a property located within a registered historic district is not of historic significance to such district; or

(3) That a property not yet on the National Register appears to meet National Register criteria; or

(4) That a property located within a potential historic district appears to contribute to the significance of such district.

(b) To determine whether or not a property is individually listed or is part of a district in the National Register, the owner may consult the listing of National Register properties in the Federal Register (found in most large libraries), or contact the appropriate SHPO for current information.

(c) If a property is located within the boundaries of a registered historic district and the owner wishes the Secretary to certify whether the property contributes or does not contribute to the historic significance of the district or if the owner is requesting a preliminary determination of significance in accordance with Sec. 67.3(a)(4), the owner must complete part 1 of the Historic Preservation Certification Application according to instructions accompanying the application. Such documentation includes but is not limited to:

(1) Name and mailing address of owner;

(2) Name and address of property;

(3) Name of historic district;

(4) Current photographs of property; photographs of the building and its site and landscape features prior to alteration if rehabilitation has been completed; photograph(s) showing the property along with adjacent properties and structures on the street; and photographs of interior features and spaces adequate to document significance;

(5) Brief description of appearance including alterations, distinctive features and spaces, and date(s) of construction;

(6) Brief statement of significance summarizing how the property does or does not reflect the values that give the district its distinctive historical and visual character, and explaining any significance attached to the property itself (i.e., unusual building techniques, important event that took place there, etc.).

(7) Sketch map clearly delineating property's location within the district; and

(8) Signature of fee simple owner requesting or concurring in a request for evaluation.

(d) If a property is individually listed in the National Register, it is generally considered a certified historic structure and no further certification is required. More specific considerations in this regard are as follows:

(1) If the property is individually listed in the National Register and the owner believes it has lost the characteristics which caused it to be nominated and therefore wishes it delisted, the owner should refer to the delisting procedures outlined in 36 CFR part 60.

(2) Some properties individually listed in the National Register include more than one building. In such cases, the owner must submit a single part 1 application, as described in paragraph (c) of this section, which includes descriptions of all the buildings within the listing. The Secretary will utilize the Standards for Evaluating Significance within Registered Historic Districts (Sec. 67.5) for the purpose of determining which of the buildings included within the listing are of historic significance to the property. The requirements of this paragraph are applicable to certification requests received by the SHPOs (and the NPS regional offices in the case of nonparticipating States only) upon the effective date of these regulations.

(e) Properties containing more than one building where the buildings are judged by the Secretary to have been functionally related historically to serve an overall purpose, such as a mill complex or a residence and carriage house, will be treated as a single certified historic structure, whether the property is individually listed in the National Register or is located within a registered historic district, when rehabilitated as part of an overall project. Buildings that are functionally related historically are those which have functioned together to serve an overall purpose during the property's period of significance. In the case of a property within a registered historic district which contains more than one building where the buildings are judged to be functionally related historically, an evaluation will be made to determine whether the component buildings contribute to the historic significance of the property and whether the property contributes to the significance of the historic district as in Sec. 67.4(i). For questions concerning demolition of separate structures as part of an overall rehabilitation project, see Sec. 67.6.

(f) Applications for preliminary determinations for individual listing must show how the property individually meets the National Register Criteria for Evaluation. An application for a property located in a potential historic district must document how the district meets the criteria and how the property contributes to the significance of that district. An application for a preliminary determination for a property in a registered historic district which is outside the period or area of significance in the district documentation on file with the NPS must document and justify the expanded significance of the district and how the property contributes to the significance of the district or document the individual significance of the property. Applications must contain substantially the same level of documentation as National Register nominations, as specified in 36 CFR part 60 and National Register Bulletin 16, ``Guidelines for Completing National Register of Historic Places Forms'' (available from SHPOs and NPS regional offices). Applications must also include written assurance from the SHPO that the district nomination is being revised to expand its significance or, for certified districts, written assurance from the duly authorized representative that the district documentation is being revised to expand its significance, or that the SHPO is planning to nominate the property or the district. Owners should understand that confirmation of intent to nominate by a SHPO does not constitute listing in the National Register, nor does it constitute a certification of significance as required by law for Federal tax incentives. Owners should further understand that they are proceeding at their own risk. If the property or district is not listed in the National Register for procedural, substantive or other reasons; if the district documentation is not formally amended; or if the significance of the property has been lost as a result of alterations or damage, these preliminary determinations of significance will not become final. The SHPO must nominate the property or the district or the SHPO for National Register districts and the duly authorized representative in the case of certified districts must submit documentation and have it approved by the NPS to amend the National Register nomination or certified district or the property or district must be listed before the preliminary certification of significance can become final.

(g) For purposes of the other rehabilitation tax credits under sec. 48(g) of the Internal Revenue Code, properties within registered historic districts are presumed to contribute to the significance of such districts unless certified as nonsignificant by the Secretary. Owners of nonhistoric properties within registered historic districts, therefore, must obtain a certification of nonsignificance in order to qualify for those investment tax credits. If an owner begins or completes a substantial alteration (within the meaning of sec. 167(n) of the Internal Revenue Code) of a property in a registered historic district without knowledge of requirements for certification of nonsignificance, he or she may request certification that the property was not of historic significance to the district prior to substantial alteration in the same manner as stated in sec. 67.4(c). The owner should be aware, however, of the requirements under sec. 48(g) of the Internal Revenue Code that the taxpayer must certify to the Secretary of the Treasury that, at the beginning of such substantial alteration, he or she in good faith was not aware of the certification requirement by the Secretary of the Interior.

(h) The Secretary discourages the moving of historic buildings from their original sites. However, if a building is to be moved as part of a rehabilitation for which certification is sought, the owner must follow different procedures depending on whether the building is individually listed in the National Register or is within a registered historic district. When a building is moved, every effort should be made to re- establish its historic orientation, immediate setting, and general environment. Moving a building may result in removal of the property from the National Register or, for buildings within a registered historic district, denial or revocation of a certification of significance; consequently, a moved building may, in certain circumstances, be ineligible for rehabilitation certification.

(1) Documentation must be submitted that demonstrates:

(i) The effect of the move on the building's integrity and appearance (any proposed demolition, proposed changes in foundations, etc.);

(ii) Photographs of the site and general environment of the proposed site;

(iii) Evidence that the proposed site does not possess historical significance that would be adversely affected by the moved building;

(iv) The effect of the move on the distinctive historical and visual character of the district, where applicable; and

(v) The method to be used for moving the building.

(2) For buildings individually listed in the National Register, the procedures contained in 36 CFR part 60 must be followed prior to the move, or the building will be removed from the National Register, will not be considered a certified historic structure, and will have to be renominated for listing. The owner may submit a part 1 application in order to receive a preliminary determination from the NPS of whether a move will cause the property to be removed from the National Register. However, preliminary approval of such a part 1 application does not satisfy the requirements of 36 CFR part 60. The SHPO must follow the remaining procedures in that regulation so that the NPS can determine that the moved building will remain listed in the National Register and retain its status as a certified historic structure.

(3) If an owner moves (or proposes to move) a building into a registered historic district or moves (or proposes to move) a building elsewhere within a registered historic district, a part 1 application

containing the required information described in paragraph (h)(1) of this section must be submitted. The building to be moved will be evaluated to determine if it contributes to the historic significance of the district both before and after the move as in Sec. 67.4(i).

(i) Properties within registered historic districts will be evaluated to determine if they contribute to the historic significance of the district by application of the Secretary's Standards for Evaluating Significance within Registered Historic Districts as set forth in Sec. 67.5.

(j) Once the significance of a property located within a registered historic district or a potential historic district has been determined by the Secretary, written notification will be sent to the owner and the SHPO in the form of a certification of significance or nonsignificance.

(k) Owners shall report to the Secretary through the SHPO any substantial damage, alteration or changes to a property that occurs after issuance of a certification of significance and prior to a final certification of rehabilitation. The Secretary may withdraw a certification of significance, upon thirty days notice to the owner, if a property has been damaged, altered or changed effective as of the date of the occurrence. The property may also be removed from the National Register, in accordance with the procedures in 36 CFR part 60. A revocation of certification of significance pursuant to this part may be appealed under Sec. 67.10. For damage, alteration or changes caused by unacceptable rehabilitation work, see Sec. 67.6(f).

Notes

[*] Il presente contributo si inserisce nell'ambito della ricerca su "I beni culturali e la globalizzazione", promossa dall'Istituto di Ricerche sulla Pubblica Amministrazione (Irpa) e sostenuta dalla Fondazione Vodafone Italia, i cui principali risultati sono pubblicati nel volume *La globalizzazione dei beni culturali*, a cura di L. Casini, Bologna, il Mulino, 2010.

[1] In this paper, corporate foundation refers to private foundation that obtains grantmaking funds primarily from the contributions of a profit-making business.

[2] *See generally* R. Martorella, *Art and business*, Praeger Publishers, Westport, Connecticut, 1996.

[3] *Id*. at p. 29.

[4] *Id*. at p. 18.

[5] Council of Foundations: http://www.cof.org/

[6] J. Myrick Howard, *Non-profits in the American Preservation Movement*, in (R. Stipe ed.) *A richer heritage: historic reservation in the twenty-first century*, University of North Carolina Press, 2003, p. 522 n. 5.

[7] J. Keene, *The links between historic preservation and sustainability: an urbanist's perspective*, in (J. M. Teutonico and F. Matero eds.) *Managing change: sustainable approaches to the conservation of the built environment*, 4th Annual US/ICOMOS International Symposium, Getty Conservation Institute Proceedings series, 2003, p. 17.

[8] J. Myrick Howard, *Non-profits in the American Preservation Movement*, *supra* note 6 at p. 522 n. 5.

[9] S.M. Escherich, S.J. Farneth, B.D. Judd, *Affordable housing through historic preservation: tax credits and the secretary of the interior's standards for historic rehabilitation*, Diane Publishing, 2004, p. 22-25.

[10] *Id*. at p. 25.

[11] S.L. Kass, J.M. LaBelle, D.A. Hansell, *Rehabilitating older and historic buildings: law, taxation, strategies*, Wiley, 1986, p. 99.

[12] Other revolving funds include Historic Boston, Inc., and Providence Preservation Society Revolving Fund.

[13] http://www.ntcicfunds.com/

[14] http://www.ntcicfunds.com/library/profile_american_brewery.pdf

[15] *American Express and the National trust for historic preservation announce historic New Orleans sites chosen to receive restoration grants*, May 13, 2008, http://press.nationaltrust.org/content/view/237/162/.

[16] *Id*.

[17] World Monuments Fund.

[18] World Monuments Fund And American Express Name Endangered Historic Sites To Receive Funding, May 20, 2003.

[19] 2010 World Monuments Guidelines, http://www.wmf.org/.

[20] *Id*.

[21] World Monuments Fund, http://www.wmf.org/watch.html

[22] http://www.partnersinpreservation.org/neworleans/index.php?sec=abt

[23] http://www.partnersinpreservation.com/sanfrancisco/

[24] http://www.partnersinpreservation.org/chicago/

[25] http://www.partnersinpreservation.org/neworleans/

[26] *Save America's Treasures*, *AT&T Commits $1 Million Towards Preservation of America's Charters of Freedom*, July 1, 1999, http://www.saveamericastreasures.org/release070199.htm

[27] J. Goodman, *Best practices for saving women's heritage sites*, in (G. Lee Dubrow and J.Goodman eds.), *Restoring women's history through historic preservation*, John Hopkins University Press, 2003, p. 218.

[28] *See* http://www.alicepaul.org/programs.htm for description of programs supporting women's careers.

[29] See J. Goodman, *Best practices for saving women's heritage sites*, *supra* note 27 at p. 225.

[30] *Id*. at p. 227.

[31] *See* R. Martorella, *Art and business*, *supra* note 2 at p. 23.

[32] *More Than $600 Thousand in Market Value Donated in Home Repairs to Historic West Tampa*, January 29, 2009.

[33] A foundation that might form a non-profit development group must be careful to avoid conflicts of interest by dealing with "disqualified persons" including any substantial contributors to the foundation, foundation managers, and any businesses in which a substantial contributor has a large stake. Section 26 USC 4941 (Tax Code).

[34] M. Primoli, *Tax Aspects of Historic Preservation*, Internal Revenue Service, October 2000; *see also* http://www.ntcicfunds.com/funds/ntcif.html; http://www.historicequity.com/ (general information on syndication and transaction structures).

[35] Federal Historic Preservation Tax Incentives.

[36] R. Brandes Gratz, *Urban Virtues: The values of historic preservation go far beyond the clichéd notions of nostalgia and NIMBYism*, March 2008 (Describing an independent synagogue restoration project where as many elements of the original building were used with missing elements being recreated or added through recycled products such as insulation from recycled blue jeans and bathroom-stall partitions from recycled plastic milk jugs).

[37] W. Curtis, *A Cautionary Tale*, Preservation, January/February 2008, p. 21.

[38] *See generally* National Park Services Technical Protection Services, in *Internal Revenue Service Regulations* 26 CFR 1.48-12. Qualified rehabilitated buildings; 26 USC 47. Rehabilitation Credit.

[39] 36 CFR Part 67, See attached Appendix D.

[40] B. Mullen, *How to use rehabilitation tax credits*, in *Affordable Housing Finance*, July 2006.

[41] The National Register of Historic Places are the list of places over 50 years that have been selected by the State Historic Preservation Officer (SHPO) of the State in which the property is located, by the Federal Preservation Officer (FPO) for properties under Federal ownership or control, or by the Tribal Preservation Officer (TPO) if the property is on tribal lands. The sites are selected on the basis of a. Association with events that have made a significant contribution to the broad patterns of our history, b. Association with the lives of persons significant in our past, c. Distinctive characteristics of a type, period, or method of construction, d. Representing the work of a master, e. Possessing high artistic values, f. Potential to yield new information about prehistory or history.

[42] Codified at 36 CFR 67, summarized in Appendix A below.

[43] National Park Service, Technical Preservation Services, at http://www.ipedinc.net.

[44] *Historic Rehab Tax Credits Affected by Provisions in New Law*, National Housing & Rehabilitation Association, September 16, 2008.

[45] 26 USC 50 (Internal Revenue Code).

[46] Raymond Hilliard Center, http://www.illinoishistory.gov/PS/architectural.htm.

[47] *See generally* Historic Preservation Easements: A Historic Preservation Tool with Federal Tax Benefits.

[48] 26 CFR 1.170A-14(d)(5)(ii) - Qualified conservation contributions.

[49] James D. And Beverly H. Turner, v. Commissioner Of Internal Revenue, 126 T.C 16, United States Tax Court, May 16, 2006 ("proximity [to a historical structure] alone does not provide a basis to support a claim of protection of a historical structure.").

[50] 26 USC 42.

[51] M. Primoli, *Differences between the Historic Rehabilitation Tax Credit and Low Income Housing Tax Credit*, October 2000.

[52] *See generally* L.E. Burman and A. McFarlane, *Low-Income Housing Credit* in (J.J. Cordes, R.D. Ebel, and J.G. Gravelle eds.) *Nta encyclopedia of taxation and tax policy*, Second Edition, Urban Institute Press, 2005.

[53] *See generally* 26 CFR 1.45D-1, http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5.

[54] *Id*.

[55] Title 36, § 5219-R: Credit for rehabilitation of historic properties.

[56] Maryland's FY09 Budget Cuts Historic Tax Credit Program, National Trust for Historic Preservation, February 4, 2008.

[57] North Carolina State Historic Preservation Office, State Mill Rehabilitation Tax Credits.

[58] Rhode Island Mill Building Program Legislation, Title 42 State Affairs and Government, Chapter 42-64.7; *See also* Rhode Island Economic Development Corporation, Mill Building Revitalization Act.

[59] U.S. Preservation Tax Incentives: An Overview with Case Studies, E.R.A. Architects Inc, January 25, 2000, pp. 6-9.

[60] Infill Housing Program Incentives.

[61] Commission for Historical & Architectural Preservation Historic Restoration and Rehabilitation Tax Credit: *A tax incentive for Historic Landmarks and Districts*.

[62] *Revitalizing America's Mills*, EPA-560-R-06-001, November 2006, p. 8.

[63] *Id*. at p. 9.

[64] U.S. Preservation Tax Incentives *supra* note 59 at pp. 23-24.

[65] N. Weinberg, *Preservation in american towns and cities*, Westview Press, 1979, pp. 184-185.

[66] http://www.artspace.org/about/

[**] *See* http://www.nps.gov/history/local-law/arch_stnds_8_2.htm.

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