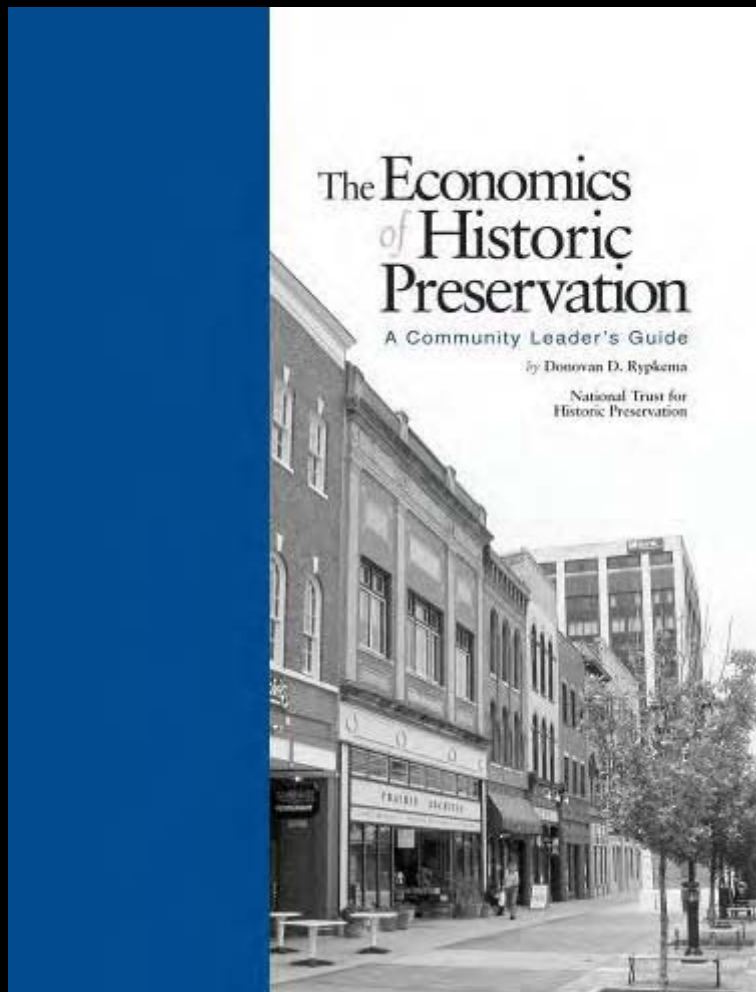


# Leveraging Historic Resources, Redevelopment, and Heritage Tourism in Your Community



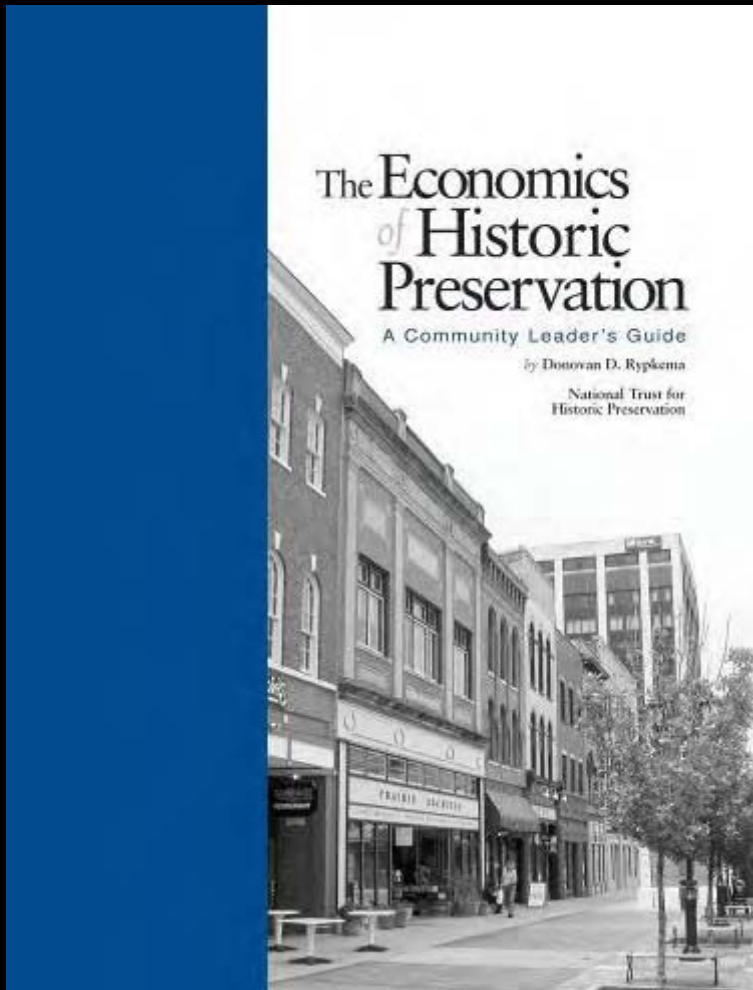
**Preservation Tools for Community Revitalization**

# Historic Preservation = Good Economics



- Economic impact is generally measured in three ways: jobs created, increase in household income, and demand created on other industries. Very few of the 500 or so categories of economic activity have as potent an impact, balanced among these three criteria, as does the rehabilitation of historic buildings.
- Virtually every example of sustained success in downtown revitalization - regardless of the size of the city - has included historic preservation as a key component of the strategy.
- Heritage visitors spend more per day, stay longer, and visit more places than tourists in general.

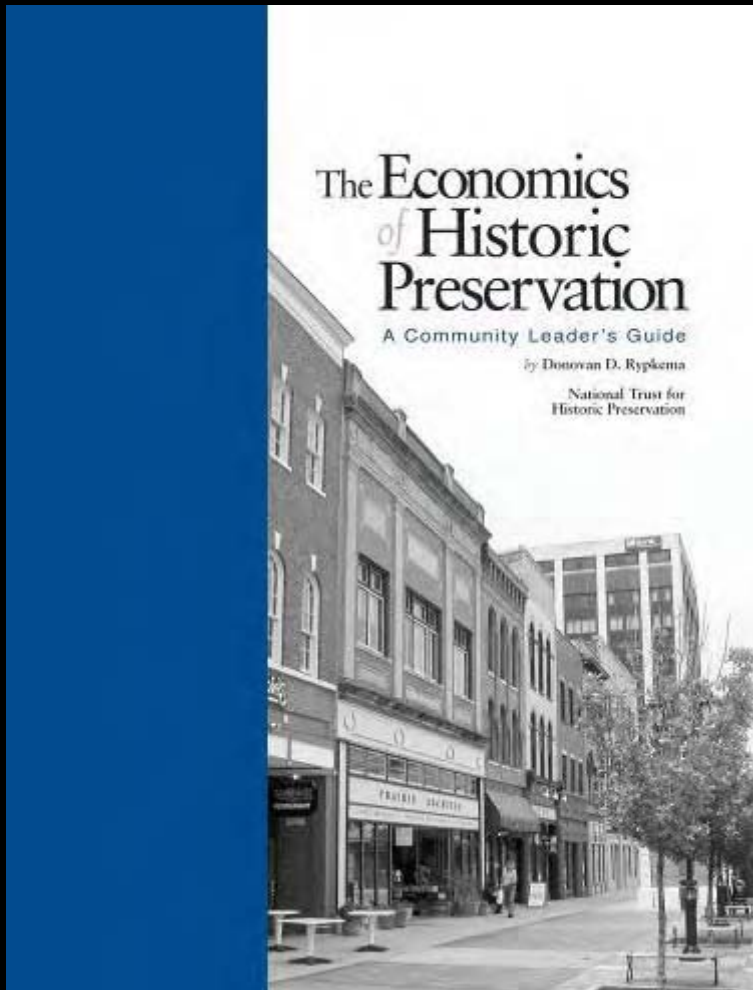
# HP = Good Economics: Lesson 1



The rehabilitation of historic buildings is good for the local economy – it creates jobs, it increases household income, and it has a positive ripple affect on industries directly and indirectly related to rehabilitation.

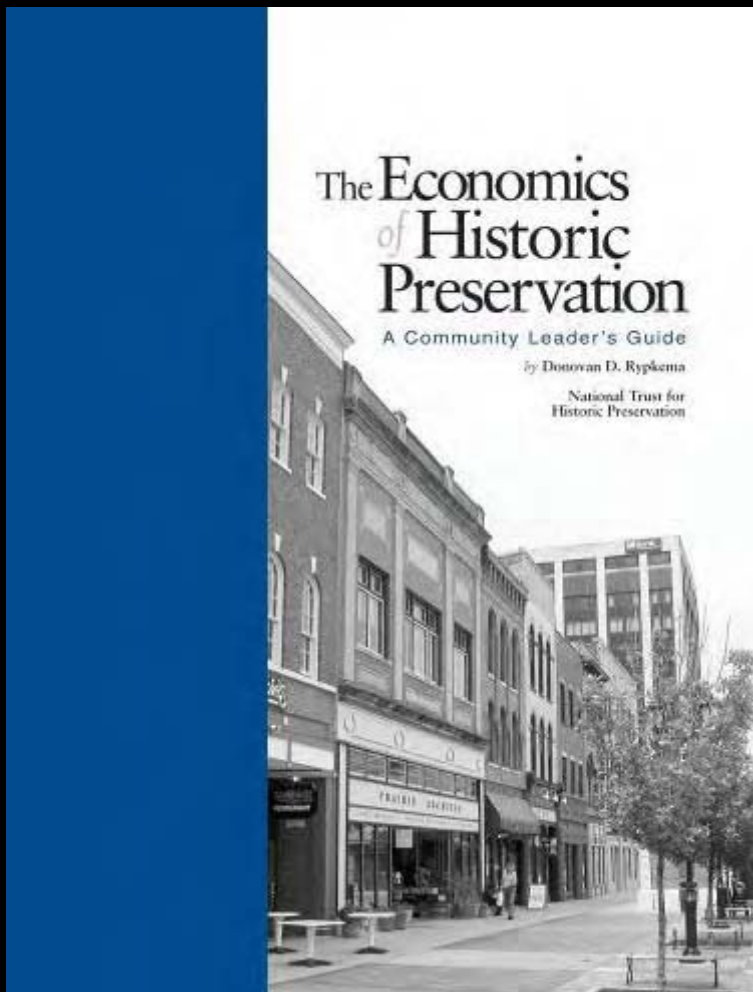
- Jobs created don't stop with construction jobs, but are broadly distributed throughout the local economy.
- In Pennsylvania, \$1 million of rehabilitation creates 12 more jobs than processing \$1 million worth of steel.
- In West Virginia, \$1 million of rehabilitation creates 20 more jobs than mining \$1 million worth of coal.

# Rehabilitation is good for the local economy.....



- Historic preservation creates more jobs than the same amount of new construction.
- Historic preservation is extremely labor intensive. As a rough rule of thumb, half of new construction expenditures go for labor and half for materials. In a typical historic rehabilitation project 60-70% of the total cost goes to labor, which is typically local.
- The economic benefits to a community are both direct and indirect – new businesses formed; private investment stimulated; tourism stimulated; increased property values; enhanced quality of life; sense of neighborhood and community pride; new jobs created; compatible land use patterns; increased property and sales taxes; and pockets of deterioration and poverty diluted.

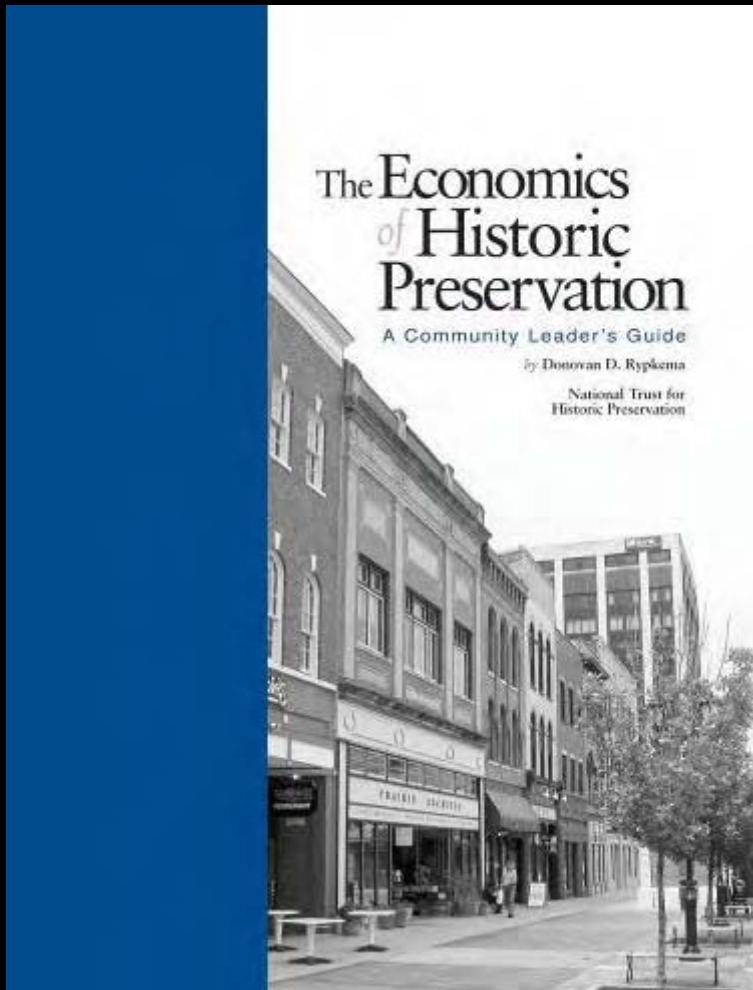
## HP = Good Economics: Lesson 2



Sustained success in downtown revitalization includes historic preservation as a key component of the strategy.

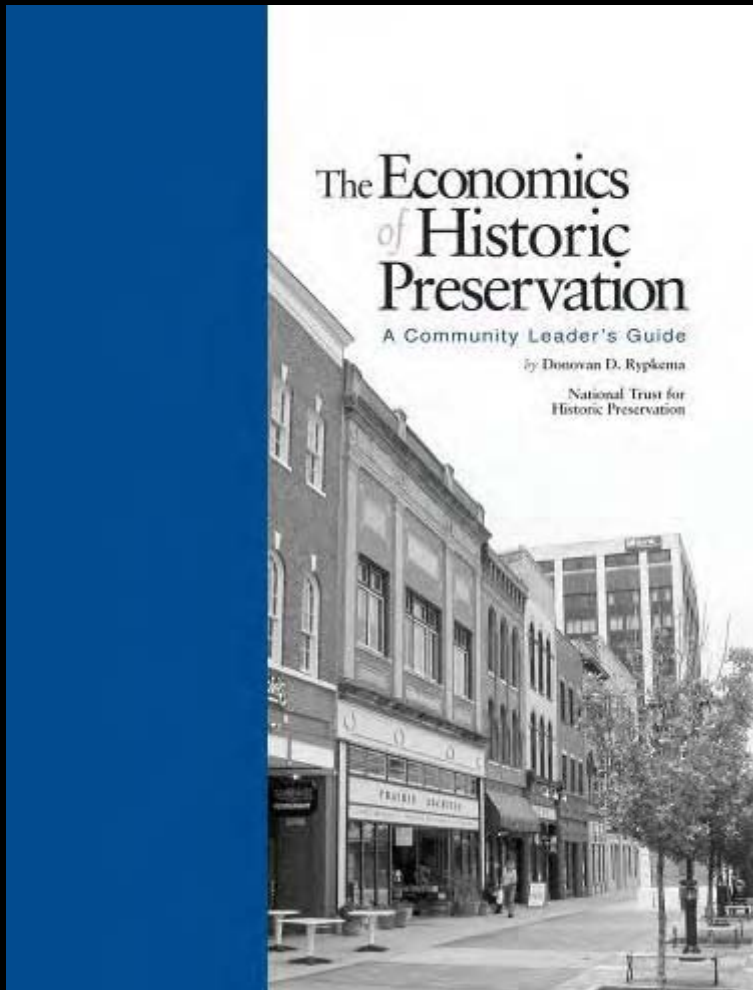
- Downtown is the historic center of most communities, and a healthy downtown is vital for a community's economic well-being.
- Downtown is the home of a community's institutional leadership. The appearance of economic health downtown is perceived as a direct reflection of the quality of that institutional leadership.
- Allowing downtown to decline results in underutilization of infrastructure already paid for with tax dollars.

## Historic preservation as downtown revitalization.....



- Public occupancy of downtown historic buildings is one of the most cost-effective public-sector tools for both historic preservation and downtown and neighborhood revitalization.
- Historic preservation is an incremental economic development strategy, not a “big fix.” Property-by-property reinvestment is more realistic and will lead to a more stable local economy.
- Reinvestment in historic buildings reinforces the value of existing real estate assets.
- Historic preservation is an ideal economic development strategy for attracting and retaining small business.
- Older buildings provide excellent incubator space for businesses of all types.

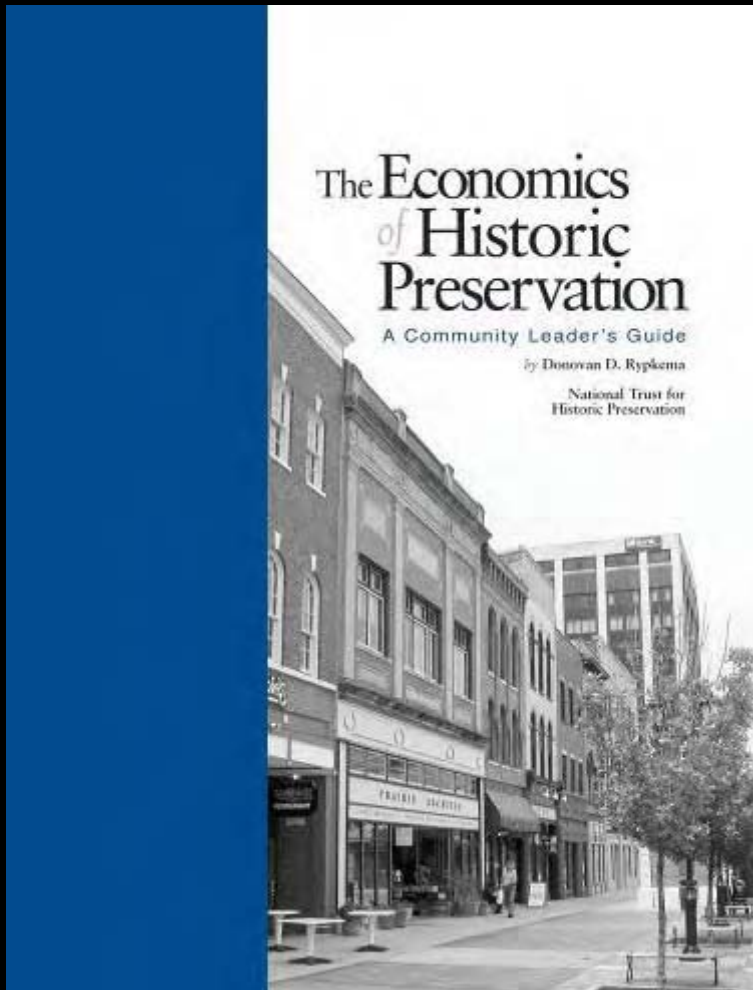
## HP = Good Economics: Lesson 3



Heritage visitors spend more per day, stay longer, and visit more places than tourists in general.

- Cultural tourism – including visits to historic places – is an international growth industry.
- Historic resources are among the strongest community assets for attracting visitors.
- Historic character attracts visitors to small towns.
- Income generated means dollars for local and state economies.
- Individual historic properties and sites, museums, and the arts all attract heritage visitors and have a major economic impact.
- Heritage visitors bring other opportunities – places in high demand as tourist destinations are also in high demand as retirement locations.

# A heritage visitor is not just another tourist.....



He or she is a visitor with significant economic impact:

- They spend an average of \$62 more per day than other travelers
- 90% come with their families
- 55% spend nights away from home
- 58% are employed full-time
- 64% are visiting the site for the first time
- 84% will return to visit the site again to bring others or will take more time

- *Profiting from the Past: The Impact of Historic Preservation on the North Carolina Economy*

# Preservation Tool - Historic Tax Credits



- Federal Historic Rehabilitation Investment Tax Credits
- State Historic Tax Credits

# Historic Tax Credit Basics



- 20% Federal tax credit available for certified historic structures
- 10% credit available for non-certified structures built before 1936 (non-residential only; must retain 75% of building)
- Credit based on Qualified Rehabilitation Expenditures (“QREs”)
- Credits are typically sold (syndicated) to generate cash for the rehabilitation project

# Historic Tax Credit Basics



- Property must be listed in the National Register of Historic Places
- Property must be income-producing
- Rehabilitation must be substantial
- Rehabilitation must meet the Secretary of the Interior's Standards for Rehabilitation - subject to review PHMC and approval of National Park Service
- Must retain ownership for five years following rehabilitation (no condos)
- Tax credits awarded to all qualifying (certified) projects – no limitations

# Tax Credit Basics – The National Register



The National Register of Historic Places (NRHP) is the official list of properties recognized by the federal government as worthy of preservation for their local, state, or national significance in American history, architecture, archaeology, engineering, or culture.

- Federal program of the National Park Service (NPS), Department of Interior
- Administered at the state level by each State Historic Preservation Office (SHPO); in PA – the Pennsylvania Historical and Museum Commission

## MYTHS – What Listing in the National Register of Historic Places DOES NOT Mean:

- *“You have to pay money to be listed or stay listed in the National Register.”* -- No, you only have to pay if you are hiring someone to write your National Register nomination.
- *“You must restore your property to perfect condition.”* -- No, a property is listed because it has architectural integrity and/or historic significance -- condition does not matter.
- *“Listing obligates an owner to make repairs and improvements.”* -- No such obligation exists.
- *“The Federal government will have the right to tell me what color I can paint my house.”* -- No, the Feds don't care what color your building is and, unless Federal funds are used, have no review of any remodeling, repairing, altering, selling or even total demolition of the property.

## National Register Listing is a Good Thing!

- It's an honor and accords a certain prestige – it's an exclusive list!
- Your property is historically important, so much so that not only is your state historic preservation office impressed by it, but so is the National Register office for the entire country.
- Your property is a local, state or national architectural example of a significant time, place, and/or person in history.
- It is an extra line of defense against any government-funded project or action that might impinge on your property. Federal law provides protection for NR-listed and NR-eligible properties.
- Historic tax credits are available to NR-listed or NR-eligible properties; a property must be listed by completion on tax credit project.
- You can still paint the place chartreuse, cover it with vinyl siding or knock it down – the last two may cause it to be de-listed for loss of integrity but it's your property – do with it what you want.

# Historic Tax Credit Process



- Tax credit application has three parts – Part I, Part II, and Part III
- Part I - Certification of Eligibility
- Part II – Documentation of existing conditions and proposed work; determines whether project will be a non-phased (up to 24 months to complete) or a phased (up to 60 months to complete) project; phasing affects ability to capture QREs
- Part III – Request for Certification

# Historic Tax Credit Process



Part I - Certification of Eligibility: reviewed by PHMC; NPS certifies property is listed in the National Register of Historic Places individually or part of historic district; expect 60-90 days to complete

- For properties not listed, PHMC and NPS evaluate and determine eligibility; listing can occur during rehabilitation project; takes about a year
- Consists of architectural description, statement of historical significance for building or district, location map, and current and historic photographs

# Historic Tax Credit Process



Part II – Consists of drawings showing 1) existing conditions, 2) any proposed demolition, and 3) proposed scope of work; written narrative describing 1-3, and “before” photographs that illustrate all existing conditions, both exterior and interior, keyed to the drawings

- Part II – PHMC reviews, NPS approves; expect 90 days to complete
- Part II Amendments – documents changes in project scope during project; changes must be reviewed by PHMC and approved by NPS; 60-90 days
- All rehabilitation work must meet the Secretary of the Interior’s Standards for Rehabilitation; commonly referred to as “the Standards.”

# Historic Tax Credit Process



Part III – Request for Certification; includes any final Amendments and “after” photographs keyed to drawings showing retention of architecturally significant features and materials, and completion of work as proposed in the Part II.

- Part III – PHMC reviews, NPS approves
- All completed rehabilitation work must meet the Standards

# Historic Tax Credit Process

## Typical Project Development Steps:

- Important to engage qualified professionals to help guide process
- Form for-profit tax credit entity – typically an LLC created specifically to undertake rehabilitation and “own” the property for the construction period plus the five-year recapture period
- Transfer title of property to LLC immediately; LLC members include the building owner(s) and developer
- If necessary, prepare and submit Part I application to determine eligibility
- Commence design development and prepare Part II application
- Submit Part II application
- Identify tax credit investor (entity that will buy the tax credits)
- Admit tax credit investor into LLC
- Start and complete construction
- Submit Part III application for project certification
- Place building in service (first use after rehabilitation)
- LLC holds property for five years

# Historic Tax Credit Basics



QREs – quantifies amount of tax credit. What qualifies?

- Selected exterior and interior demolition
- Exterior and interior construction
- Soft costs (includes architectural, engineering, historic preservation, survey, legal and accounting fees)
- Developer fee
- Construction period interest

# Historic Tax Credit Basics



## QREs – What does not qualify?

- Land and interest carry on land
- Building acquisition, interest carry on acquisition, other acquisition related costs
- Site improvements and landscaping
- Additions and some demolition
- Portion of improvements allocable to addition
- Personal property

# Historic Tax Credit Basics



## Developer Fees

- Portion of the fee attributable to the rehabilitation of the building is eligible and included as a QRE
- Care needed in drafting developer/LLC agreement
- Developer fee must be considered “reasonable” – typically 15%
- Deferred developer fee – must prove ability to repay in ten years

## Why Use Historic Tax Credits?



- Can be used with other state and local incentives, Low-Income Housing Tax Credits, New Markets Tax Credits, historic preservation easements
- If tax credits are sold (syndicated) to a taxable corporation to reduce their tax liability, typically .90-.92 of every \$1 comes back to the project in cash – 10-20% at Part II approval and balance at Part III approval
- On smaller projects, building owner/individual taxpayer may be able to use credits

# Why Use Historic Tax Credits?



- Use of tax credits contributes to the preservation of historic buildings and that benefits communities
- Use of tax credits and the resulting preservation provides demonstrable economic benefits
- Tax credits help preserve historic places that connect us to our heritage and enrich the quality of our lives in countless intangible ways

# Calculations



Total Project Costs	\$1,000,000
Qualified Rehab Expenses	\$ 800,000
Federal Historic Tax Credit	\$ 160,000
Syndication Price	\$0.90/\$1.00 (varies-depends on market)
Federal Tax Credit Equity	\$ 144,000
Percentage of Total Gross Project Costs	14.4%

# Tax Credit Case Studies





Total Project Costs	\$1,500,000
Qualified Rehab Expenses	\$1,325,000
Federal Historic Tax Credit	\$ 265,000
Syndication Price	\$ .90/\$1.00 (varies-depends on market)
Federal Tax Credit Equity	\$ 238,500
Percentage of Total Gross Project Costs	15.9%



Project Cost     \$1,300,000  
QREs             \$1,100,000  
  
Federal Historic Tax Credit  
\$ 220,000

**WMF**

ARCHITECTURE INTERIORS CONSTRUCTION

Project Cost	\$2,212,094
QREs	\$1,857,741
Federal Historic Tax Credit	\$ 371,548
State Historic Tax Credit	\$ 431,260



**Preservation Tools for Community Revitalization**

**WMF**

ARCHITECTURE INTERIORS CONSTRUCTION



**Preservation Tools for Community Revitalization**



Total Project Cost	\$5,182,036
Davis-McCrary Building	\$1,884,428
Federal Historic Tax Credit	\$ 809,052
State Historic Tax Credit	\$ 431,260



Total Project Cost	\$10,500,000
Federal Historic Tax Credit	\$ 1,800,000
State Historic Tax Credit	\$ 1,000,000
City of Cincinnati Grant	\$ 960,000
Ohio National Financial Services Loan	\$ 3,000,000
Cincinnati New Markets Fund	\$ 2,000,000
Cincinnati Equity Fund II	\$ 1,740,000

**WMF**

ARCHITECTURE INTERIORS CONSTRUCTION



**Preservation Tools for Community Revitalization**

# Historic Rehabilitation = Green and Sustainable

Green building initiatives and sustainability practices are everywhere. We are reminded every day from multiple sources to reuse, recycle, and conserve.

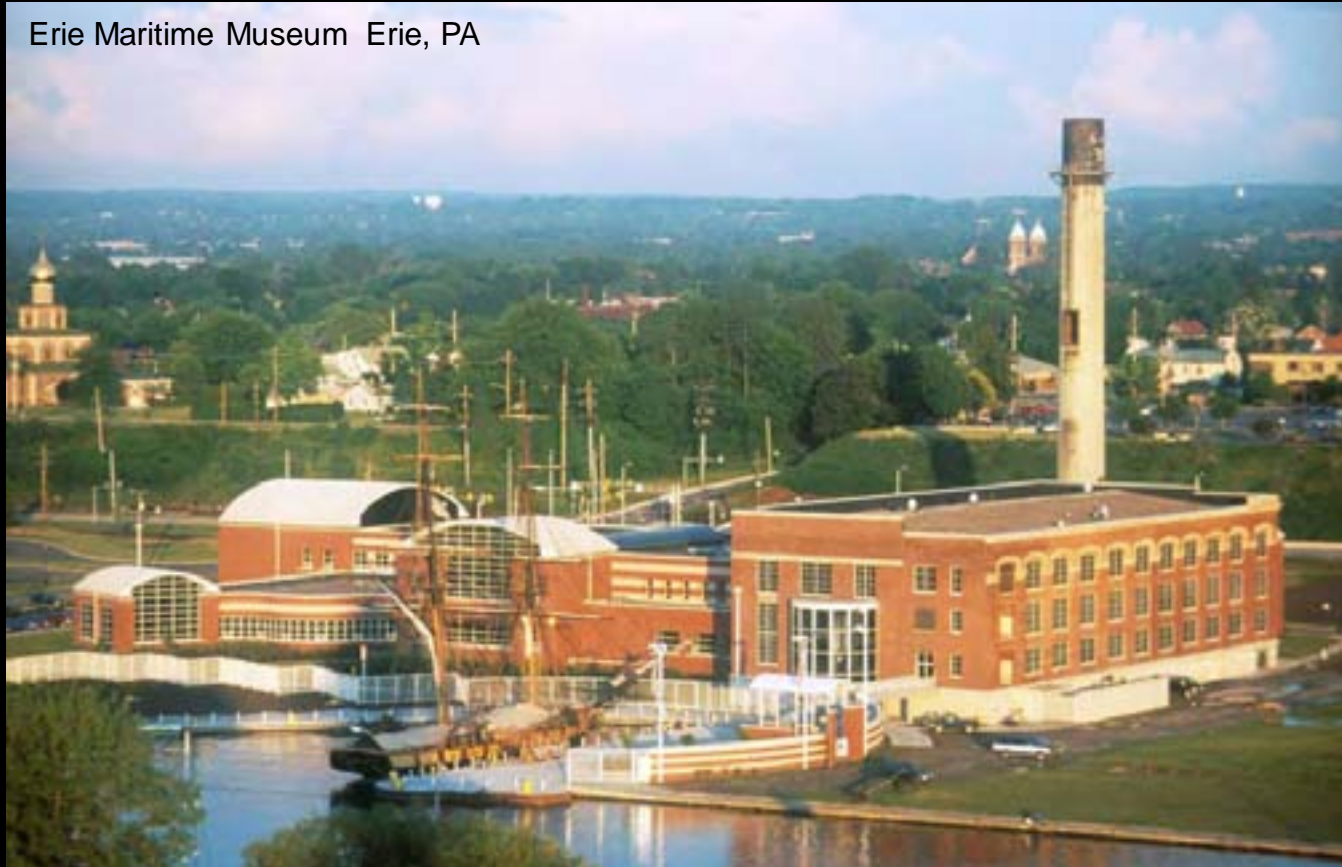
Historic preservation and the rehabilitation of existing buildings embody green and sustainable – it's often said “the greenest building is the one that's already built.”

The added benefit to rehabilitating an existing building is the availability of historic tax credits.



# The economic and heritage tourism benefits of preserving your historic community assets

Erie Maritime Museum Erie, PA



**“TOURISM+ CULTURE + HERITAGE = SUSTAINABLE ECONOMIES”**

*-National Trust for Historic Preservation*

# Preservation, Conservation, and Reuse



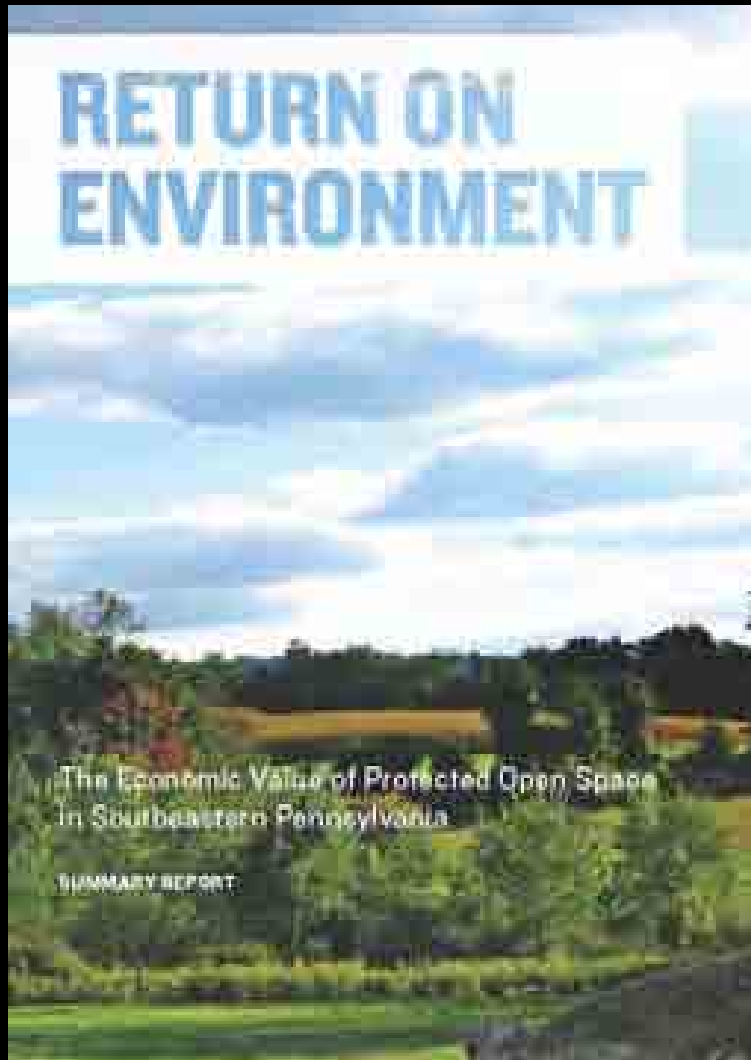
Central & Waterfront Business District Studies, Bellefonte, PA

The National Trust's definition of cultural heritage tourism is *“traveling to experience the places and activities that authentically represent the stories and people of the past and present. It includes **historic, cultural and natural resources.**”*

Resources include:

- Natural Resources
  - Open Space Assets
  - Parks.
  - Greenways
- Historic and Cultural Resources
  - Heritage Area Assets

# Economic Benefits of Natural Resources



*“Whether its parks, playgrounds, or scenic areas, people will pay a premium to be near preserved open space. While homes that are closer to open space enjoy a more significant property value increase, on average, all homes in our region are worth \$10,000 more because of access to open space.”*

November 2010 Summary Report by the GreenSpace Alliance and the Delaware Valley Regional Planning Commission.

# Open Space Assets - Parks



Pepsi Amphitheatre, Erie, PA

## Increasing Property Values and Taxes

- more in urban areas than in rural areas due to the higher demand for space found in cities. (4)

## Boosting Local Economies

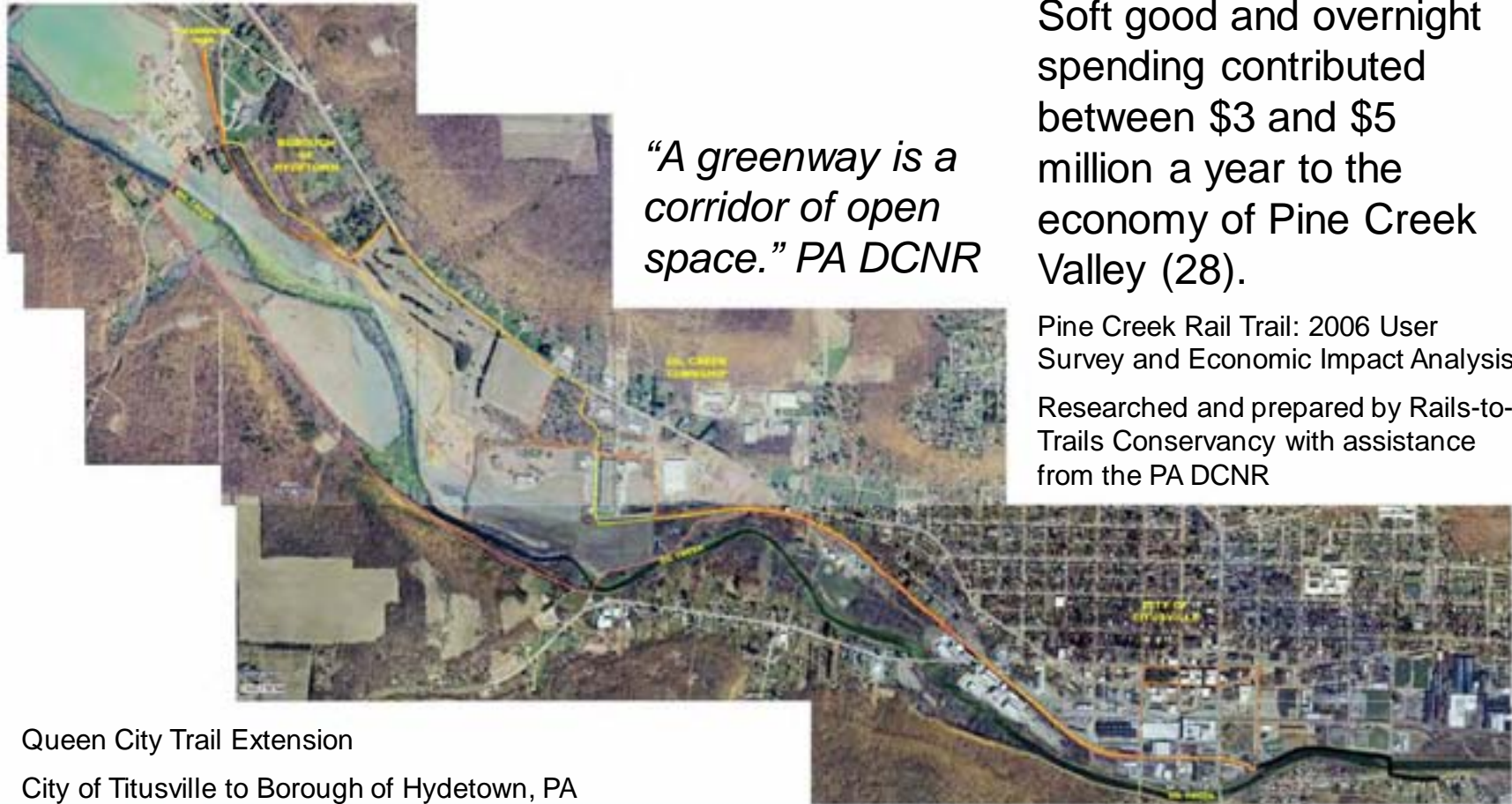
- “Quality of space”—defined as the environmental state of the places we live and work—was ranked the number one amenity for attracting and retaining high technology workers. (5)

## Urban Parks Generate Tourism Dollars

- out-of-town tourists who came to Philadelphia primarily because of its parks (including the well-known Independence National Historic Park) spent \$40.3 million in that city in 2007” (7).

Conservation: An Investment that Pays  
The Economic Benefits of Parks and Open Space  
Trust for Public Land 2009.

# Open Space Assets - Greenways



*"A greenway is a corridor of open space." PA DCNR*

Soft good and overnight spending contributed between \$3 and \$5 million a year to the economy of Pine Creek Valley (28).

Pine Creek Rail Trail: 2006 User Survey and Economic Impact Analysis

Researched and prepared by Rails-to-Trails Conservancy with assistance from the PA DCNR

Queen City Trail Extension  
City of Titusville to Borough of Hydetown, PA

QUEEN CITY TRAIL

WMF

EXHIBIT NO. 1  
PRELIMINARY ITINERARIES FOR THE EXTENSION FROM SOUTH MARTIN ST. TO HASBROUCK PARK

WEISS MANFROT PDR  
ARCHITECTURE INTERIORS CONSTRUCTION  
222 WEST LAKE ROAD, SUITE 200, PHILADELPHIA, PA 19106  
T: 215.561.1000  
F: 215.561.1002  
www.wmf.com

# Economic Benefits of Historic and Cultural Resources



Talleyrand Park / Match Factory Complex, Bellefonte, PA

...there was a great deal of crossover between Heritage and Outdoor Recreation Tourism. 58% of the state's Core Heritage Travelers indicated that they also participated in Outdoor Recreational activities on their most recent Heritage trip to Pennsylvania (34).

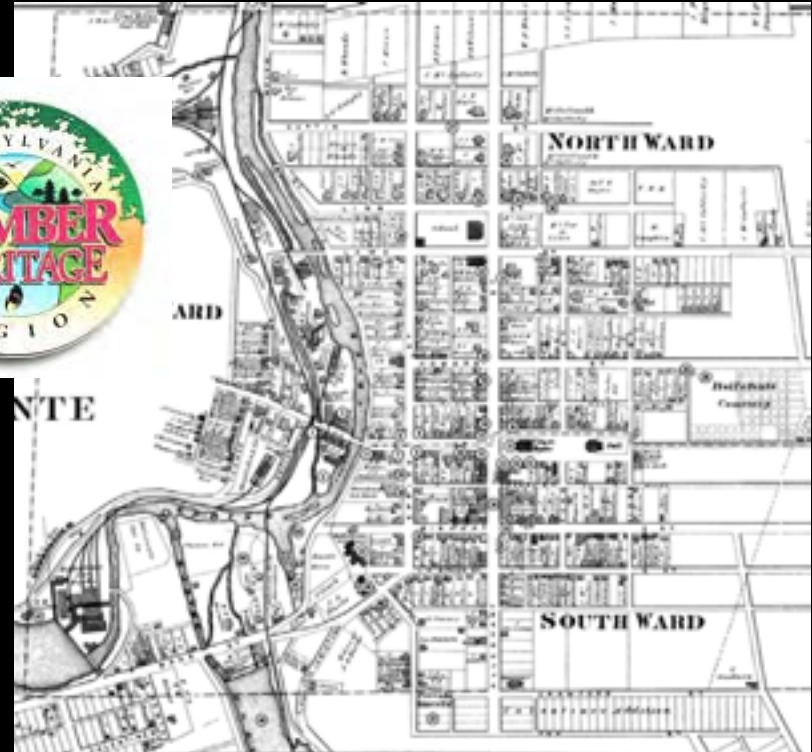
Total expenditures (food/drink, transportation, accommodations, etc.) for PA travelers (in millions) (39):

- Total Pa leisure = \$72.6
- Core Heritage = \$101.9
- Outdoor Recreation = \$58.1

Pennsylvania Heritage Tourism Study Researched and prepared by D.K. Shifflet and Associates, Ltd. for the PA DCNR

# Heritage Area Assets

Bellefonte, 'Gateway' to Lumber Heritage Region

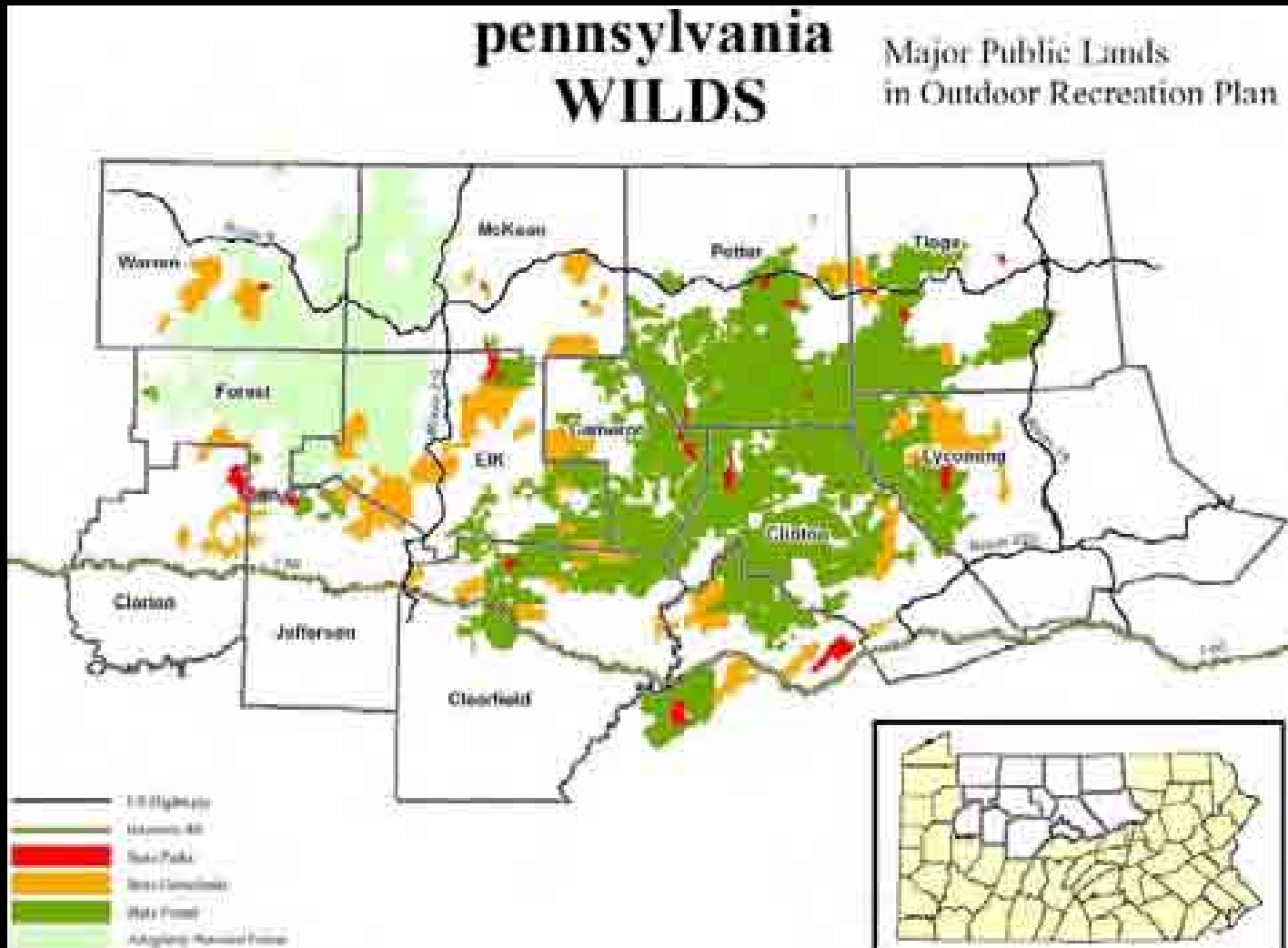


*“The Lumber Heritage Region of Pennsylvania is one of the 12 Heritage Areas in Pennsylvania. Our charge is to preserve, relate, and enhance the history and heritage of the people and their relationship with the Pennsylvania Forests.”*

*-PA DCNR*

*The Historical Walking Tour of Bellefonte. A history of Bellefonte and an 1874 map of Bellefonte containing names of owners of every house and business. (BHCA)*

# Outdoor Recreation Assets



*This is the Pennsylvania Wilds... a two million acre landscape composed of twelve distinct and beautiful counties, each with its own unique heritage, character, charm and outdoor adventure.*

## “History Comes Alive in Victorian Bellefonte”

*Leveraging Historic and Natural resources...*

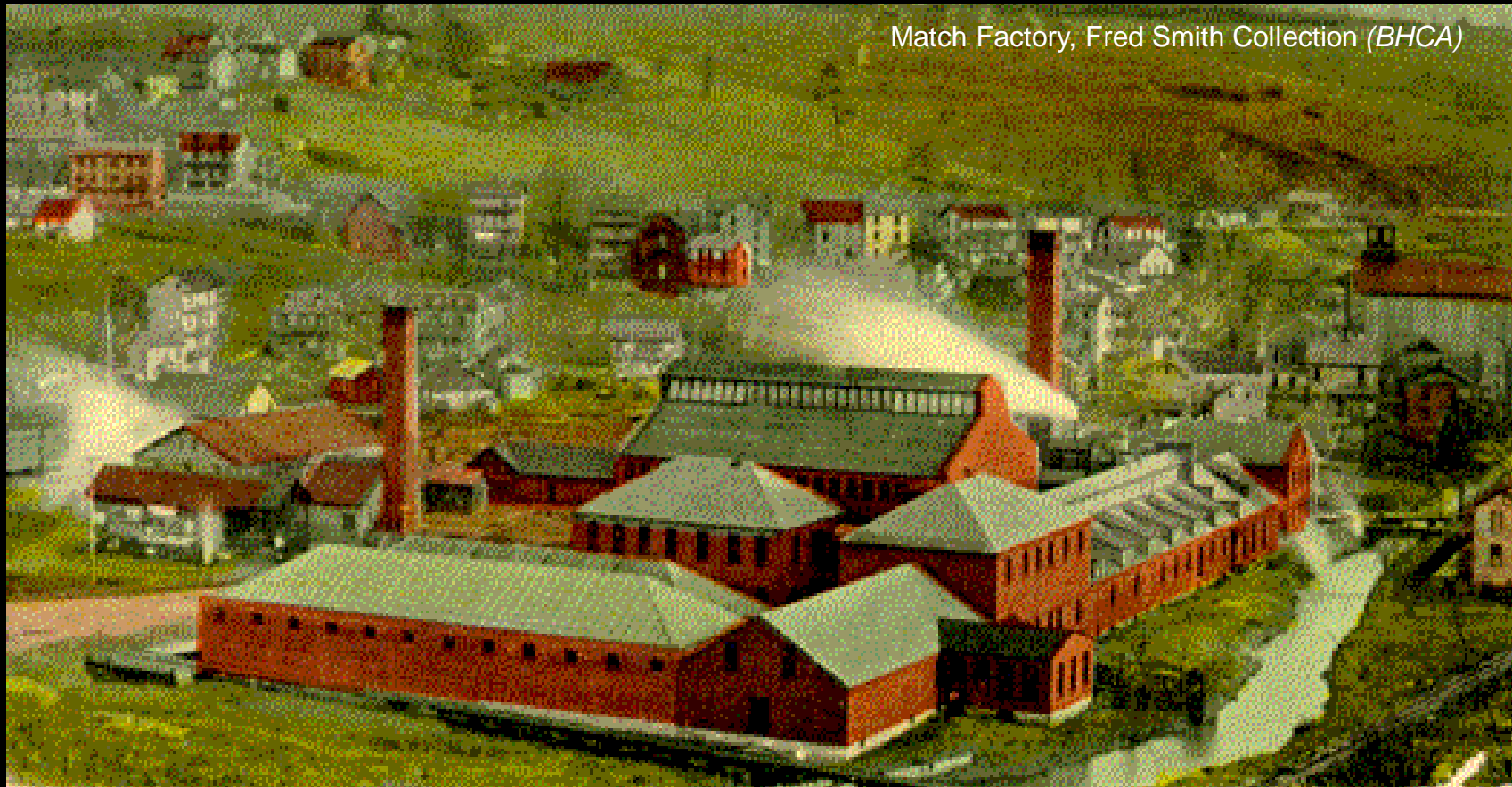


Big Spring Outfall Stream, Talleyrand Park, Bellefonte, PA

*(Bellefonte Arts and Crafts Fair, Facebook Community Page)*

A story relates that the French statesman Charles Maurice de Talleyrand visited the Big Spring with Mrs. Ann Dunlop Harris (1765-1844) and exclaimed "La belle font," leading her to suggest the name Bellefonte to her father Col. James Dunlop and her husband James Harris, who together laid out the town in 1795.

# Bellefonte | Talleyrand Park & Match Factory Complex



Match Factory, Fred Smith Collection (BHCA)

1899 The Match Factory is built by the Pennsylvania Match Co and opens for business a year later. (*APC Our Building*).

# Bellefonte | Talleyrand Park & Match Factory Complex



1970 The Bellefonte Historical & Architectural Review Board District is created.  
1977 The town is awarded a National Register of Historic Places.  
*(2005 Victorian Bellefonte)*

# Bellefonte | Talleyrand Park & Match Factory Complex



1996 The Match Factory complex is sold to a consortium which envisions using the facility as a major regional brewery. That plan does not work out and the Borough of Bellefonte becomes the owner in 2000.

*(APC Our Building)*

# Bellefonte | Talleyrand Park & Match Factory Complex



Talleyrand Park / Match Factory Complex, Bellefonte, PA (*Bing Maps*)

2000 The American Philatelic Society (APS) and the American Philatelic Research Library (APRL) cite space as the primary reasons for considering relocation to Match Factory. Additional advantages cited include:

- Historic Structure – Match Factory
- Green Space – Talleyrand Park

# Bellefonte | Talleyrand Park & Match Factory Complex



2001 The Match Factory Site receives designation from the National Register of Historic Places (8/10/2003 *Pittsburgh Post-Gazette*).

2001 Lumber Heritage Region officially dedicated as Pennsylvania's 11th Heritage Region. (1/19/2007 *Bellefonte Gazette*)

2001 Governor Launches Pa. Greenways Action Plan "Hubs and Spokes"

# Bellefonte | Talleyrand Park & Match Factory Complex



American Philatelic Center, Bellefonte, PA (*APC Our Building*)

2002 The APS and APRL boards agree to purchase and renovate the six acre 18 building Match Factory complex. (*History of the APS*)

2003 The APS Center opens first building in the Match Factory complex. (8/10/2003 *Pittsburgh Post-Gazette*)

2004 With completion of phase two of five, the APS and APRL move into the American Philatelic Center.

# Bellefonte | Talleyrand Park & Match Factory Complex



Centre County Recreation & Greenway Plan,  
All Corridor Types Countywide

2008 Borough Council  
Unanimously approves  
CDBG Program Income  
Funds from Match Factory  
account for supplemental  
funding of the Talleyrand  
Park Expansion.

2009 Centre County  
prepares Countywide  
Greenway & Recreation  
Plan.

*“Hubs and Spokes”*

# Bellefonte | Talleyrand Park & Match Factory Complex

Talleyrand Park Expansion  
Bellefonte, PA



2010 WMF development strategy helps Borough to successfully combine two DCNR grants and CDBG matching funds into one design phase process for approvals, bidding, and construction. The completed project provides the desired link between waterfront and historic central business district landmarks.

*“It acts as a recreational avenue and as a guide through Bellefonte's history.”*

*(10/28/10 Lockhaven Express)*

# Bellefonte | Talleyrand Park & Match Factory Complex

Bellefonte Arts and Crafts Fair 2011 Talleyrand Park / Match Factory Complex, Bellefonte, PA  
(Facebook Community Page)



2011 Bellefonte Arts and Crafts Fair moves to Talleyrand to make event more vendor, patron friendly. (8/23/11 Centre Daily Times)

# Bellefonte | Talleyrand Park & Match Factory Complex



Talleyrand Park / Match Factory Complex, Bellefonte, PA (Bing Maps)

2011 The Bellefonte Area Industrial Development Authority (IDA) seeks Letters of Interest and Information from qualified development companies for the redevelopment of a key site in the Waterfront Business District located in downtown Bellefonte.

The site is strategically located adjacent to four key assets of the Borough:

1. Downtown Bellefonte,
- 2. Talleyrand Park/Match Factory Complex,**
3. Gamble Mill Restaurant,
4. and Spring Creek.

# Your Community | Heritage Towns & Tours Initiative



2012 - Your community develops a Heritage Action Plan and Program through public-private partnership.

Based on the Heritage Towns and Tours concept, the proposed Plan is intended to support community-identified projects in three areas:

- improving connections between trails and communities,
- creating an identity and sense of place, and
- marketing your community as a destination.

# Preservation Pennsylvania – A **Statewide** Voice for PA's Heritage

## Erin Hammerstedt – PA's Technical Field Services Representative



### About Preservation Pennsylvania

Preservation Pennsylvania is the Commonwealth's only private statewide nonprofit organization dedicated to helping people protect and preserve the historic places that matter to them.

### Technical Field Services Program

Established in 2008, the Technical Field Services program provides personalized, on-site historic preservation assistance to individuals, community organizations, municipalities and corporations throughout Pennsylvania.

This service is offered free of charge in the Commonwealth, thanks to the generous charitable support of Preservation Pennsylvania's donors.



**Preservation Tools for Community Revitalization**

# The Centre **County** Planning and Community Development Office

**Sue Hannegan, Assistant Director**

## PLANNING

Ag Land

Centre County Natural Gas Task Force

**Community and Economic Development**

Comprehensive Plans

Conservation Groups

**Cultural, Environmental and Recreational Resources**

Data and Maps

Gypsy Moth Program

Housing

Ordinances

Planning Commission

Public Outreach

Staff

Subdivision and Land Development

Transportation Resources

Website: <http://www.co.centre.pa.us/151.asp>

**Community and Economic Development**



**Preservation Tools for Community Revitalization**

## Centre County Greenway Plan

### *Goals*

- Link communities, parks, schools, natural areas, and historic sites.
- Link to future Greenway networks and facilities in surrounding counties.
- Identify specific locations for wildlife viewing, scenic views and viewsheds, and areas of historic significance.

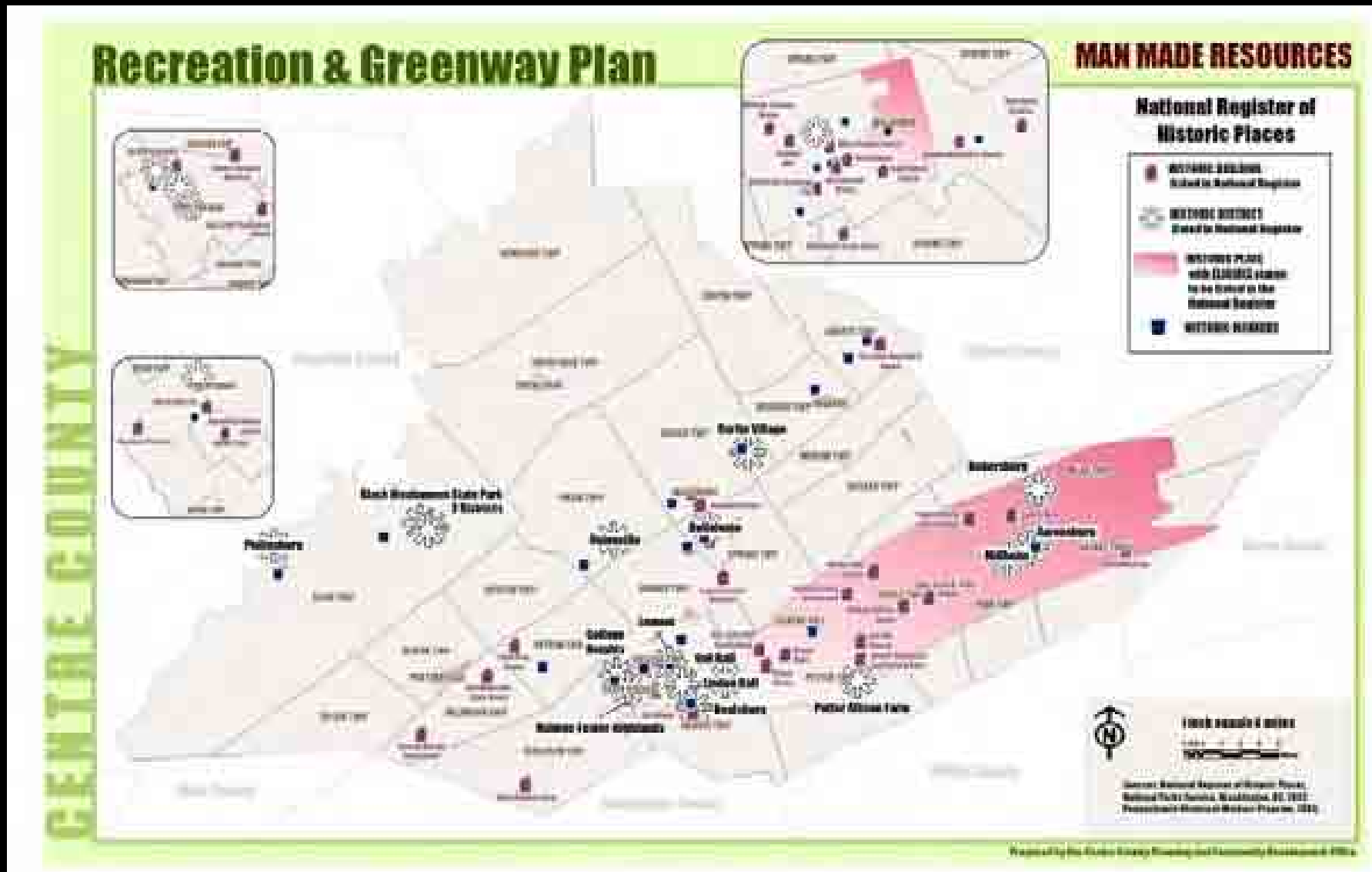


# The Centre County Planning and Community Development Office



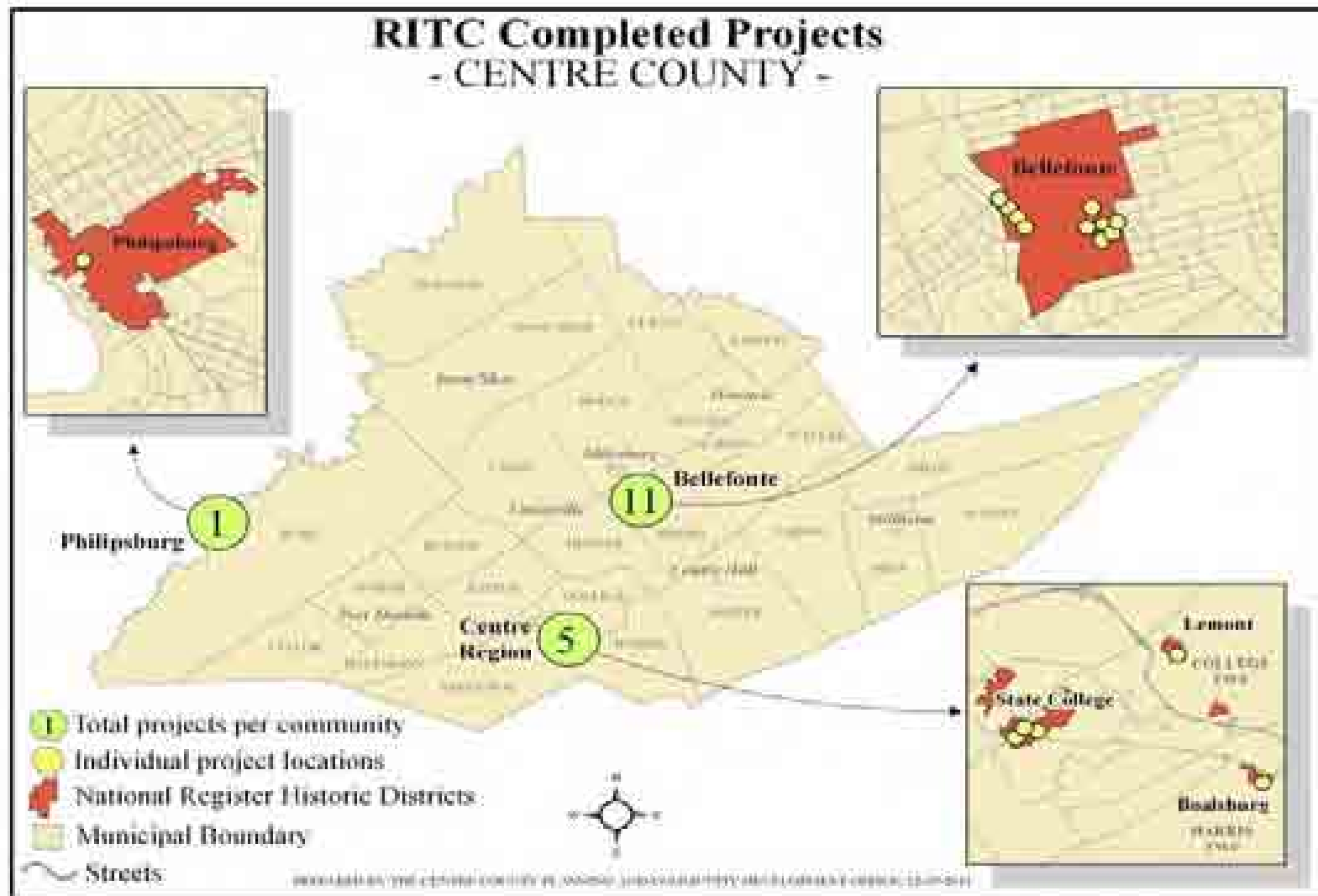
Preservation Tools for Community Revitalization

# The Centre **County** Planning and Community Development Office



Preservation Tools for Community Revitalization

# The Centre **County** Planning and Community Development Office



Preservation Tools for Community Revitalization

The Centre **County** Planning and Community Development Office



**RITC Projects East High Street Bellefonte, PA**

**Preservation Tools for Community Revitalization**

The Centre **County** Planning and Community Development Office



**RITC Projects North Allegheny Street Bellefonte, PA**

Preservation Tools for Community Revitalization

## Ridge and Valley Conservation Landscape Initiative

### 2012 Kick-off with Participating Land Managers:

Black Moshannon State Park

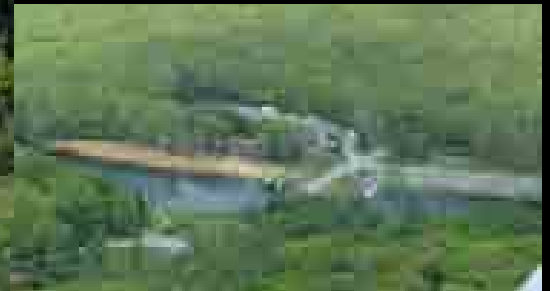
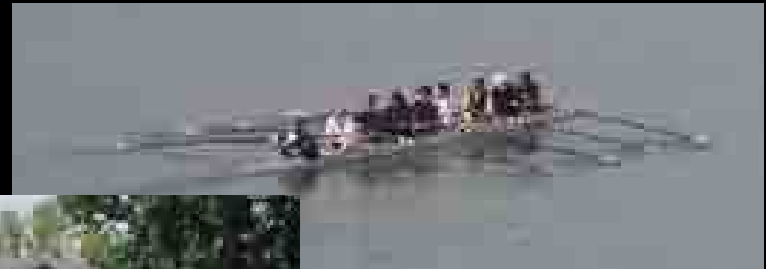
Moshannon State Forest

Bald Eagle State Park

Sproul State Forest

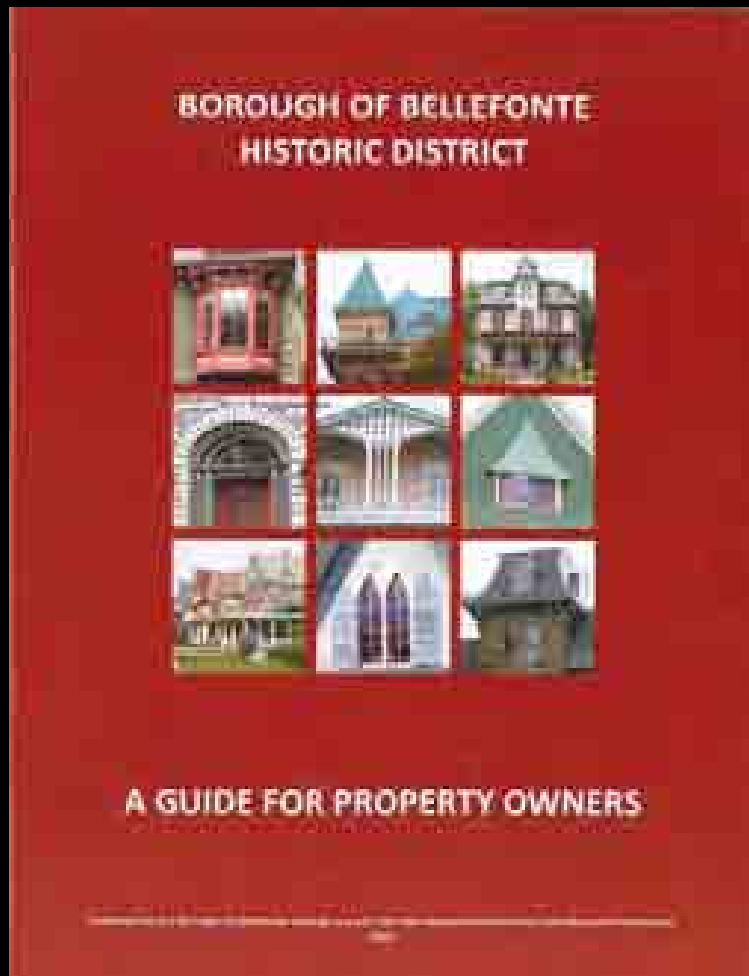
PA State Game Commission

PA Historical and Museum Commission – Curtin Village



# Municipal Historical Architectural Review Board

Robert Keal, RA – Historic Preservation Consultant



Preservation Tools for Community Revitalization