

Economic Doldrums?

HISTORIC PRESERVATION HAS \$SOLUTION\$

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WA APA Conference | Bellevue WA



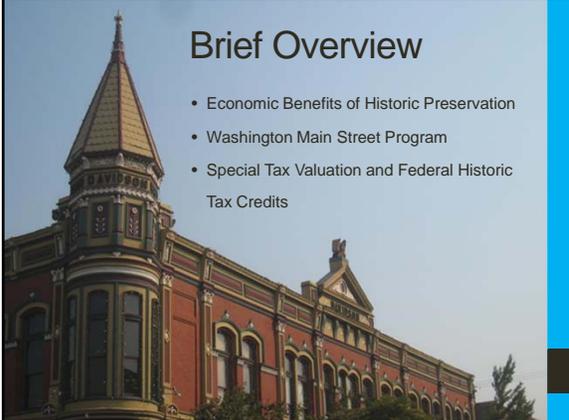
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Brief Overview

- Economic Benefits of Historic Preservation
- Washington Main Street Program
- Special Tax Valuation and Federal Historic Tax Credits



OVERVIEW OF PROGRAMS AND PARTNERSHIPS

- Certified Local Government (CLG)
- Main Street Program
- Financial Incentives
- Many more...
 - WA Commerce
 - WSDOT
 - USDA
 - PAW
 - IACC






SPECIAL VALUATION: WHAT IS IT?

Special Valuation is the revision of the assessed value of a historic property which subtracts, for up to ten years, such rehabilitation costs as are approved by a local review board.




before Coleman Automotive, Seattle
after

SPECIAL VALUATION: WHAT IS IT?

Example:

- Property is assessed pre-rehab at **\$200,000**
- Owner invests **\$50,000** in "qualified rehabilitation expenditures" (must be at least **25%** of assessed value prior to rehab) according to preservation standards
- Property is re-assessed after renovation at **\$250,000**, a **25% increase** in property value
- **Special Valuation** is the re-assessed value of \$250,000 minus qualified rehab expenditures of \$50,000. **\$250,000 - \$50,000 = \$200,000**

Result:

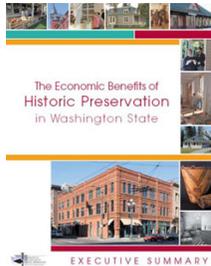
Property taxes will not reflect substantial improvements made to the historic property for a period of up to ten years.

SPECIAL VALUATION AND YOU

- **Property tax relief** for up to ten years
- Inclusion on the **local historic register** or the National Register of Historic Places
- Pride in **cultural heritage**




SPECIAL VALUATION AND YOUR NEIGHBORS



- Increase property values
- Increase heritage tourism
- Job creation
- Pride in cultural heritage

For complete report, go to: <http://www.dahp.wa.gov/economic-benefits>

SPECIAL VALUATION

STATS IN WASHINGTON STATE

Since 2000 when data started being tracked:

447 projects statewide
\$809 million Total Rehab Expend.

FEDERAL HISTORIC TAX CREDITS



20% Federal Tax Credit on Qualified Rehabilitation Expenditures

Example: For \$1,000,000 in rehab expenditures a \$200,000 credit can be taken.

VALUE OF FEDERAL HISTORIC TAX CREDITS

- By Federal Mandate DAHP serves as State Liaison to NPS for the Federal Investment Tax Certification Program
 - So that: applicants receive program assistance and advice at the state level
 - So that: projects meet or exceed the Secretary of the Interior's Standards for Rehabilitation
 - So that: applicants are justly compensated for appropriately rehabbing historic income producing properties
 - So that **ULTIMATELY**: increased numbers of historic properties are preserved and placed into useful service to the community

FEDERAL HISTORIC TAX CREDIT

ELIGIBILITY

- Property must be individually **LISTED** on National Register of Historic Places or be certified as a contributing property in a National Register listed Historic District
- Rehabilitation must meet the Secretary of the Interior's **STANDARDS**
- The project must be **SUBSTANTIAL**; i.e. >\$5,000 or exceed the IRS definition of the adjusted basis of the building
- Property must be **INCOME PRODUCING**, including business, rental residential, industrial, etc
- Cannot be a non-profit or government entity unless a private entity is established (limited partnership, LLC, etc)

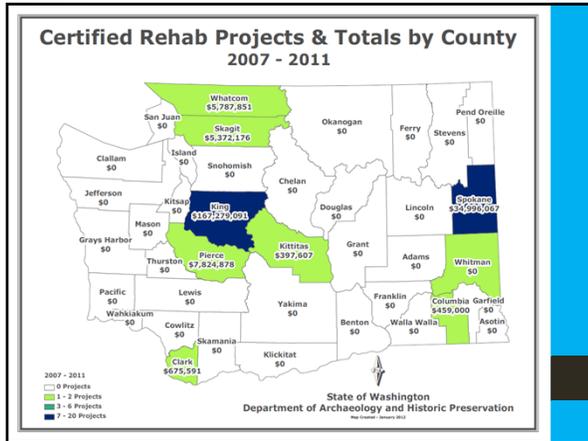
FEDERAL HISTORIC TAX CREDIT

STATS IN WASHINGTON STATE

Since 1977 when the program began:

260 projects statewide
\$900 million Total Rehab Expend.

120 Seattle projects for
\$632 million Total Rehab Expend.



FEDERAL HISTORIC TAX CREDIT NATIONWIDE

Since 1977 when the program began:

- 38,700 projects nationwide**
- \$66 Billion Total Rehab Expend.**
- *\$106.1 Billion (adjusted for inflation)**
- ~1,100 projects / year**
- ~\$3 billion / year (adjusted for inflation)**

FEDERAL HISTORIC TAX CREDIT NATIONWIDE

Since 1977 when the program began:

- 2.4 million jobs created**
- \$106 billion spent; \$44,000 rehab investment / job average**
- average \$8,800 tax credit / job**
- 38,700 total projects**
- average 60 jobs / certified project**

FEDERAL HISTORIC TAX CREDIT NATIONWIDE

Project potential?

- 1.42 million buildings NR listed**
- 20% income producing (284,000)**
- (38,700 rehabbed buildings 1977-2012)**
- =13% of total**

FEDERAL HISTORIC TAX CREDIT SOCIOECONOMIC IMPACTS

- Jobs created** (2.4 million 1977-2012; ~60,000 in 2012)
- Increased property values** – reuse vs. blight
- Cumulative Economic Impact** = \$245.2 billion in output
 - GDP = \$121.2 billion – Government, Services, Finance/Ins./Real Estate, Retail, Wholesale, Transp./Utilities, Manufacturing, Construction, Mining, Agriculture
 - Personal income = \$89.1 billion
- Cost of program vs. net gain in Federal tax receipts**
 - (\$20.5 billion in tax credits vs. NET GAIN \$25.9 billion in Federal tax receipts)
- Environmental impact** – “the greenest building”
- Social impact** – maintaining community character / sense of place

FEDERAL HISTORIC TAX CREDIT MISSED OPPORTUNITIES?

WALLA WALLA fact sheet

FACTS

- Walla Walla is a historic district...
- Walla Walla is a historic district...

missed opportunities

missed opportunities

- \$274 million...
- \$1.8 million...
- \$800 million...
- \$4.3 million...

FEDERAL HISTORIC TAX CREDIT
MISSED OPPORTUNITIES?

260 projects statewide
\$900 million Total Rehab Expend.

3 Walla Walla projects for
\$1.8 million Total Rehab Expend.

0.2% of total rehab expenditures

FEDERAL HISTORIC TAX CREDIT
MISSED OPPORTUNITIES?

missed opportunities

national / local register listed & unlisted historic properties in downtown walla walla

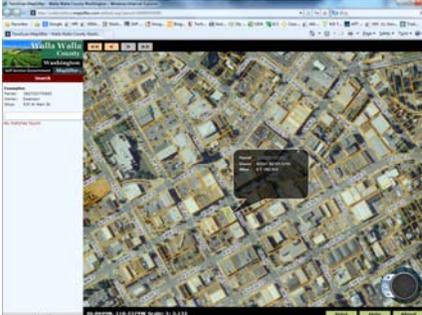


rehabilitation is evident everywhere in downtown walla walla...

Merchant Building (1970s)
(an unlisted historic property)

Merchant Building (2013)
...are these missed opportunities for financial incentives?

FEDERAL HISTORIC TAX CREDIT
MISSED OPPORTUNITIES?



Walla Walla County Assessor Parcel Search

FEDERAL HISTORIC TAX CREDIT
MISSED OPPORTUNITIES?

Since 2001 in downtown Walla Walla:

18 projects potentially eligible for Tax Credits
\$4,175,590 unclaimed rehab expenditures

6 additional projects potentially eligible for Special Valuation
\$1,388,000 additional unclaimed rehab expenditures

24 total projects
\$5,563,590 missed opportunity
*\$231,816 per project

QUESTIONS?

DAHP Website: www.dahp.wa.gov
WA Trust Website: www.preservewa.org

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**Washington State
MAIN STREET
PROGRAM**

Department of Archaeology & Historic Preservation
Washington Trust for Historic Preservation

WASHINGTON MAIN STREET



DEPARTMENT OF
ARCHAEOLOGY &
HISTORIC PRESERVATION
Preserve the Past. Shape the Future.

The Department of Archaeology and Historic Preservation (DAHP) is Washington State's primary agency with knowledge and expertise in historic preservation.

We advocate for the preservation of Washington's irreplaceable cultural resources (historic and archaeological) which include significant buildings, structures, sites, objects, and districts. Through education and information, we provide leadership for the protection of our shared heritage.

In 2010 the Main Street Program was moved from the Department of Commerce to the Department of Archaeology & Historic Preservation. The program is managed (under contract) by the Washington Trust for Historic Preservation.

WASHINGTON MAIN STREET



WASHINGTON TRUST
FOR HISTORIC
PRESERVATION

Preserving our historic places through advocacy, education, collaboration and stewardship.

The Washington Trust helps make local historic preservation work. We build an ethic that preserves Washington's historic places through advocacy, education, collaboration and stewardship.



WASHINGTON MAIN STREET

Since its founding in 1980, The National Trust Main Street Center® has been the leader of a coast-to-coast network now encompassing more than 2,000 programs and leaders who use the Main Street approach to rebuild the places and enterprises that create sustainable, vibrant communities

Since 1984, the Washington State Main Street Program has been helping communities revitalize the economy, appearance, and image of their downtown commercial districts using the successful Main Street Approach®.



WASHINGTON MAIN STREET

The Main Street Four-Point Approach®



- DESIGN**
leverages the built history
- PROMOTION**
leverages the cultural history
- ECONOMIC RESTRUCTURING**
leverages entrepreneurs
- ORGANIZATION**
leverages an engaged public

WASHINGTON MAIN STREET

The Eight Guiding Principles

Comprehensive. A single project cannot revitalize a downtown or commercial neighborhood. An ongoing series of initiatives is vital to build community support and create lasting progress.

Incremental. Small projects make a big difference. They demonstrate that things are happening on Main Street and hone the skills and confidence the program will need to tackle more complex projects.

Self-Help. The state can provide valuable direction and technical assistance, but only local leadership can breed long-term success by fostering and demonstrating community involvement and commitment to the revitalization effort.

Public/Private Partnership. Every local Main Street program needs the support and expertise of both the public and private sectors. For an effective partnership, each must recognize the strengths and weaknesses of the other.

WASHINGTON MAIN STREET

The Eight Guiding Principles

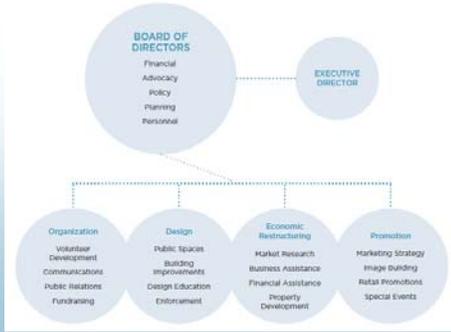
Identifying & Capitalizing on Existing Assets. Unique offerings and local assets provide the solid foundation for a successful Main Street initiative.

Quality. From storefront design to promotional campaigns to special events, quality must be instilled in the organization.

Change. Changing community attitudes and habits is essential to bring about a commercial district renaissance. A carefully planned Main Street program will help shift public perceptions and practices to support and sustain the revitalization process.

Action Oriented. Frequent visible changes in the look and activities of the commercial district will reinforce the perception of positive change. Small, but dramatic, improvements early in the process will remind the community that the revitalization effort is underway.

WASHINGTON MAIN STREET



WASHINGTON MAIN STREET

ORGANIZATION COMMITTEE

- Communication
Newsletters, Social Media, Newspapers, Radio
- Fundraising
- Building Partnerships (public relations)
Stakeholders
Public presentations
- Volunteer recruitment & management



WASHINGTON MAIN STREET

PROMOTION COMMITTEE

- Image Promotion
Enhancement and education about downtown
Holiday events, Shop local campaigns
- Retail Promotion
Rings cash registers for local businesses
Discounts, sidewalk sales, Girls Night Out
- Special Events
Festivals, Celebrations
Raise money for organization



Winslow in White, Bainbridge Island

WASHINGTON MAIN STREET

DESIGN COMMITTEE

- Architecture & Preservation Issues
Storefront improvements & rehabilitations
Infill construction/new construction
Design guidelines/ordinances
Merchandising
- Streetscaping
Planters, flower baskets, street trees
Sidewalks, Crosswalks
Traffic calming, parking
Pocket parks
- Signage
Retail/office
Way-finding
Gateway
Lighting



Elensburg



Coupeville

WASHINGTON MAIN STREET

ECONOMIC RESTRUCTURING COMMITTEE

- Business Retention
Build & expand on existing businesses
- Business Recruitment
Recruit new, appropriate retail & office
- Understanding the market
Building & Business Inventory
Market analysis



Prosser

WASHINGTON MAIN STREET

108 communities are part of the Washington Main Street Network

- 13 Nationally Designated Main Street Communities
- 29 Main Street Tax Credit Incentive Program participants
- 79 Affiliate communities

For every \$1 the state invests in the Washington State Main Street Program, an additional \$41 in private investment is generated in the 13 Nationally Designated Main Street Communities.

WASHINGTON MAIN STREET

Washington State Main Street Program



- 13 Nationally Designated Main Street Communities
- 14 Main Street Tax Credit Incentive Program Participants
- 95 Affiliate Communities

WASHINGTON MAIN STREET

Washington State Main Street Resources:

- Tier System
- Main Street Tax Credit Incentive Program
- Trainings and workshops statewide
- RevitalizeWA Conference
- Excellence on Main Awards
- Main Street Mentoring Program
- New Program Guide & Handbook



WASHINGTON MAIN STREET

Affiliate Level

The purpose of the affiliate level is to provide access to resources and networking opportunities for community groups and individuals that have an interest in revitalizing their downtown or neighborhood commercial district, but may not have the capacity at this time to meet the Washington State Main Street Community Requirements.



Waterville



Aberdeen

WASHINGTON MAIN STREET

Main Street Tax Credit Incentive Program Level

The purpose of this tier level is to provide access to resources, networking opportunities and training to communities that have a non-profit organization dedicated solely to downtown revitalization. These communities already have a track record of success in downtown revitalization and are committed to following the Main Street 4-Point Approach®.



Vancouver



Camas



Issaquah

WASHINGTON MAIN STREET

Washington State Main Street Program Level

The purpose of the Main Street Community level is to provide access to resources, networking opportunities, training and advanced resources and opportunities to communities who have a non-profit organization dedicated solely to downtown revitalization. These communities have committed the necessary time and training to develop community support, financial and human resources, and are implementing the Main Street Four-Point Approach®.



Walla Walla



Pybus Market, Wenatchee

WASHINGTON MAIN STREET

2012 Revitalization Statistics

13 Nationally Certified Main Streets: 2012

- 184 new businesses
- \$6,494,407 in private investment
- \$4,857,348 in public improvement investment
- 491 new jobs

14 Main Street Tax Credit Incentive Program Communities: 2012

- 132 new businesses
- \$6,714,426 in private investment
- \$9,790,647 in public improvement investment
- 237 new jobs

WASHINGTON MAIN STREET

Main Street Tax Credit Incentive Program



The business gets a tax credit for 75% of their donation the following year.

The business may be eligible for a deduction on their Federal taxes in the year the donation is made.

Businesses may break up their contribution throughout the year.

If your 2013 donation is:	Your 2014 tax credit is:	Your IRS deduction may be:
1,000.00	750.00	1,000.00
5,000.00	3,750.00	5,000.00
7,500.00	5,625.00	7,500.00
10,000.00	7,500.00	10,000.00
25,000.00	18,750.00	25,000.00

WASHINGTON MAIN STREET

Main Street Tax Credit Incentive Program

How it works:

A business applies online through the Department of Revenue to make a donation.

A business is approved (instantaneous) and will be able to choose an organization to donate to and the donation amount. The business will also see how much credit the organization has left.

The business writes a check for the donation amount to their local Main Street organization prior to December 31st.



WASHINGTON MAIN STREET

Main Street Tax Credit Incentive Program



- Eligible community organizations can receive donations totaling up to \$133,333.33 per calendar year.
- Businesses can donate up to \$250,000.
- The program for the entire state is capped at \$1.5 million.

WASHINGTON MAIN STREET

Main Street Tax Credit Incentive Program

2011

\$1,387,221.29 in contributions Largest contribution:
 \$1,020,515.99 in credits \$75,000 to the Sumner Downtown Association

2012

\$1,701,650.21 in contributions Largest contribution:
 \$1,275,737.69 in credits \$100,000 to Port Townsend Main Street Program

WASHINGTON MAIN STREET

Questions?

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preservewa.org/Main-Street.aspx

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