

# Preservation Tax Incentives

Cosponsors:

The National Park Service

The National Trust for Historic Preservation

The National Conference of State Historic Preservation Officers

Since passage of the Tax Reform Act of 1976, federal tax incentives have been responsible for stimulating more than \$1.6 billion in private investment in more than 3,300 preservation projects nationwide. Historic buildings listed in the National Register of Historic Places and within registered historic districts in all 50 states have been rehabilitated, including hotels, office buildings, factories and apartment buildings. The benefits have meant more than financial gain for owners and investors. Whole neighborhoods and business districts have been favorably affected by well-timed and well-placed investment in historic buildings.

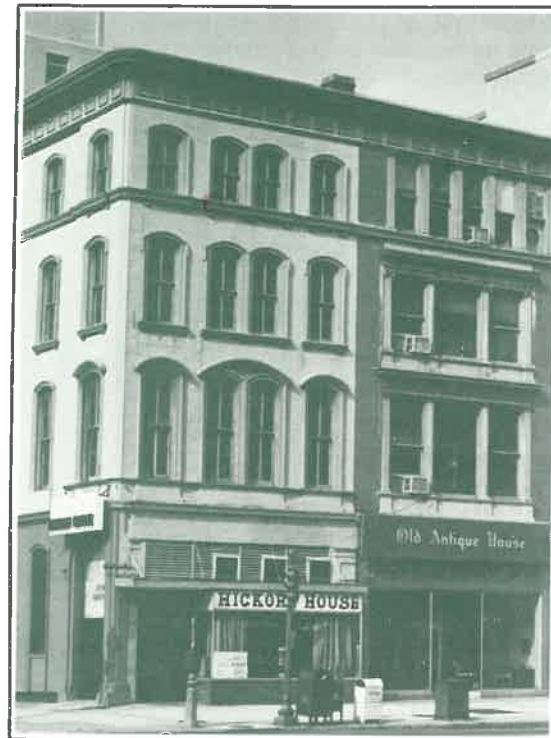
The Economic Recovery Tax Act, signed into law on August 13, 1981, makes dramatic and sweeping changes that directly benefit investment in real estate. The tax incentives in the new law make rehabilitation of historic buildings a more attractive investment than before. A new 25 percent investment tax credit will replace the existing incentives, together with new depreciation schedules and recapture rules. Along with the National Historic Preservation Act Amendments of 1980, the new law should provide further impetus to encourage capital investment in historic buildings and to spur revitalization of historic business districts and neighborhoods.

Property owners, developers, investors, lenders, accountants, attorneys, architects, state and local preservation officials and planning and preservation commission administrators need to know about the new tax code changes, how the process works and how to take advantage of the new investment opportunities in historic preservation.

**Preservation Tax Incentives**, a one and one-half-day conference, will give you the full picture of the new preservation tax incentives and explore the tremendous impact this legislation will have on historic buildings.

# Preservation Tax Incentives

New Investment Opportunities  
Under the Economic Recovery  
Tax Act of 1981



Washington, D.C.  
May 17-18, 1982

Education Services/Tax Conference  
National Trust for Historic Preservation  
1785 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

001828 118 41 0  
RONALD HIGGINS  
CHARLOTTEVILLE CITY CMTY DEV  
CITY HALL  
CHARLOTTEVILLE VA 22902

FIRST CLASS



## Highlights

### New Investment Opportunities

- Impact of existing tax incentives program
- Role of private sector in rehabilitation activity
- New opportunities for revitalization of neighborhoods
- New directions in preservation: private and public initiatives

### Economic Recovery Tax Act: Legal Analysis

- A comparison of old and new tax laws affecting historic preservation
- Transition rules for rehabilitation projects already underway
- Rules affecting demolition of historic structures
- How to utilize the 25 percent investment credit with other beneficial tax treatments
- How the accelerated cost recovery system works
- How adjustment to basis rule makes rehabilitation an even more attractive option
- Who may take the investment tax credit
- Step-by-step walk-through of appropriate IRS regulation
- Comparison of the 25, 20 and 15 percent investment credits

### Qualifying Historic Buildings: The Certification Process

- Which buildings qualify for the 25 percent investment tax credit
- How to identify which buildings are historic
- How to have a local and state statute certified
- Time frames for processing applications
- The role of the state historic preservation officer and the National Park Service in the certification process
- Appealing certification decisions
- National Register designation

### Easement Donations

- Legal analysis of Tax Treatment Extension Act
- How donations of easements can increase tax benefits

### Qualifying Rehabilitation Work: The Certification Process

- Step-by-step walk-through of National Park Service certification regulations

- How to meet the secretary of the Interior's *Standards for Rehabilitation*
- Common concerns in rehabilitating historic buildings
- Precedent-setting certification decisions
- Factoring in technical and economic feasibility
- What constitutes compatible new use in historic buildings
- Appropriate rehabilitation treatments for historic buildings

### Economic Recovery Tax Act: Financial/Accounting Analysis (Case Study Approach)

- How to figure the adjusted basis of your property
- Determining which rehabilitation expenses qualify for the investment tax credit
- How to meet the substantial rehabilitation test
- Types of lessees able to take advantage of the new law
- Pass-through provisions
- Types of partnerships, including syndications
- Weighing residential versus commercial projects
- Condominium conversions
- Maximizing financial benefits from ERTA

### Rehabilitation Financing

- Creative means for financing rehabilitation work
- How nonprofits can utilize the new incentives
- Sources of funding: equity participation, joint ventures, pooled funds, pension funds, etc.

### Realizing Rehabilitation Opportunities

- Panel discussion focusing on bringing a rehabilitation to fruition
- Interaction of legal, accounting and financial rehabilitation aspects
- Case studies

### The conference is being held in cooperation with:

- District of Columbia Historic Preservation Office
- The Greater Washington Board of Trade
- L'Enfant Trust
- Preservation Action

Cover: Buildings at the corner of 9th Street and Pennsylvania Avenue, N.W., Washington, D.C. (Photo: John J. G. Blumenson)

## Faculty

Faculty for these conferences will include:

- Representatives of Price Waterhouse & Co.
- Representatives of Laventhol & Horwath
- Staffmembers of the Congressional Joint Committee on Taxation and the House Ways and Means Committee
- Staffmembers of the National Park Service who make decisions on the certification process

Tax experts and developers experienced in rehabilitating historic buildings will also be on hand to share their insights into the new provisions. Extensive printed materials will be provided to participants as part of the conference. In addition, they will be placed on a mailing list to receive up-to-the-minute information on regulations and legislation affecting taxes and historic preservation.

## Location

Ballroom  
Hotel Washington  
Washington, D.C.

May 17, 1982  
12 noon-5:30 p.m.

May 18, 1982  
8:30 a.m.-5:30 p.m.

## Registration Fees

- For current staff and boardmembers of nonprofit private organizations or public agencies, **fee: \$75**
- For members of National Trust for Historic Preservation (excluding staff and boardmembers), **fee: \$100**
- For nonmembers (includes one year membership in the National Trust), **fee: \$150**
- For students (verification of student status must be provided), **fee: \$25**

Attendance at the conference will be on a first come, first served basis. Confirm your reservation by returning the attached application and registration fee to the National Trust for Historic Preservation no later than May 10.

## Conference Application Form

Washington, D.C.  
May 17-18, 1982

Enclosed is a check in the amount of \_\_\_\_\_ Make check payable to: National Trust for Historic Preservation.

Name \_\_\_\_\_ (last) \_\_\_\_\_ (first) \_\_\_\_\_ Daytime phone (\_\_\_\_\_) \_\_\_\_\_

Address \_\_\_\_\_ (city) \_\_\_\_\_ (state) \_\_\_\_\_ (zip)

Affiliation \_\_\_\_\_ (organization or agency) \_\_\_\_\_ Position \_\_\_\_\_

Address \_\_\_\_\_ (city) \_\_\_\_\_ (state) \_\_\_\_\_ (zip)

Mail registration form and check to: Education Services/Tax Conference, National Trust for Historic Preservation, 1785 Massachusetts Avenue, N.W., Washington, D.C. 20036.

For more information, call (202) 673-4092 or (202) 673-4101.

CITY OF CHARLOTTESVILLE  
BOARD OF ARCHITECTURAL REVIEW DOCKET  
JULY 28, 1982--3:00 p.m.  
COMMUNITY DEVELOPMENT CONFERENCE ROOM

- A. Election of Officers
- B. Minutes
  - 1. June 23, 1982--Regular Meeting
- C. Applications for Certificate of Appropriateness
  - 1. BAR 82-150
    - Judge Robertson House
    - 705 Park Street
    - New wall at property line
    - Kathy & Bennett Alford-owners
  - 2. BAR 82-151
    - Park Lane Apartments
    - 630 Park Street
    - New frontage and landscape improvements
    - Jack Rinehart, Architects
- D. Old Applications
  - 1. BAR 82-146
    - Inge's Grocery
    - 331-333 West Main Street
    - Additions and Alterations to east side and rear site
    - William D. Prillaman, Architect
- E. Other Items
- F. Other Matters Brought by the Public Not on the Agenda
- G. Chairman's Report
- H. Board Members' Reports
- I. Department of Community Development Report

MINUTES OF THE CHARLOTTESVILLE  
BOARD OF ARCHITECTURAL REVIEW  
June 23, 1982 -- 3:00 p.m.  
COMMUNITY DEVELOPMENT CONFERENCE ROOM

PRESENT

John Farmer, Chairman  
Ted Oakey, Vice-Chairman  
W. Douglas Gilpin, Jr.  
Stan Tatum

ABSENT

Elizabeth Booker  
Jim Herndon  
Lucie Vogel

ALSO PRESENT

Ron Higgins, Planner

Mr. Farmer called the meeting to order at 3:13 p.m. and called for consideration of the minutes.

A. Minutes

1. May 26, 1982 -- Regular Meeting

These minutes were approved unanimously with Mr. Tatum abstaining.

B. Application for Certificate of Appropriateness

1. BAR 82-149

-Perley-Gleason House  
-518 North 1st Street  
-Paint exterior  
-John & Susan Pezzoli - Owners

Mr. John Pezzoli explained to the Board that the house is presently white with white trim and aluminum storm windows. The roof is presently silver color. They would like to paint the house gray with a light trim and a dark gray porch.

After some discussion Mr. Gilpin asked if they were planning to paint the roof. Mr. Pezzoli explained that since it did not need it they were going to leave it as it is and apply for a change in color to a darker gray at a later date. There were some discussion on the location of the deck color which was explained to be for the deck floor only.

Mr. Tatum moved for approval of the colors as submitted. Mr. Gilpin seconded the motion, the motion passed unanimously.

D. Other Matters Brought by the Public Not on the Agenda

Mr. Farmer suggested that since there were people waiting to present items informally, he would rearrange the agenda to take these items before discussing landscaping.

Mr. William D. Prillaman, the architect for the Inge's Grocery Building renovations and additions, presented schematic sketches of a proposed atrium addition to the East side of the building. It was explained that most of this would not be visible from Main Street since it would involve brick stairs leading from the sidewalk and a brick wall behind those.

After a brief discussion, Mr. Farmer thanked Mr. Prillaman for presenting the drawing for preliminary review and explained that the Board would take formal action at their next regular meeting in July as is his plan.

Mr. James McCue, the architect for the renovation to 105 West Main Street (The Letterman Building) explained the plans to renovate the first floor store front and basically restore the upper floor facade as is. He pointed out that the original building on this site might have been within the Board's review authority since they thought it had been constructed in 1852. After some discussion it was determined that the present building had construction dates of 1899 and 1911.

After a brief discussion Mr. Farmer thanked Mr. McCue for presenting the concept for this building adaptive reuse for the Ceiling & Floor Shop.

#### C. Other Items

##### 1. Discussion of "Landscaping" Review in the ADC (Deferred Item)

There was considerable discussion on this issue since Mr. Farmer suggested that those members present expressed their opinions on this in spite of not having the full board present.

Mr. Tatum pointed out that he considered landscaping a critical item of review in most cases and suggested that the Board continue its review authority as it now stands. He also pointed out that it is difficult to oversee continuously.

After some discussion it was agreed that the ordinance need not be changed since it allowed for some discretion in the Board's review authority over significant landscaping alterations or additions. However, it was agreed that the Board should make it known to property owners and occupants of structures within their review authority that any significant addition or removal of major planted materials should be reviewed and approved by the Board of Architectural Review prior to making any alterations. There was a brief discussion on various ways to publicize this.

#### E. Chairman's Report

Mr. Farmer pointed out that this would be his last meeting since he would be moving to the County as of June 30, 1982. The Board members expressed their appreciation for his service on the Board.

#### F. Board Members' Reports

Mr. Tatum expressed a desire to have some type of review authority by this Board over Items which take place on the Downtown Mall, including the facades. There was a brief discussion this.

Mr. Gilpin expressed his opinion that a list of "approved colors" for administrative review within the ADC should not be developed since the present procedure is better due to the varying situations which different buildings involve. The current practice of consulting the staff for suggested colors and guidance and then getting approval on the decision is preferrable. There was general agreement on this point.

G. Department of Community Development Report

Mr. Higgins thanked Mr. Farmer for his expertise and service to the Board of Architectural Review. He also reminded the Board that the July, Regular Meeting will include election of officers for the coming fiscal year.

There being no further business, the meeting adjourned at 4:15 p.m.

Respectfully Submitted,

Ron Higgins, Acting Secretary

Approved,

John B. Farmer, Jr., Chairman

# Old Charlottesville, Inc.

P.O. BOX 1025  
CHARLOTTESVILLE, VIRGINIA 22902

July 20, 1982

Dear Members and Friends of Old Charlottesville:

Although the past several months have been quiet, OCI has continued to monitor issues and actions effecting the preservation and restoration of significant structures and neighborhoods in Charlottesville and Albemarle County.

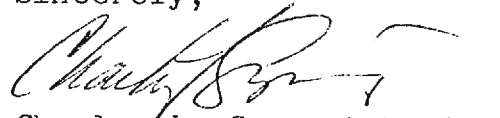
Recent developments pertaining to Inges Grocery store on West Main Street and the houses in the 1100 block of East Market Street deserve mention. Inges Grocery, a building which has long been a concern owing to both its architectural importance and its significance to Charlottesville's Black history is at last out of danger. A group of investors in conjunction with a local restaurateur have begun what is promised to be a sensitive restoration of that historic building as part of the Starr Hill Revitalization.

The East Market Street houses continue to be a matter of concern. Although the brick structure at 1118 would, in all likelihood, be saved, the area is zoned M1 and M2, and the remaining houses are in danger of being demolished to create a light industrial area. The City Council has allocated \$100,000 in Community Block Grant money for that purpose. OCI will monitor developments in this area.

In our continuing program of advocacy and education, OCI will hold a seminar titled "Ask OCI" in the County Court House on Court Square at 7:30 p.m., Wednesday, July 28, 1982. Andrew Johnson, Restoration Specialist at Monticello and Jamie Gibson, Restoration Contractor with Home Preservation, Inc. will briefly outline some of the work that they have been engaged in and will then answer questions from the audience about specific restoration and preservation problems. As this is the season that many of you are working on your houses, I hope that you will take this opportunity to talk to two professionals in the field and to share some of the problems and solutions you have encountered.

At the risk of rushing the season a bit, we are already gearing up for OCI's second annual Christmas House Tour. Last year's tour was very well received by the community and was a great success for OCI in terms of both publicity and revenue. Any one wishing to assist with this year's tour or having suggestions should get in touch with Carol Troxell or Maria Granquist at 295-2552.

Sincerely,



Charles L. Granquist, Jr.  
President

CLG/mta