Saving Buildings – Restoring Communities:

Economic Opportunity and Revitalization through Historic Rehabilitation

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Virginia’s Communities Face Well-Documented Ongoing Challenges:
Large, small & rural places see loss of residents & taxpayer pool, struggling & shuttered businesses, “brownfield sites,” declining neighborhoods, social problems, loss of resources, etc.
Set out to Create a Program to Support:

- Rehabilitation of Virginia’s historic buildings
  - Based on Partnership with private sector, not by regulatory force
  - Informed by economics and industry realities

- Jobs creation, including high-skilled and long-term
- Sites for businesses, large and small
- Sites for service and cultural organizations
- Homes for residents & paying customers to downtowns
- Environmental & public cost-avoidance through reuse of infrastructure & building stock
- Vitality in communities: economic, cultural and social
Original Intent

Governor George Allen

“We propose to harness the energy and initiative of private property owners to strengthen our critical inner city neighborhoods with a Historic Rehabilitation Tax Credit. The program...will provide a powerful incentive for private property owners to invest in the rehabilitation and re-use of historic communities.”

—1995 address to the Governor’s Conference on Housing

Agency Background Document

“Through the tax credit program, private dollars are invested in preservation; resulting in enormous public advantage...The capital improvement to the buildings can result in dramatic increases in local property taxes, enhanced commercial activity, and community revitalization...”

—2001 Regulatory Package
Presentation and Implementation

• Provide a strong tool for historic preservation, economic development & community revitalization
• Rely on market-based stewardship, not public grants to support historic and cultural sites
• Stimulate substantial private risk-taking
• Exclude for program funds from State grants & lease backs
• Not a grant program – tax credits must be earned
• Rigorous national standards of treatment
• Require high capital investment
  – Not a low-cost flip opportunity
Regulatory Development and Legislative Amendments

• Early administrative direction & amendments result of regulatory development process
• Undertaken in close consultation with Tax:
  – Tax recommended syndication v. certification program
  – Recommendation against Va. hold period due to tax statute of limitation & 5-year Federal hold
  – Bank Franchise and Insurance Premium added as omission
• Amendments introduced as Administration/agency legislative initiatives & gained bi-partisan support
• All addressed technical issues, omissions &/or were declaratory of existing law
Preserving Integrity

• Close & rigorous review oversite
• DHR internally identified 3 cases of fraud
• Proactive outreach to law enforcement
• Close work to build successful cases
• Strengthened backstops further in consultation with Senator Stosch & Auditor of Public Accounts
Promises Kept

• Clear preservation & economic benefits
• Serve entire state & diverse communities -- Arlington–Abingdon, Winchester–Martinsville -- and all over Virginia
• Breath life into a variety of buildings serving a variety of uses and people
• Buildings put to tax–paying, productive use
Promises Kept Across Virginia:
Winchester, Roanoke, Norton, Staunton, etc., through
game-changers for communities
Promises Kept Across Virginia: Service & Cultural assets