

Saving Buildings – Restoring Communities:

*Economic Opportunity and Revitalization through
Historic Rehabilitation*

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August 29, 2016

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 oversight
- 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

