Virginia’s Historic Rehabilitation Tax Credit

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Virginia Department of Historic Resources
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Recent Program Enhancements

• Procedural revisions
  – Inspection of completed projects
  – Established relationships with DGS and OSIG

• Regulatory revisions
  – Strengthen reporting/attestation standards
  – Established prescribed format for CPA reporting on project costs (Audit and Agreed-Upon Procedures)
  – Increased review fees
Who is using the program?

Eligible users include:
• income-producing properties
• private homeowners
• schools
• churches
• museums
• nonprofits
## Projects Completed & Certified by Year

### Project Expenditures by Year

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Number of Tax Credit Projects Completed</th>
<th>Total Project Expenditures</th>
<th>Total of Certified Rehabilitation Tax Credits</th>
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<tbody>
<tr>
<td>1997</td>
<td>29</td>
<td>$12,679,019.42</td>
<td>$1,190,639.31</td>
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<td>1998</td>
<td>30</td>
<td>$14,695,031.75</td>
<td>$2,064,420.10</td>
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<td>1999</td>
<td>64</td>
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<td>$13,336,611.28</td>
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<td>2000</td>
<td>87</td>
<td>$126,736,753.34</td>
<td>$31,684,188.34</td>
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<td>$184,201,310.25</td>
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<td>2005</td>
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<td>$228,051,494.02</td>
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<td>2009</td>
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<td>2014</td>
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<td>2015</td>
<td>136</td>
<td>$231,036,511.12</td>
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</table>
Are buildings being rehabbed more than once?

- less than 1% of total projects = 22 buildings

- Of these, 17 were homeowners

Arlington

Buckingham Village, Arlington
Completed Rehabilitation Tax Credit Projects by County/Independent City (1997 - 2015)

D. Bascone and K. Hostettler August 16, 2016
Sources: VDHHR 2016, ESRI 2016
Boundaries based on records of the Virginia Department of Historic Resources (DHR). Map may contain omissions and errors in scale, resolution, rectification, positional accuracy, development methodology, interpretation of source data, and other circumstances. Map is date specific and intended for use only at published scale. Map not intended for engineering, legal or other site-specific use. This information is subject to change without notice. Sources should be consulted for verification of the information contained in this map.
Small vs. Large Projects

Completed Rehabilitation Tax Credit Projects based on Project Expenditures (1997 - 2015)

- Less than $250,000: 764 (29%)
- $250,000 and less than 1 million: 501 (19%)
- $1 million and less than $5 million: 161 (6%)
- $5 million and less than $20 million: 36 (1%)
- $20 million and greater: 1195 (45%)

Return on Investment - 1997-2013:

- Economic impact of $3.93 billion
- 31,000 jobs
- $1.53 billion of labor income

**Community Benefits:**
- Job creation
- Community strength & revitalization
- State and local tax generation
- Creation of desirable work and living spaces

*Downtown Suffolk Streetscape*
Why no holding period?

- Affords flexibility
- Allows for diversity of users and size of projects
- DHR can inspect up to 3 years after certification to ensure that work was completed as represented in documents submitted to DHR
- Credits are subject to recapture
Are users “flipping” properties?

- Small % of projects are quickly sold

- Typical model: small developers buying foreclosed residential properties in transitional neighborhoods

- Modest expenses – often around $100,000
Other States:

State Historic Tax Credits (HTCs)
As of February 2016

Legend:
- Dark blue: States with HTCs
- Light blue: States without HTCs
- Yellow: States with limited-city HTCs

Source: National Trust for Historic Preservation, 02/10/2016
Belmead, Powhatan County

Granary, completed 2008

Mansion roof, before rehab

After rehab
Toms Brook School, Shenandoah County
Birthplace of Country Music Museum, Bristol

“The museum is part of a downtown revitalization, and music, rightly so, is at the heart of the comeback. The refurbished Paramount Center for the Arts is just around the corner.” RTD, 8/28/2016

Rehab. Expenses: $11,972,000
As we work to bring our downtown back to life, we can already see the importance of the Historic Tax Credits. The Bolling Wilson Hotel would not have been restored without this incentive. I can’t stress enough the importance of the Hotel’s contribution to our revitalization efforts. It has provided additional downtown jobs and an attractive anchor to stimulate further development.

Mark Bloomfield, Co-Chair, Downtown Wytheville Economic Vitality Committee.

“But for the tax credit, I never would have gotten started. It would have been financial suicide.”

Bill Smith, owner.

Total Investment: $6.2M

Tax Credits: $1.4M

Permanent New Jobs Created: 31