

HISTORIC REHABILITATION TAX CREDIT WORKSHOP



Jamie Crawley

Architect and Design Lead Texas Main
Street Program

Austin Lukes

Project Reviewer, Historic Tax Credits,
Texas Historical Commission

Doug Moss

2nd & Main Lofts LLC

ArchiTexas

One of Texas' premier historic preservation
architects

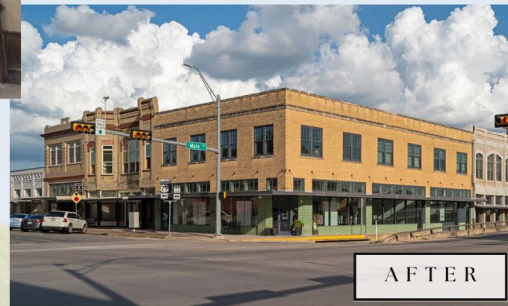
O'Connell Architecture

One of Austin's most recognized historic
preservation architects

LEARN HOW TO
DRAMATICALLY IMPROVE
YOUR BUILDINGS;
INCREASE REVENUE; AND
GET UP TO 45% BACK
ON RENOVATION
PROJECTS



AUGUST 24TH - 3 - 6 PM
TAYLOR PUBLIC
LIBRARY
801 VANCE STREET



TEXAS
HISTORICAL
COMMISSION
REAL PLACES TELLING REAL STORIES



Main Street Advisory Board

The Main Street Program is a grassroots effort of Economic Development through Historic Preservation

OUR FOCUS:

1. **ORGANIZATION** – Bringing together stakeholders to work toward a goal of a revitalized downtown.
2. **DESIGN** – Improving the curb appeal and creating a safe, welcoming & inviting environment.
3. **PROMOTION** – Telling our downtown's story. – Special Events and Marketing
4. **ECONOMIC VITALITY** – Supporting our local businesses while recruiting new ones.

Main Street Advisory Board



Curie Humphries



Jenn Lopez



John McRae



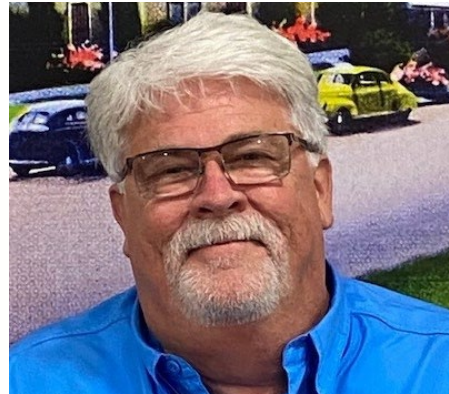
Douglas Moss



Ruth Rivera



Jeff Snyder



Irv Stauffer



Ruby Fisher,
Events Coordinator



Jan Harris,
Manager



National Historic District

Taylor Downtown Historic District

September 2005

16 full blocks and 6 partial blocks

83 Contributing Buildings and Structures (of 122 total)

10:49 AM (52)

NPS Form 10-900-a
(8-88)

OMB Approval No. 1024-0018

United States Department of the Interior
National Park Service


**National Register of Historic Places
Continuation Sheet**

Section 8 Page 38

Taylor Downtown Historic District
Taylor, Williamson County, Texas

Representative Properties

**First National Bank of Taylor
(1883)**
115-117 Main Street
Property #21
Two-Part Commercial
Contributing
Photo #1



In 1883, The First National Bank of Taylor was founded with John R. Hoxie as the first president.¹¹⁵ Hoxie, a railroad magnate and former mayor of Chicago, came to Texas in 1878 and purchased 9,000 acres of ranchland about six miles northeast of Taylor.¹¹⁶ The First National Bank of Taylor was the first national bank in Taylor and in all of Williamson county.¹¹⁷ The First National Bank of Taylor was first housed in a temporary location at the corner of Second and Main streets. The bank's permanent home, was completed toward the end of 1883 on the opposite corner at 115-117 Main Street. This two-story bank building occupies a prominent location on the northeast corner of Block Four, at the intersection of Main Street and Second (what is now the intersection of Business 79 and Highway 95). This bank is one block to the north of the railroad tracks, and opposite the Taylor National Bank (Property #34). The First National Bank of Taylor occupied this building for almost fifty years, from 1883 until 1931.

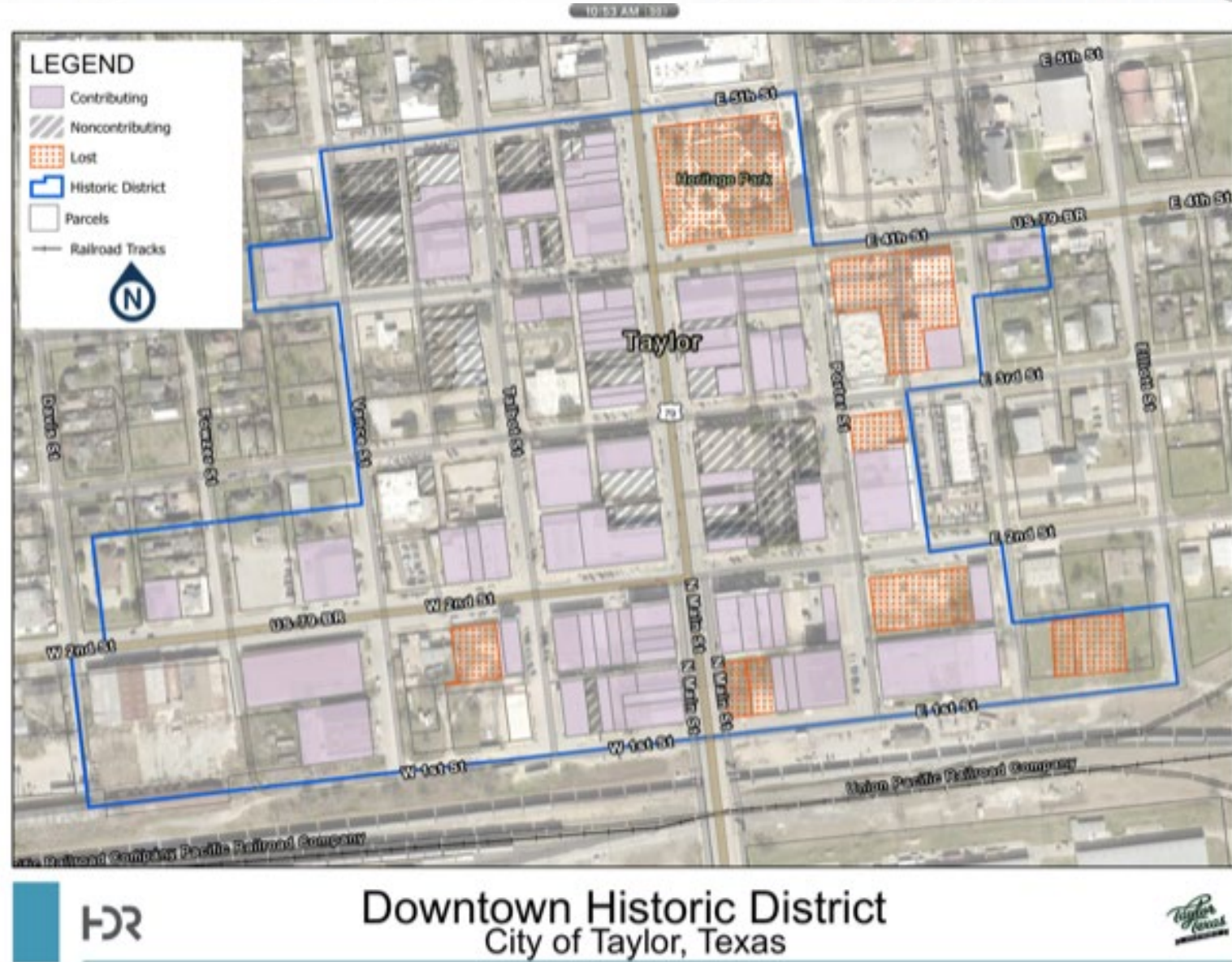
This building was the only two-story structure on its block until 1892, and still is the most prominent building on the block. From its inception, the building was always divided into several businesses, with the bank floor occupying the corner space on the lower level, and the southern half of the building housed a saloon and billiards parlour (1883-1904), a restaurant and pool hall. The Texas Café occupied space for almost thirty years, and was perhaps most significant occupant of the building. The small space in the northwest corner of the building (105 West Second) alternated between a

¹¹⁵ Hoxie was also a relative of Herbert Hoxie, who was manager of Gould's Railroad lines in Texas and instrumental in the establishment and naming of Taylorsville after his colleague Edward Moses Taylor.

¹¹⁶ Hoxie built the Hoxie House in 1882, which was the scene of various entertainments put on by the Hoxie family for Chicago guests, townspeople from around Williamson County, and local farmers and ranchers. The estate was sold and broken up into small farms after 1910, and Hoxie House burnt down in 1934. *Handbook of Texas Online*, s.v. "HOXIE, TX," <http://www.tsha.utexas.edu/handbook/online/articles/view/HH/hmh47.htm> (accessed April 4, 2005).


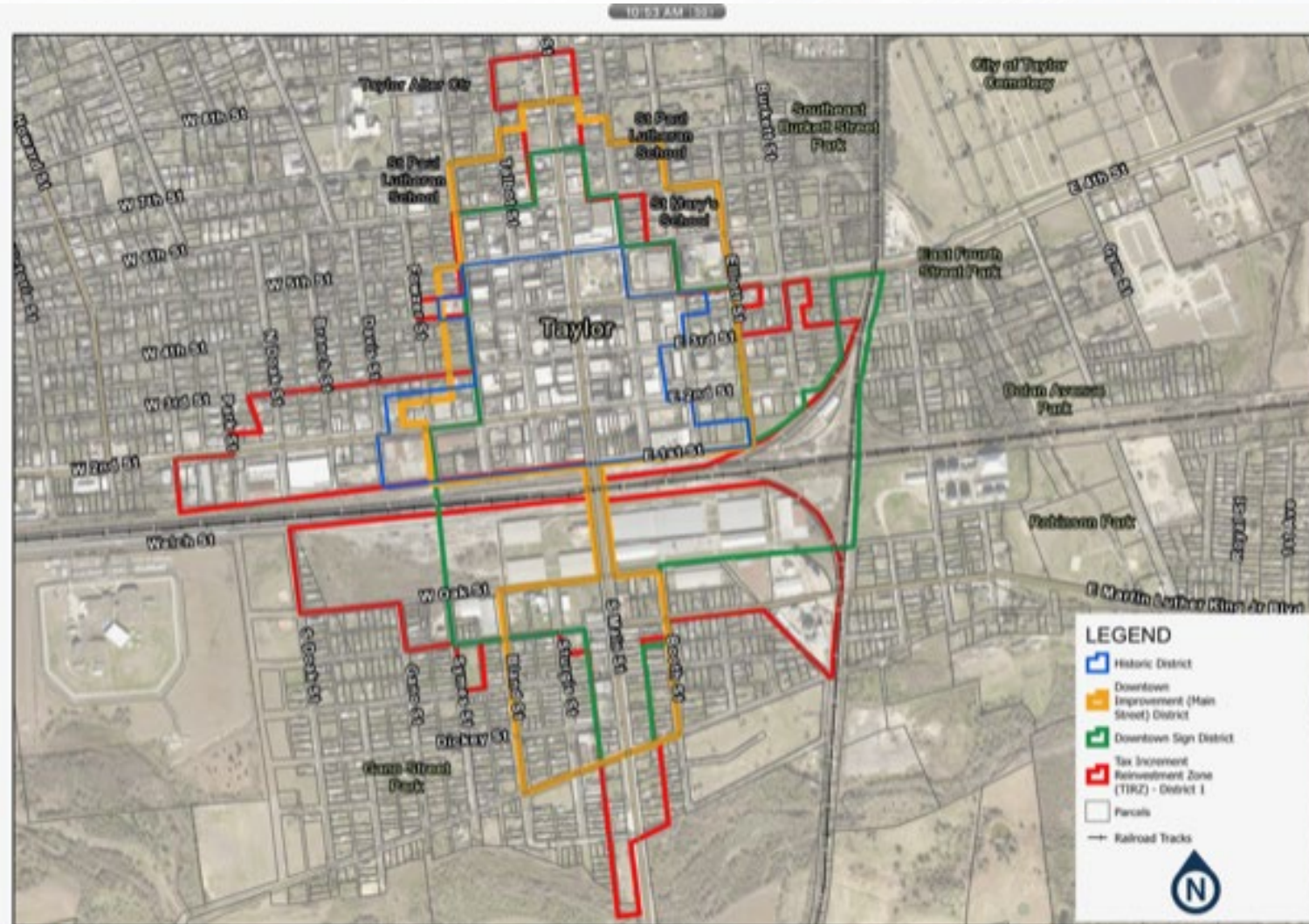
¹¹⁷ Borgialli, Susan. "Four commercial Buildings in Taylor, Texas." Thesis, University of Texas at Austin, 1985: 31.

Historic District



Downtown Districts

BLUE: Historic
YELLOW: Main Street
GREEN: Sign
RED: TIF #1



Downtown Districts

City of Taylor, Texas



Money

Creating Capital for your Project

Façade Improvement Grant: \$25,000 (matching grant from Main Street Board)

Signage Grant: \$1,500 (matching grant from Main Street Board)

Sprinkler Grant: \$25,000 (sprinkler grant from TIF Board)

Texas Historic Commission: 25% or QRE's (qualified rehabilitation expenses)

National Park Service: 20% or QRE's (qualified rehabilitation expenses)

2nd & Main Lofts

Taylor, Texas

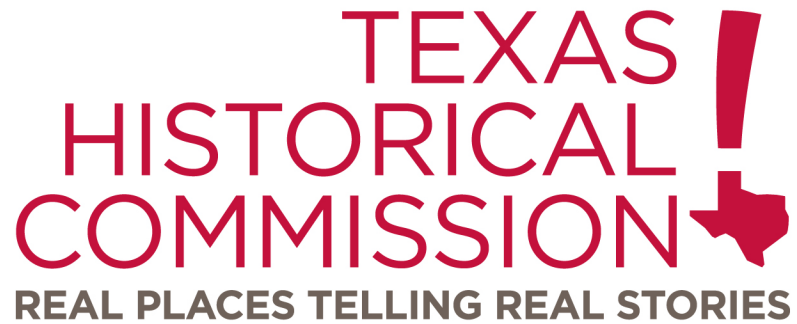












Main Street Design

Jamie Crawley, AIA, LEED AP BD+C, NCARB

Architect and Design Lead, Texas Main Street

IMAGINE THE POSSIBILITIES

DESIGN ASSISTANCE OVERVIEW



IMAGINE THE POSSIBILITIES

DESIGN ASSISTANCE OVERVIEW

LOCAL:

MAIN STREET
CITY COUNCIL
HPO
HISTORIC COMMISSION
BUILDING OFFICIAL
FIRE MARSHALL
EDC
BUSINESS OWNERS
STAKEHOLDERS
VOLUNTEERS

LOCAL:

Individual Landmarks & Districts

STATE:

TEXAS
HISTORICAL
COMMISSION
REAL PLACES TELLING REAL STORIES



CLG
PROGRAM

DIVISION OF
ARCHITECTURE

TAX CREDIT
PROGRAM

STATE:

Recorded Texas Historic
Landmark or State Antiquities



NATIONAL:



NATIONAL:

National Register



FOUR TREATMENTS FOR HISTORIC PROPERTIES

PRESERVATION: maintenance and repair of existing historical materials and retention of a property's form as it evolves over time

REHABILITATION: acknowledges need to alter or add to a historic property to meeting continuing or changing uses while retaining historic character

RESTORATION: to depict property at a particular period of time while removing evidence of other periods

RECONSTRUCTION: recreates vanished or non-surviving portions for interpretive purposes

IMAGINE THE POSSIBILITIES DESIGN ASSISTANCE OVERVIEW

services available

(check all boxes that apply)

☐ Preservation Consultation

Discuss project assessing historical character and current physical condition of the building prior to any design decisions.

☐ Building/Property Design Recommendations

Provide conceptual design recommendations, which may include sketches, renderings, material information, precedent projects, etc.

☐ Public Space Design Recommendations

Address accessibility and provide conceptual design recommendations for public space such as pocket parks, streetscapes, and parking areas.

☐ Programming + Design Planning

Assess interior and exterior spaces for best use and future potential including individual buildings and limited downtown areas.

☐ Signage

Provide recommendations on signage type, placement, and size in relationship to building façade utilizing business branding provided.

☐ Other

Describe the design problem in the scope of work section and Staff will determine how best to assist.

☐ Education Consultation

Design Staff can provide (virtual and in-person) education sessions for specific community needs.

DESIGN ASSISTANCE FORM

The Texas Main Street Program provides design assistance to official Main Street communities. Rooted in historic preservation, a range of services are offered to individual property / business owners and Main Street Managers within the designated Main Street District as part of a community's program.

applicant information:

Applicant's Name: _____
Main Street City: _____
Main Street Manager: _____
Phone: _____
Email: _____

scope of work:

Request for assistance initiated by:

☐ Business Tenant ☐ Property Owner ☐ Local Main Street ☐ Other: _____

services available

(check all boxes that apply)

☐ Preservation Consultation

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building information:

Property Name: _____
Property Address: _____ Name of Business: _____
Date of Original Construction: _____ Square Footage of Building: _____
Dates of Significant Additions/Alterations: _____
Current Building Use: _____
Proposed Building Use: _____
Building Designation:
☐ Local Historic ☐ Recorded Texas Historic Landmark
☐ State Antiquities Landmark ☐ National Register of Historic Places:
☐ Individual ☐ Contributing to a District
Photos Attached: ☐ Historic ☐ Current

budget + schedule:

Approximate Budget/Phased Budget: _____
Applying for Tax Credits: ☐ Yes ☐ No Is funding available for this project? ☐ Yes ☐ No
Funding Source + Amount: _____
Construction Start Date: _____ Deadline for Assistance: _____
(Depending on the number of requests, response times will be between 2 weeks and 3 months.)

If Owner has hired an Architect, Engineer or Contractor, please identify: _____

work plan:

Does this request relate to a project on your Main Street Organization's annual work plan?
☐ Yes ☐ No

signatures:

Property Owner

Business Owner (if applicable)

Historic Preservation Officer (if applicable)

IMAGINE THE POSSIBILITIES

DESIGN ASSISTANCE OVERVIEW







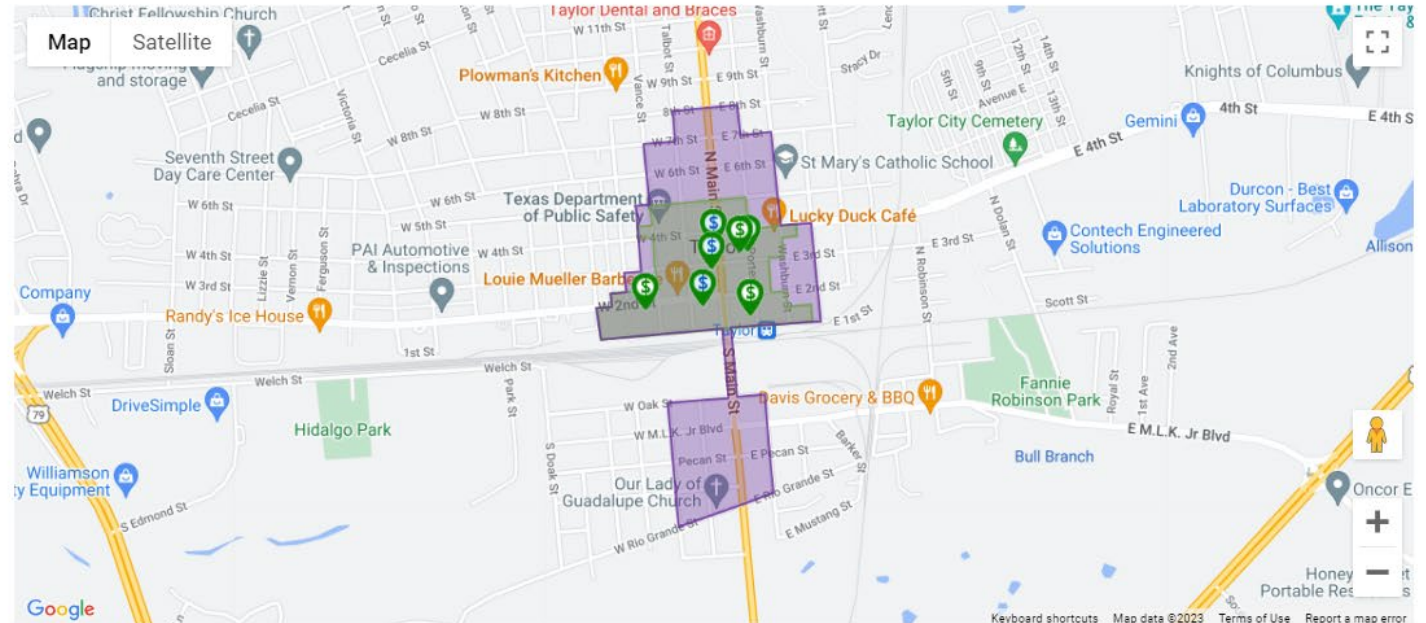
ABOUT

I'm looking for in historic downtown



Find your place in Taylor (7 results)

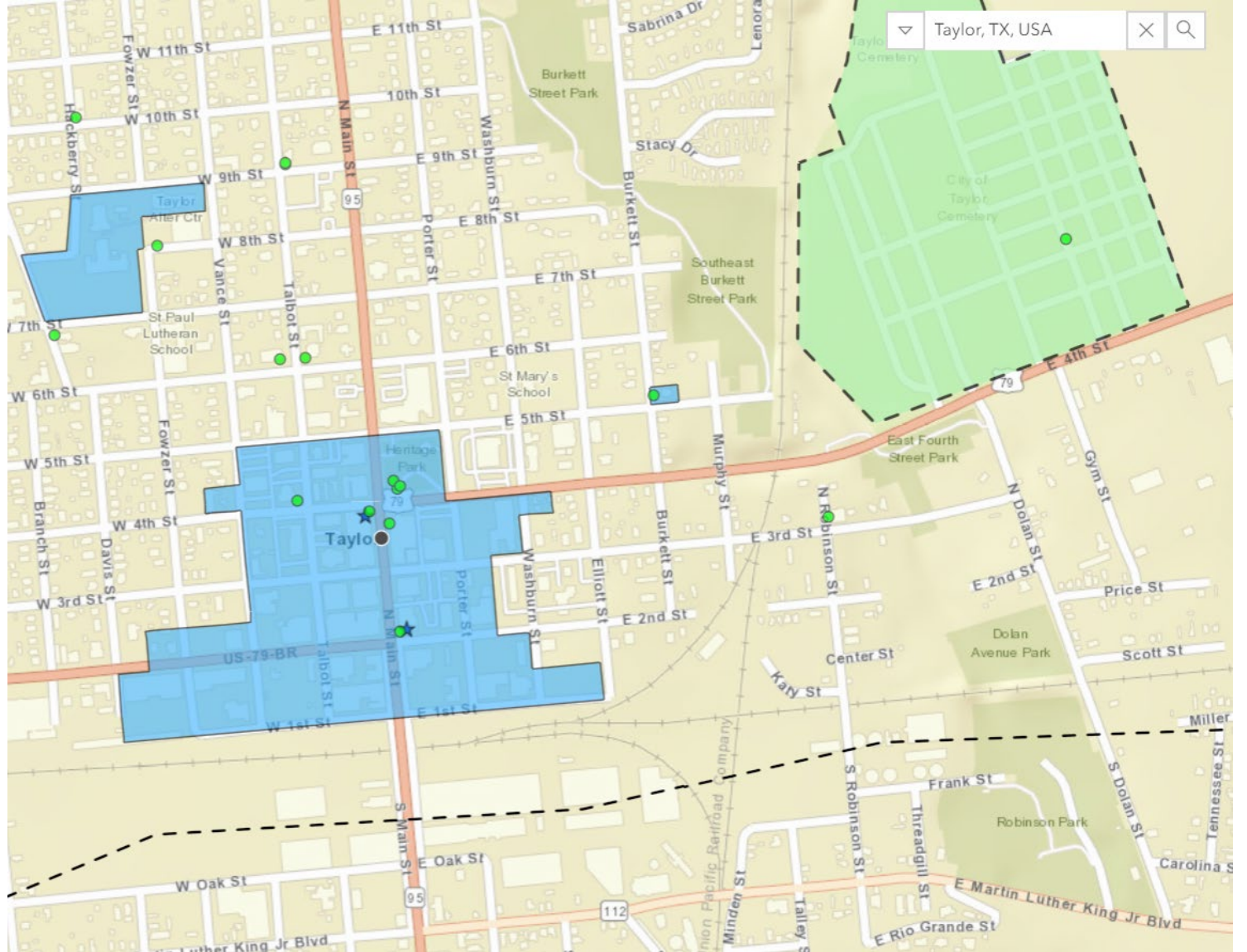
filtering for sale [\[clear filter\]](#)

115 W 2nd St 	For Sale Lease Spaces Available: 1 Built 1893 Peterson Block / Barber Shop	\$1,375,000 3,750 sq ft	VIEW DETAILS
301 W 2nd St 	For Sale Built 1935 RB Spencer & Co Lumber Warehouse	\$759,000 22,284 sq ft	VIEW DETAILS
113-115 E 3rd St 	For Sale Built 1911 Eames-Jacobsen Building	0 sq ft	VIEW DETAILS
119-121 E 3rd St 	For Sale Lease Spaces Available: 2 Built 1912	\$359,000 0 sq ft	



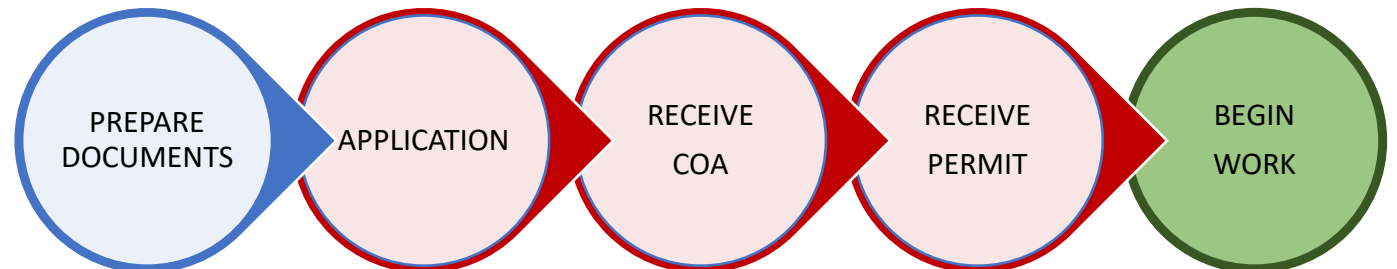
View Downtown Boundaries

- ☒  Taylor Downtown National Register Historic District
- ☒  Main Street District



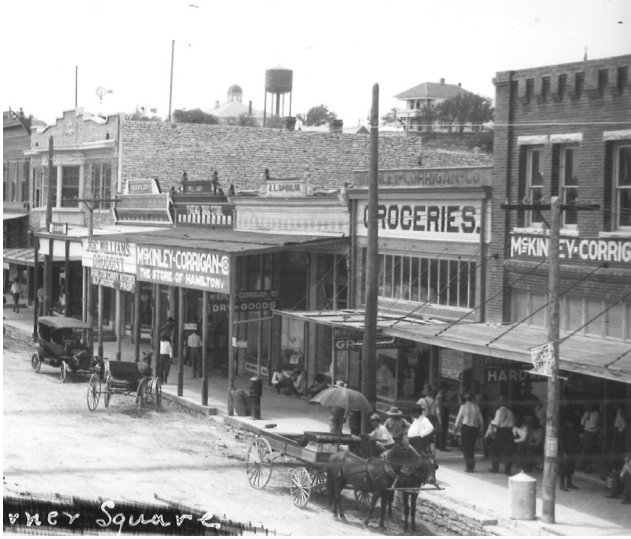
QUESTIONS TO START YOUR PROCESS

- Current or most recent use of all spaces
- Square footage (total building, and spaces being renovated)
- Occupant load (capacity) of each space
- Type of building construction (walls, roof, ceiling, structure)
- Future plans for building (new uses, type of tenants)
- Scope of renovation work planned
- Historic designation of building (if any)



IMAGINE THE POSSIBILITIES DESIGN ASSISTANCE OVERVIEW

PHOTOS ARE CRITICAL TO OUR PROCESS



Historic photos can also reveal what is behind slip covers and other additions to the building. These hidden elements can be revealed by investigation and detail photos.



IMAGINE THE POSSIBILITIES

DESIGN ASSISTANCE OVERVIEW

Design **Guidelines** Address:

- Compatibility
- Site Design
- Scale, Orientation, and Massing
- Entries and Windows
- Paint Colors

Design **Standards** Address:

- Compliance with Design Elements as listed

Zoning Address:

- Density
- Use
- Building Placement
- Lot Coverage
- Height
- Setback
- Parking Requirements

Building **Codes** Address:

- Health, Safety and General Welfare

IMAGINE THE POSSIBILITIES

DESIGN ASSISTANCE OVERVIEW

The **STANDARDS** are a series of concepts about maintaining, repairing, and replacing historic materials, as well as designing new additions or making alterations. They “are codified in 36 CFR Part 67, are regulatory for the Historic Preservation Tax Incentives program, and are the Standards most often used by local historic district commissions nationwide. (via NPS)”

The **GUIDELINES** offer general design and technical recommendations to assist in applying the Standards to a specific property.

TOGETHER, THEY PROVIDE A FRAMEWORK AND GUIDANCE FOR DECISION-MAKING ABOUT WORK OR CHANGES TO A HISTORIC PROPERTY.

IMAGINE THE POSSIBILITIES

DESIGN ASSISTANCE OVERVIEW

13-8 Criteria for approval of a certificate of appropriateness.

(a)

In considering an application for a certificate of appropriateness or administrative certificate of appropriateness, the board or historic preservation officer shall be guided by any adopted design guidelines, and the following from **The Secretary of the Interior's Standards** for Rehabilitation of Historic Buildings.

<EXAMPLE FROM TEXAS MAIN STREET CITY HISTORIC PRESERVATION ORDINANCE>



5 MOST COMMON MAIN STREET CODE QUESTIONS

ENERGY UPGRADES *(typically windows highlighted)*

ELEVATORS

FIRE SPRINKLERS AND FIRE SEPERATION

NEW DOWNTOWN “USES”

UNIVERSAL ACCESS

+ **SOME MYTHS TO DISPEL...** Costs “cheaper to build new...” **OR** Architectural salvage... *"I won't charge you to haul this stuff off!"* **OR** Contractor's advice... *"this is the way things are done in the 'real-world'"* **OR** “code requires all new” **AND** Accessibility... *"can't re-build the world"*

To discuss strategies for existing buildings let's first dispel some myths...



- C101.4.2 Historic buildings. Provisions of this code ... shall not be mandatory for historic buildings provided a report has been submitted to the code official ... demonstrating that compliance with that provision would threaten, degrade or destroy the historic form, fabric or function of the building.

TAKEAWAY: ENERGY CODE IS **NOT** A THREAT TO MAIN STREET HISTORIC DISTRICTS

IMAGINE THE POSSIBILITIES

DESIGN ASSISTANCE OVERVIEW

Tax Freeze, Reduction, or
Exemption

Preservation Easements

Façade Grants

Owner-occupied
Rehabilitation Loan Program

City Permit and Fee Relief

Transfer of Development
Rights

Local



Anders Auto Supplies, Downtown Cuero façade grant project



State Incentives

25% State Rehabilitation
Tax Credit

Federal Incentives

20% Federal Rehabilitation
Tax Credit

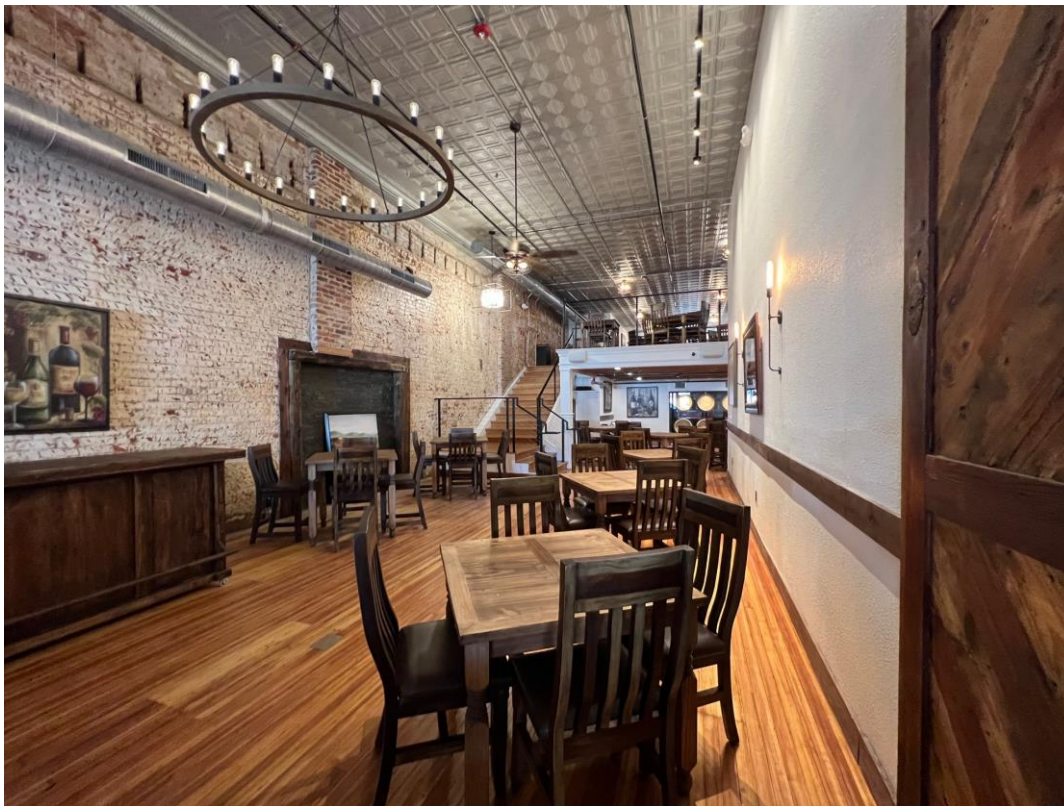
[THC LINK: Funding for Preservation Projects](#)



State and Federal Rehabilitation Tax Credits For Interested Developers

August 24, 2023

Austin Lukes, Tax Credit Reviewer



Tax credits provide the *most powerful* financial incentives for historic preservation. They help finance historic preservation by offsetting **income tax or business tax liability** as a *dollar-for-dollar reduction*.



1600 Pacific Tower, Dallas, 2015

Federal Rehabilitation Tax Credit

Allows for a credit on federal income tax liability of 20% of qualified expenses on an eligible rehabilitation project.

Administered by the **NPS**, **IRS** and **THC**.



Herff-Rozelle Farm, Boerne, 2016

Texas Historic Preservation Tax Credit

Allows for a credit on the Texas Franchise Tax of 25% of qualified expenses on an eligible rehabilitation project.

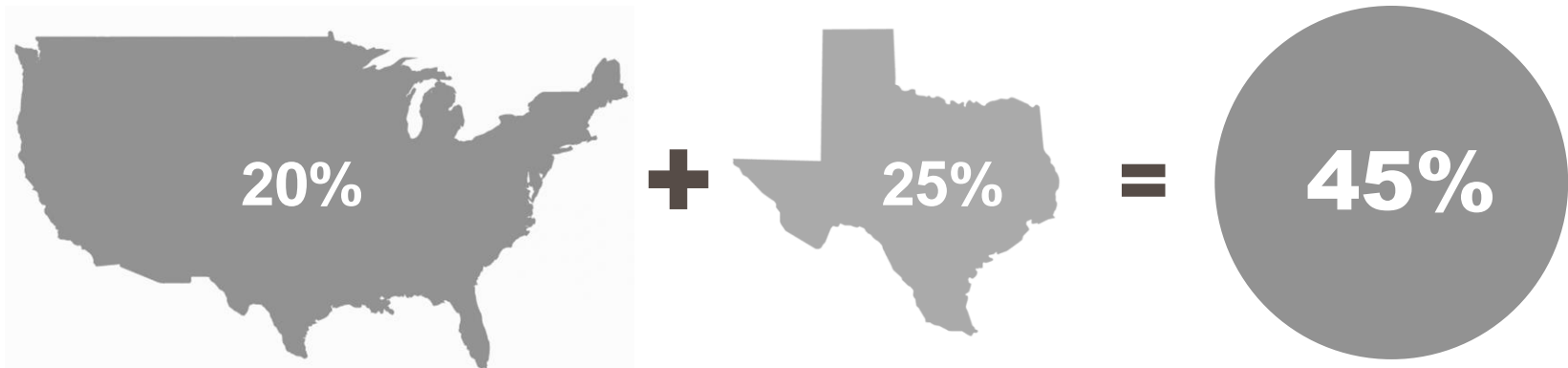
Administered by the **THC** and the **Texas Comptroller**.

Federal Rehabilitation Tax Credit

Overseen by the NPS in coordination with THC

Texas Historic Preservation Tax Credit

Overseen by the THC



Credits issued are equal to a percentage of qualified project expenses.

Texas	Federal
credit equal to 25% of QREs	credit equal to 20% of QREs
applied to Franchise Tax or Insurance Premium Tax	Applied to Federal Income Tax
available to Income-Producing properties, Non-Profits	available to Income-Producing properties only
building must be eligible for or designated through RTHL, SAL, or NRHP	building must be eligible for or listed in the National Register
minimum project: \$5,000	minimum project: the greater of \$5,000 OR adjusted basis (building value)
overseen by THC and Texas Comptroller	overseen by NPS and IRS , in coordination with SHPO
credits freely saleable (often sold through brokers/syndicators)	credits only transferable within partnerships
credits can be taken starting w/ the year the project is completed, w/ a 5 year carry-forward	credits must be taken in equal amounts over 5 years (unused credits are forfeited)
no recapture period	5-year recapture period



Who can use preservation tax credits?

- **The federal tax credit applies to federal income tax.** Anyone who pays federal income tax may receive and use the credit. The federal credit is not easily transferable. Non-profits may participate in the federal credit for business properties if they partner with a for-profit investor.
- **The state program offers applies to the Texas Franchise Tax or Insurance Premium Tax.** Anyone may receive the credit certificate, including non-profits; those who do not owe franchise taxes may sell or transfer the credits.

How do the finances work?

- Credits are awarded to **successfully completed** projects, once they have been certified by NPS and THC
- Developer/owner must carry costs or secure investments and/or loans.
- **No cap for credits**, for any project or for the program, and program is non-competitive
- The awarded credit amount is a straight percentage of eligible costs – it is “all or nothing.”
- Eligible costs (QRE) are defined by category, per Internal Revenue Code.



Qualified Rehabilitation Expenditures (QREs)

Qualified Costs

(examples)

- Structural elements
- Surfaces & finishes
- Systems (plumbing, electrical, HVAC, elevator, sprinklers)
- Architect's fees, etc.
- Interest & taxes

Non-Qualified Costs

(examples)

- Site work (parking, etc.)
- Additions/new construction
- Signage
- Appliances & furniture
- Acquisition costs
- Payments from insurance or grants

How does approval work?

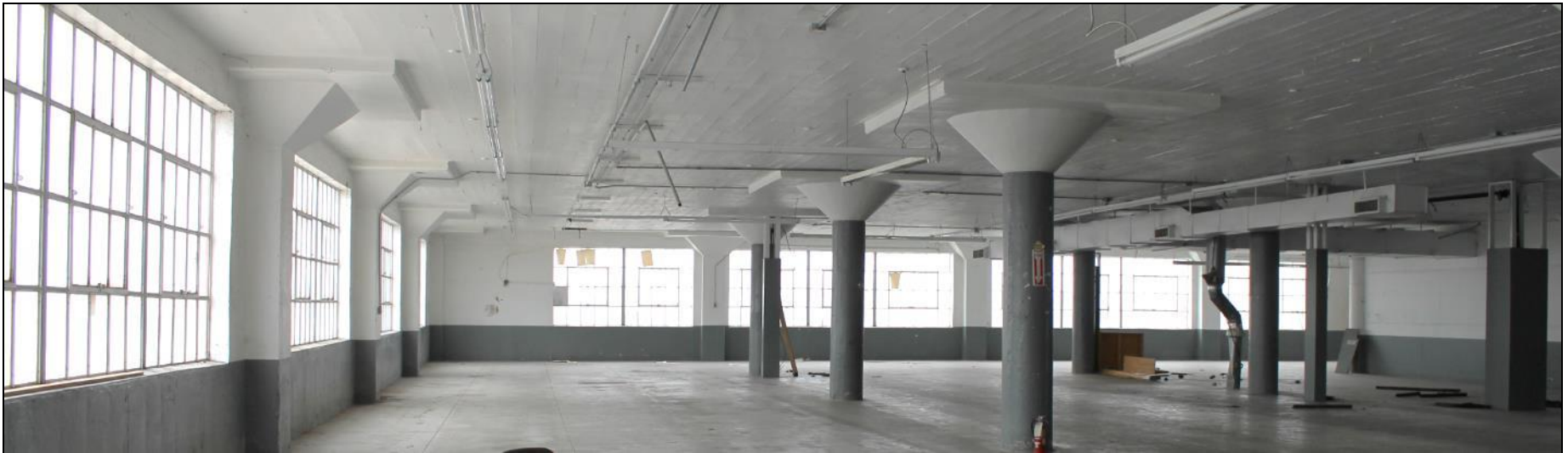
- Both programs are **not competitive, but based on whether you qualify.**
- Applications are reviewed on a continuous rolling basis throughout the year
- **The application process starts before work has begun,** and requires an architectural review for your project to be approved.



St. Anthony Hotel, San Antonio
Certified 2015

Two basic program requirements:

- 1) Building must be a *certified historic structure*.
- 2) Project must be a *certified rehabilitation*.
 - a. Eligible property type and use
 - b. Meets cost threshold
 - c. Work meets Secretary's Standards for Rehabilitation



What is a Certified Historic Structure?

- **National Register**, individual listing
- **National Register**, district listing – contributing buildings only
- Certified Local historic district – contributing buildings only



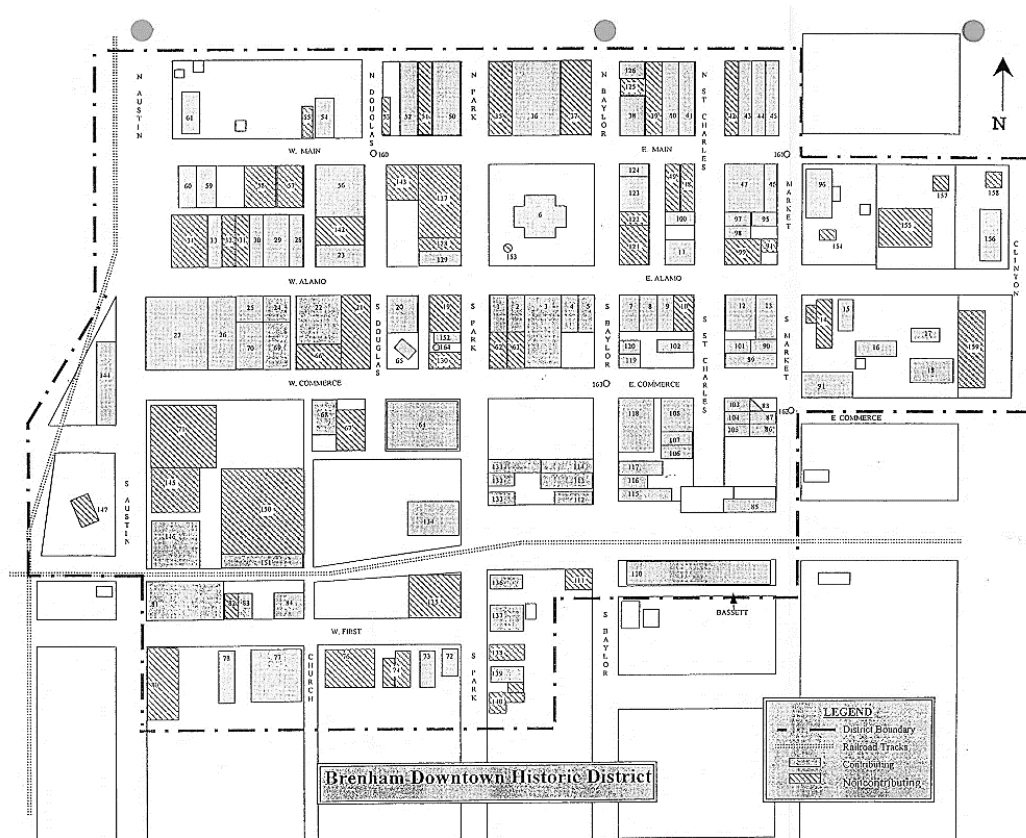
Downtown Elgin Historic District

State only

- **Recorded Texas Historic Landmark (RTHL)**
- **State Antiquities Landmark (SAL)**

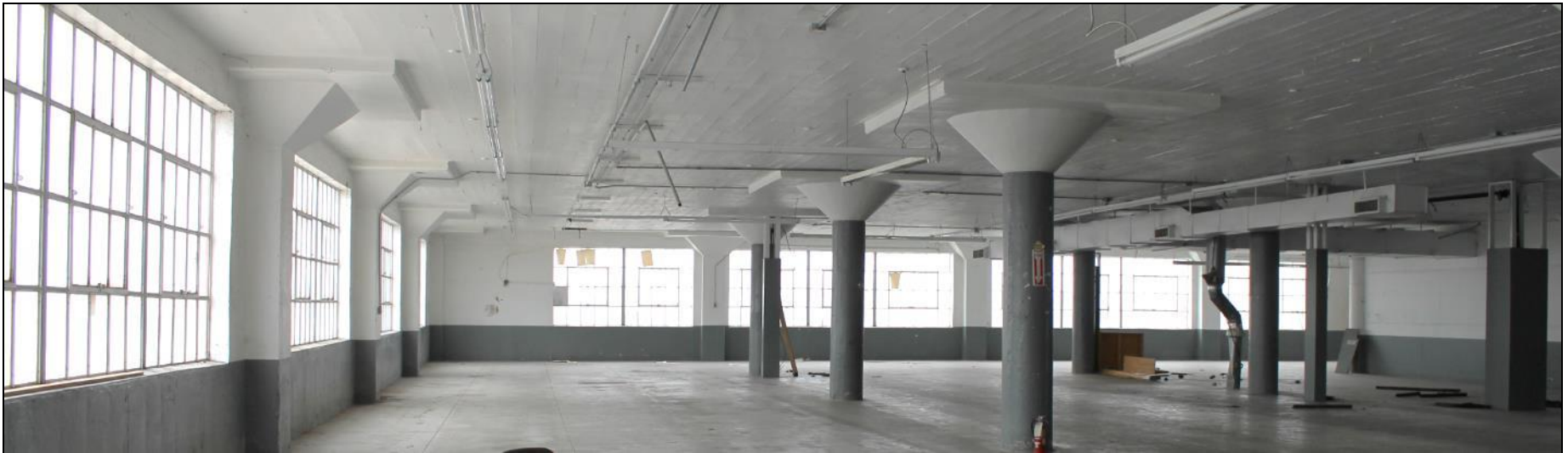
What is a contributing building?

- Buildings in districts must be considered **contributing** to the district in order to be considered **certified historic structures**.
- These have the same standing as an individual listing.
- Buildings not currently identified as contributing may sometimes be able to become contributing.



Two basic program requirements:

- 1) Building must be a *certified historic structure*.
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 - a. Eligible property type and use
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Lundgren Building, Elgin
Certified 2016

2a. What is an eligible property type and use?

Buildings that will have a **business or income-producing use** qualify for both state and federal credits. This includes rental residential.

Non-profit use facilities are also eligible for the state program

Owner-occupied residential properties and government-use properties are not eligible for either program.

2b. What is the minimum cost threshold?

- The federal credit requires a “substantial rehabilitation” equal to the *adjusted basis* of the building or \$5000, whichever is greater.

Adjusted basis = purchase price of property - value of land + improvements – depreciation

Substantial rehabilitation test must generally be met within 24 months.

- The state credit requires expenses of **at least \$5,000** (enables small projects or phased applications for one building).



Jefferson Davis Hospital, Houston
Certified 2006

2c. What are the Standards for Rehabilitation?

- **The Secretary's Standards for Rehabilitation** allow for alterations while prioritizing historic spaces, materials, and character that remain.



Mid-Elm Lofts, Dallas (3 projects)

Certified 2020-1

- **All properties are different**, and we apply the Standards to each individual building.

The Secretary of the Interior's Standards for Rehabilitation

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

What *really* is a *rehabilitation*?

Rehabilitation makes possible a **compatible use for a property** through repair, alterations, and additions, *while preserving those portions or features which convey its historical, cultural, or architectural values.*



- All work done on the **exterior, interior, and site** is subject to review.
- **The current condition** is the starting point.
- Each project is **judged as a whole**.
- **Early coordination** is recommended, especially on potentially deniable issues.



1503 Parkway, Austin

Certified 2020

Application Process

Part 1/A
Evaluation of
Significance

*Establishes
historic
eligibility*

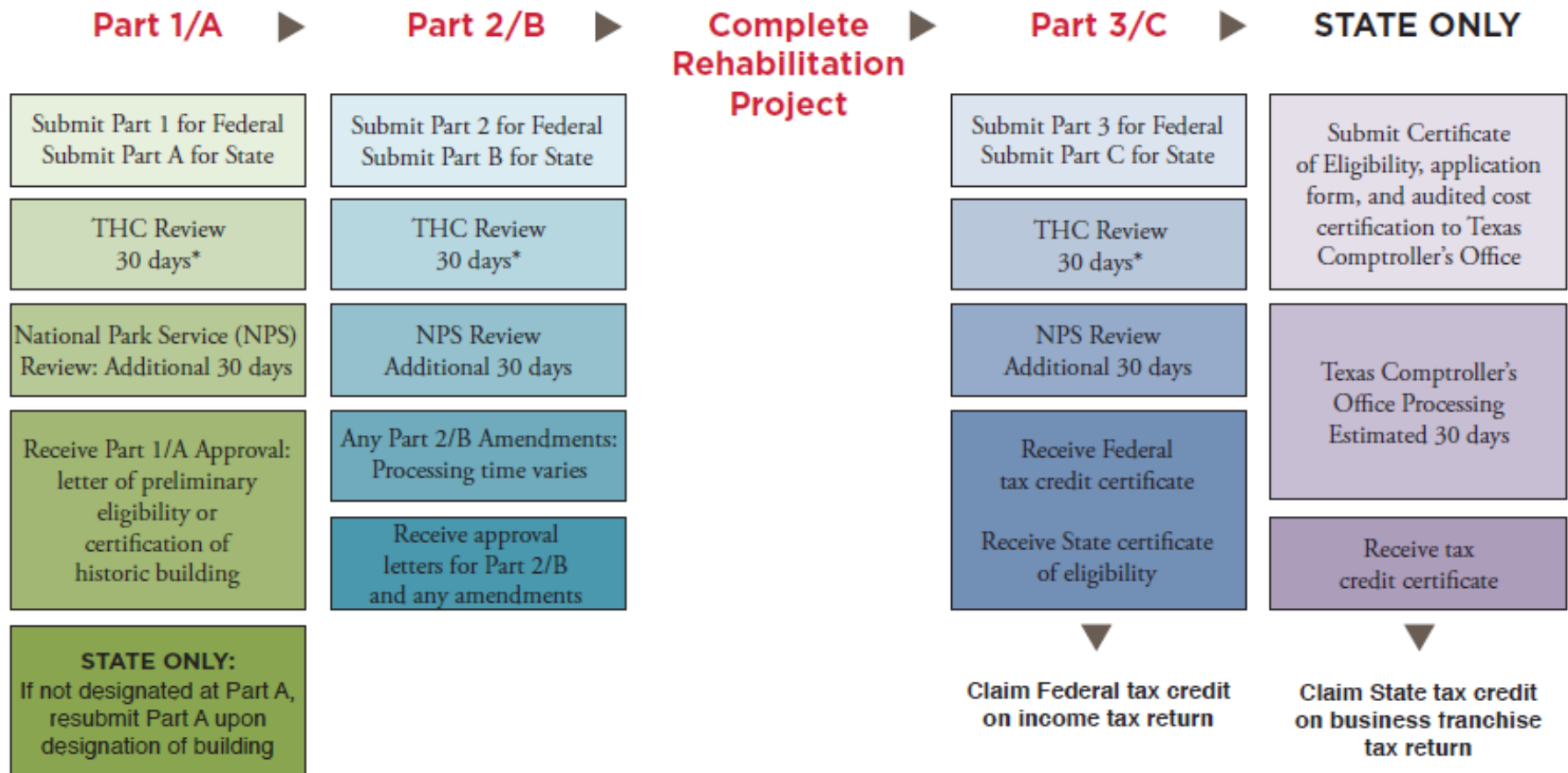
Part 2/B
Description of
Rehabilitation

*Presents
proposed work
for approval*

Part 3/C
Request for
Certification of
Completed Work

*Demonstrates
completion of
approved work*

Application Review Process



*State review periods listed here are estimates, intended for planning purposes.

Before work starts

Contact THC
to discuss
project

Plan project,
photograph
building

Submit Parts 1
and 2 of
application

Receive
determinations

**Rehab
Work
Done**

After work ends

Assemble
close-out
documentation

Submit Part 3
of application

Receive final
approval of
project

Receive tax
credits

After completion:

There are no “lingering” review requirements after certification

National Register designation does not impose future reviews*

Apply again at any time, if all eligibility criteria are met

The federal tax credit program has a 5-year *recapture period*, which governs:

- Further alterations or demolition
- Sale or ownership transfer of building

*Unless required by local ordinance (very unusual)

Application tips for property owners:

- All projects must meet the *Standards*, which often requires some design compromises.
- Anyone considering applying for tax credits should:
 - **Contact THC** for guidance *first*.
 - **Take thorough photographs** to document the interior and exterior of their building.
 - **Avoid starting work** prior to doing the above.
- Plan ahead to receive historic designation.

Caroline Wright, Tax Credit Program Coordinator
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Austin Lukes, Tax Credit Project Reviewer
512-463-5907 | austin.lukes@thc.texas.gov

Andreea Flores, Tax Credit Program Specialist
512-475-0129 | andreea.flores@thc.texas.gov

For information on the **Texas Historic Preservation Tax Credit**:
www.thc.texas.gov/taxcreditprogram

For information on the **Federal Rehabilitation Tax Incentive Program**:
www.nps.gov/tps/tax-incentives.htm