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## HISTORIC TAX CREDIT TOOL BOX

# Integrating Renewable Energy into Historic Tax Credit Projects



CINDY HAMILTON, HERITAGE CONSULTING GROUP

With the passing of the Inflation Reduction Act (IRA), there is an increased focus nationwide on renewable energy initiatives. Along the East Coast, for example, numerous wind farms are planned to be constructed offshore. Solar farms continue to pop up in fields across the country. These efforts are all emblematic of a push to diminish our carbon footprint and provide cleaner, more efficient energy. At times, these efforts overlap with another effort in our battle against climate change—historic preservation.

Each year, a number of historic tax credit (HTC) projects feature scope of work items that involve the introduction of renewable energy equipment to historic buildings. These can stretch anywhere from the installation of solar panels to the reactivation of

hydroelectric equipment at former mills. According to Brian Goeken, chief of the National Park Service's (NPS's) Technical Preservation Services division, the HTC review staff welcomes these scope items, understanding their importance. That said, there are some inherent issues that can arise during the HTC review process.

*Image: Courtesy of Heritage Consulting Group*  
Pittsburgh's Bellefield Dwellings featured a mini-solar farm upon completion of its rehabilitation, which was made possible through HTCs.

## Types of Renewable Energy Initiatives in HTC Developments

As the technology surrounding renewable energy initiatives advances, various forms are applied in new ways to increase the sustainability of projects. For example, more and more solar panels are involved in new construction, located in parking lots and on roofs. In HTC projects, this is equally true. Although the number of projects that feature some renewable energy components varies from year to year depending on the market fluctuations, the NPS sees a variety of types and applications.

Goeken acknowledged that the NPS primarily sees projects involving, “solar, more than any other.” Goeken noted that the NPS has reviewed various projects with geothermal components, and a couple proposed to incorporate small-scale hydroelectric power, though the NPS does not believe these were ultimately included as part of the projects, possibly due to environmental and cost constraints. Goeken said that wind turbines have not yet consistently been involved in HTC projects.

In terms of the application of the necessary equipment, Goeken explained that the incorporation of renewable energy initiatives in HTC projects, “is similar to new construction. Solar panels are often installed at parking lots, garages or rooftops, same as they typically are beyond the HTC program.” With geothermal, Goeken said the NPS has seen it applied for both cooling and heating. No matter how the equipment is used, the NPS’s primary concern remains how the equipment will affect the historic building, both directly and indirectly.

## NPS Review Considerations

Review of all HTC projects centers around whether the proposed work meets the Secretary of the Interior’s *Standards for Rehabilitation*. When it comes to the installation of renewable energy equipment in HTC development, the most important factors for the NPS

are minimal impact to the character of the building and minimal visibility from the exterior, particularly on primary elevations, according to Goeken. Each project and building, however, is different and the NPS takes that into account in its reviews.

In 2013, the NPS issued guidance to highlight recommended treatments for the installation of solar panels, wind turbines and windmills, and other sustainable energy efforts. Titled the *Illustrated Guidelines on Sustainability for Rehabilitating Historic Buildings*, the guidance provides various examples of how the NPS might approve or deny a treatment, based on impact or visibility. With solar panels, for example, the guidance explains that location on the roof and the pitch on which the panels are installed affect visibility and are key factors in any review.

According to Goeken, the HTC incentive does not generally include solar or wind farms or large hydroelectric projects, since the program is directed at historic building rehabilitation projects that would not generally include the land necessary for such projects at such scales. In many locations, though, parking lots and parking decks provide a possible location for quasi-solar or wind farm construction. “For example, in many places, particularly in the southern states, you might have covered parking and canopies with solar panels atop them that may be an appropriate treatment, depending on their location and visibility,” Goeken said.

Other forms of renewable energy are less of an issue during the HTC review process. Geothermal efforts, for example, do not cause a great deal of visual impacts. Goeken explained that the NPS has seen projects with geothermal components for both heating and cooling systems, but that, “there is not always a lot to consider in terms of the effects on the historic building since the equipment is underground and can be concealed or exposed in buildings, as necessary.”

The NPS considers the effect on archaeological resources, which may impact the possibility to incorporate geothermal equipment.

As technology surrounding these forms of renewable energy advances, Goeken said that the NPS will see “more and more applications with these involved.”

### The Future of Renewables and HTCs

At the moment, HTC projects incorporate energy performance and efficiency more than the integration of renewables, according to Goeken. “Many projects participate in energy certification programs, including LEED, passive house and others,” he said. “This has become typical practice in some respects and the review staff is very used to seeing that.” Shifts in the market, which may very well occur because of the IRA, however, may result in increased HTC applications that feature renewable energy components.

“If the Inflation Reduction Act is successful in incentivizing this, we will undoubtedly see more applications with them involved,” Goeken said. “Although solar is the most prominent at the moment, that could change as the technology surrounding wind and hydro power advance.”

Advancement in technology, therefore, will be the key for the future of how renewable energy integrates with HTC projects. As solar panels become more effective, it is conceivable that large sections of roofs might be replaced with them. As wind power advances, windmills could become commonplace in HTC projects.

“We at the NPS are excited to see where the technology takes us,” Goeken said. “As solar, wind and the others become more affordable and economical, we can see a variety of projects that they might fit with.” ❖

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Cindy Hamilton is president of Heritage Consulting Group.

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