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The Historic Tax Credits Issue

State Historic Tax Credits Demonstrate Importance of 'Local' Funding for Community Development

States with HTCs attract more federal HTCs, resulting in more community development, economic activity and local tax revenues.

Page 4

NPS Updates with Chief of Technical Preservation Services, Brian Goeken

TPS chief discusses staffing capacity, electronic applications and more.

Page 55

Addressing Challenges with Lender Forbearance in HTC Direct-Investment Structure

Forbearance can be a challenge for HTC transactions using the direct investment structure. Read about potential solutions.

Page 59

The Latest on the Government's Participation in Historic Rehabilitation

Get updates on tax, legislative issues for the HTC community.

Page 67



HTC Toolbox–NPS Updates with Chief of Technical Preservation Services, Brian Goeken



CINDY HAMILTON, HERITAGE CONSULTING GROUP

The historic tax credit (HTC) program has continued to prove that it is one of the most effective tools for economic development. HTC projects not only succeed in preserving our historic fabric but also serve as catalysts in redevelopment within large cities and small towns alike.

The HTC program is administered by the National Park Service (NPS) in collaboration with the various state historic preservation offices (SHPOs) and the Internal Revenue Service. Brian Goeken serves as chief of the Technical Preservation Services (TPS) division that oversees the program. For this month's HTC Toolbox, we spoke with Goeken to discuss the current state of the program, as well as its outlook for the future.

Q: Your office has grown significantly in the past few years. How many reviewers are you up to now and how many more do you anticipate hiring?

A: After a period when the TPS office was down as much as half of our staff and a third of our reviewers, we were able to fill 15 positions over the past four years, in part due to support from the HTC industry for our program. We now have 25 full-time staff and one part-time rehired annuitant. This is the largest our office has been in some time. We have approval to hire an additional vacancy and four newly created reviewer positions and expect to fill them in 2024.

Q: How will this expanded team allow you to accomplish what you previously were not able to do with a smaller review staff?

A: For the past several years, being down so many staff, we had to drop or defer almost everything else that we were doing to solely focus on the review

of historic preservation certification applications. Despite that effort, we still had significant increases in our review times for an extended period of time. With the additional staffing, we were able to return to 30-day review times beginning in June 2022. An analysis from last summer also showed that 80% of Part 2 applications were approved within 30 days without being put on hold, either as submitted or with conditions of approval. We continue to look at ways to shorten review times both for NPS as well as for the overall NPS/SHPO review process.

Going forward, the additional staff has greatly increased our capacity to support the tax incentives program and to expand our work program to include new and revised guidance on the Secretary of the Interior's Standards and technical preservation information generally. We continue to push down on review times and, over the past year, have made tax credit project site visits in 20 states. We are working on a five-year work plan to include expanded activities in support of the tax incentives program including new/revised program guidance, as well as guidance on the application and interpretation of the [Secretary of the Interior's] Standards for Rehabilitation and technical preservation guidance and information generally, and technical assistance, education, training, communication, and outreach.

Q: You have mentioned that new guidance is in the works. What specifically are the topics and when do you anticipate release?

A: We will be issuing new guidance this fall on phased rehabilitation projects, white-box treatments, and certain flooring and ceiling treatments, with other topics to follow. (Many of these are in response, in part, to comments from the HTC industry as well as program users generally). We will be issuing new guidance and a revised and updated preservation brief on the use of substitute materials in September, followed by a new brief on historic buildings and building codes later this fall. An updated and revised brief on heating, ventilation, and air-conditioning systems is expected to be issued later in 2024, and we have started work on new briefs on other topics, such as historic buildings and wildfires. We are also working with other NPS and SHPO program staffs on industry concerns regarding the processing and documentation requirements for Part 1 applications, preliminary determinations of National Register eligibility, and National Register of Historic Places nominations.

With these and other changes expected in the coming year and beyond, as well as updates on the new electronic application submission and review process [more below], we would encourage all those interested in the TPS office, the HTC program, and NPS technical preservation guidance and information generally to subscribe to our newsletter to keep up to date on the latest news and information.

Q: How are application numbers tracking this year?

A: So far this year (fiscal year 2023), we're seeing an uptick in applications from the prior year, and we anticipate that the final application numbers will be higher in both proposed and completed projects. Our annual report for fiscal year 2022 was issued in March, and we will be issuing the annual economic impact report for fiscal year 2022 later this fall. Prior year reports are available on the TPS website.

Q: Electronic submissions are now live, which will/should streamline the process. Can you summarize the time and effort that was dedicated to launching this initiative?

A: As of Aug. 15, 2023, any new applications submitted to the NPS or SHPOs must use the new application forms and must be submitted electronically. We had started thinking about how we would eventually transition to an all-electronic application submission and review process prior to switching to remote operations at the beginning of the COVID-19 public health emergency in 2020, but that and other internal factors accelerated our efforts. Additionally, not only would TPS be making the transition, but so would all 53 SHPO offices with whom we administer the program.

In the federal government, we are limited in terms of what electronic systems we can use, how to provide access to them relative to the firewall and other security concerns, and what approvals are necessary to set up a new electronic system. For example, a department-level approval was necessary to be able to accept e-signatures and to determine which forms of e-signatures we would be able to accept. We eventually settled on a SharePoint-type electronic submission site, and we tested that with the SHPOs as well as a group of consultants to ensure that it would work and there would be no unanticipated technical issues. Electronic file format, size and naming standards/conventions also had to be developed, with input from the SHPOs and the consultant group.

As TPS was doing all this, the SHPOs were also developing and testing their own electronic submission systems and processes for those states (the vast majority) also not already able to accept applications electronically. Leading up to the Aug. 15 transition date and on a continuing basis, we have done outreach and training for the SHPOs and applicants. It has been a considerable effort, and we're happy to have successfully reached this major milestone.

Q: What do you anticipate will be the advantages and disadvantages of electronic reviews?

A: Certainly, electronic applications and submissions should make it a lot easier, and less costly, for applicants. Compared to even a few years ago, application submission materials like photographs and architectural drawings have gone almost completely electronic, so applicants will no longer have to print out hard copies of photographs and drawings. While we had already created a fillable-PDF application, the use of e-signatures will make this easier for applicants to sign, especially those working with consultants who will no longer have to transmit hard copies of the application back and forth in order to get original wet signatures. And applicants will no longer have the time and mailing costs associated with hard-copy submissions. Electronic submission will also eliminate the time lost in mailing applications to the SHPOs and the SHPOs forwarding the application to the NPS after they have completed their reviews. (We had previously moved to the use of overnight mail for the SHPOs).

For TPS and the SHPOs, it should be quicker to process applications, for review staff to get access to them, and for decisions to be transmitted once reviews are complete (although TPS had already moved to a courtesy electronic notification system at the start of the COVID-19 public health emergency). Going forward, decisions will only be transmitted electronically, and applicants will no longer get a hard copy unless specifically requested. For applications put on hold for additional information, it should also cut down on lost time as applicants will be able to submit that information electronically. Regarding review times, after the initial period of reviewers getting used to reviewing applications electronically, we expect that this should have a positive effect on review times as well.

Q: How are the states faring with this new process?

A: All SHPOs made the transition to an electronic application submission system by the Aug. 15 deadline. (Each SHPO has its own system). It's a new process

for everyone, so there's an expected learning curve as we fully transition to this new system over the coming months. (Applications already in the SHPO offices prior to the deadline continue to be reviewed in hard copy). We have a weekly check-in call with the SHPOs during this transition period to help ensure that it goes as smoothly as possible.

Q: For the first time in many years, the NPS is holding consultant training this fall. What are the goals of this training?

A: We are very excited about holding this one-day, in-person training on Sept. 26. It is something that we have considered for a while, and it is an idea that came out of our discussions with the Historic Tax Credit Coalition as well as other industry stakeholders, program users, and the SHPOs. The training is intended as advanced training for consultants, architects, developers, and other frequent program users already well familiar with the program and NPS tax incentives program certification requirements. Future training is planned for those new to the tax incentives program.

The training will focus on how we review HTC applications so that applicants may better anticipate questions and avoid incomplete applications, applications being put on hold for more information, additional conditions of approval, problematic treatment issues that can hold up review of your projects, and the main reasons projects go awry at the Part 3 stage. It will be structured around the different application parts and how to complete them. This is the first training of its kind that the NPS has held in a very long time, and we will use this training to help us improve and refine it before repeating it.

Q: The Historic Tax Credit Coalition has appreciated the opportunity to regularly meet with you and representatives of the NPS staff to discuss industry issues and developments. What do you see as the benefit of these meetings?

A: We appreciate the opportunity to meet regularly with the Historic Tax Credit Coalition, as well as other industry stakeholders. This is a chance to discuss,

and for us to better understand, industry concerns as well as keep the industry informed on what we are working on in support of the tax incentives program and technical preservation issues generally. In addition to meeting with the Coalition, we have held a number of listening sessions and meetings ourselves with industry stakeholders and program users to better understand their concerns, and such efforts will continue. Communication like this is important, and some of the ideas and suggestions that have surfaced in these conversations have led us to consider changes in how the program is administered and in program guidance.

Q: Anything else you would like to share?

A: We recognize and appreciate that the HTC industry has faced a period of historic challenges during the COVID-19 public health emergency—an economic downturn, high interest rates, financing issues, high labor costs, supply chain issues, the market collapsing for a time for certain types of uses like office and hotel, etc. – as well as the 2017 tax code changes and their continuing effect on the value of the credit.

We appreciate your continued support of the HTC program and share your commitment to, and belief

in, the program's important role in the preservation of the nation's heritage and historic buildings, the revitalization of our cities, towns, and rural areas, and as a catalyst and generator of economic development, job creation, affordable housing, and more sustainable development. We continue to listen to and look for ways to work with the HTC industry, other stakeholders, and program users on how to improve the program and its utilization and effectiveness.

Brian Goeken, AICP

Brian Goeken, AICP, is chief of the Technical Preservation Services (TPS) division of the National Park Service (NPS). The NPS, in partnership with the SHPOs, administers the Federal Historic Preservation Tax Incentives Program with the Internal Revenue Service. Prior to joining the NPS in 2011, Goeken worked for the city of Chicago for 15 years and was a deputy commissioner in the Planning and Development Department for 10 of those years. He has more than 30 years of experience in historic preservation, urban planning, architecture, economic development, and urban design. Information about TPS and the tax incentives program is available at <http://www.nps.gov/tps>. ♦

Cindy Hamilton is president of Heritage Consulting Group.

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