

# HISTORIC TAX CREDIT TOOL BOX



## The Value of Research in Historic Tax Credit Developments

JOHN M. TESS

HERITAGE CONSULTING GROUP

**W**hen beginning a Historic Tax Credit (HTC) project, one of the most important steps is to understand the building's status as a "Certified Historic Structure," as defined in 36CFR67. In order for a project to be eligible for the HTC program, the building must be a certified historic structure. To be considered such, a building must be listed individually in the National Register of Historic Places (National Register), be a contributing resource within a historic district listed in the National Register, or contribute to a local historic district that has been certified historic by the National Park Service (NPS). Fortunately, in today's market, there are many opportunities to acquire a property that already meets this criteria, but securing National Register listing could be necessary and recognizing this distinction early in a project can help avoid delays.

If an owner acquires a property that is already individually listed in the National Register, then the first step toward obtaining HTC approval has been addressed. If the building is a contributing resource within a National Register-listed or certified historic district, a Part 1-Evaluation of Significance application, confirming that the building is a contributing resource to the district, must be submitted. Obtaining certified historic structure status generally isn't as simple as submitting a Part 1 application with the existing information supplied from a National Register nomination. Additional research will likely be required, as district nominations generally contain only cursory information on individual buildings.

When dealing with a contributing resource located within a historic district, confirmation that the building does in fact contribute to the district must be obtained by submitting a Part 1-Evaluation of Significance for review

and approval. Using the existing information in the district nomination may not be enough to establish the building's contributing status. Additional research may uncover a notable local figure who was affiliated with the building, provide valuable information about the architect who perhaps designed other buildings in the district or simply expand upon the building's importance to the city's commerce, if it is a commercial or industrial building. Taking the time to delve deeper into the building's history will help the reviewer quickly surmise that it is indeed a contributing structure within the district.

Federal rehabilitation tax credit regulations allow for a property owner to apply for a preliminary designation as a "certified historic structure" before being listed in the National Register. The National Park Service cannot approve preliminary designation without National Register-level documentation of an historic property, according to Roger Reed, historian with the National Park Service. Similarly, says Reed, old, poorly documented nominations may require additional documentation to determine that a property in a district, or part of a multiple building individual listing, qualifies as a certified historic structure. Many documentary resources we have access to today might not have been available decades ago or new scholarship may have arisen in recent years that may shed light on new information about the building. A Part 1 application will not be approved without adequate historical documentation of the historical or architectural significance of a building, according to Reed.

### Getting Approval for Design Changes

Regardless of whether a building is individually listed or listed as part of a historic district, research may also prove critical to justify desired design changes in the proposed

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project, during the Part 2-Description of Proposed Work stage, which generally follows the Part 1. Providing research up front may allow the reviewers to arrive at a decision more quickly and avoid having a project placed on hold, which can slow the review process and delay a project.

To give an example of how a National Register nomination might not provide sufficient information, let's say that a building has an addition that is not original to the building, but the nomination does not point out when the addition was added and the owner wants to demolish the addition. The uncertainty of the date of the addition might lead to confusion in the HTC application process and the reviewer may not have the information necessary to establish whether the addition is significant to the building. Checking local repositories for maps (Sanborn Fire Insurance Maps, specifically, if possible), newspaper articles, historic photographs and building permits can pinpoint when the addition was constructed, therefore verifying its age. If the addition is less than 50 years old, demolition might be more easily approved (in order to be deemed "historic," the element generally must be at least 50 years old, per National Park Service guidelines).

When it comes to the design of a project, research can be used in an attempt to justify proposed changes to the building. Research, particularly building permits and photographs, can provide evidence of changes that have occurred over time, determining which fall within the building's period of significance or are at least 50 years old, and which are modern and therefore less significant. Let's take a commercial building that has what appear to be later windows installed, but the date of the replacement windows is unknown and the owner would like to replace the existing windows. Performing research can uncover a historic photograph of the building, showing its original windows, which look nothing like the existing replacement units. The project team can then select a new replacement window in a configuration that matches the original windows and submit that proposal as part of the Part 2 application. Providing the historic photograph with the Part 2 application will demonstrate to the reviewer that the existing windows are not historic and that the new windows are, in fact, appropriate for the building. Completing the research up front and providing the information in the HTC application can help avoid delays in the review process.

## Fourth National Bank Building, Wichita Kan.

One example of where research enabled a project of uncertain historic status to move forward with HTCs is the Fourth National Bank Building in Wichita, Kan. At the onset of the project, the building had a façade that was modern in appearance and it was believed that the building was not historic and therefore would not qualify for HTCs. The project team retained Heritage to investigate options for potentially listing the building, either individually or as part of a larger historic district. Heritage staff performed research at regional public and university libraries and historical societies to piece together the history of the building and establish changes that were made over time. It was discovered that the building was constructed as a classically inspired, six-story bank and office building in 1916. In 1923, a seventh story was added and a 25-foot wide, seven-story addition was constructed. In 1958, a seven-story, rear L-shaped addition was added to the north and a new façade was added to the existing building, designed in the Modern Movement style of architecture by an important local architect. It was also confirmed that the building served as the headquarters for Fourth National Bank from the time of its opening until 1971, thus capturing the period during which the alterations were completed. Further, it was established that the 1950s was a period of notable prosperity during Fourth National Bank's history and the bank sought to renovate the building to evoke the sense of a modern, progressive bank. With research in hand, a National Register nomination was prepared, which argued for individual listing of the building due to its importance to the developing commerce of Wichita in the mid-20th century and as an important local example of the Modern Movement style of architecture designed by a prominent local architect in the 1950s. The National Register nomination was ultimately approved, allowing the project to seek HTCs.

Now, you may be thinking, "What is all this extra research going to cost me?" or "I don't think this is worth it." First of all, hiring an historic consultant who is familiar with the HTC process and has experience researching at local repositories is your best bet in ensuring that the research will be productive and worthwhile. Second, the research can help expedite the review process, which can keep projects on schedule. No one wants to get caught in a tangle of requests for more information from a reviewer when operating on a tight construction

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Photo: Courtesy of Heritage Consulting Group

**The Fourth National Bank in Wichita, Kan., received a National Register listing after research revealed several details that contributed to its position as worthy of historic status.**

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schedule. The HTC process can be tricky, even when the owner is starting with a building that is already a certified historic structure. Research can be a valuable tool that can provide information to justify proposed design changes by determining what's modern and what's historic, and in turn expedite the review process. In short, research is worth it. ♦

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*John M. Tess is president and founder of Heritage Consulting Group, a national firm that assists property owners seeking local, state and federal historic tax incentives for the rehabilitation of historic properties. Since 1982 Heritage Consulting Group has represented historic projects totaling more than \$3 billion in rehabilitation construction. He can be reached at 503-228-0272 or [jmtess@heritage-consulting.com](mailto:jmtess@heritage-consulting.com).*

