



## HISTORIC TAX CREDIT TOOL BOX

# Finding the Significance in a Seemingly Insignificant Building

JOHN TESS, HERITAGE CONSULTING GROUP

**F**or a project to benefit from historic tax credits (HTCs), a building must be considered a “certified historic structure,” a path that isn’t always simple.

There are three ways a building can become a certified historic structure: individual listing in the National Register of Historic Places, inclusion as a contributing building within a National Register-listed historic district or contributing status with a certified local historic district.

When initiating a HTC project, the first step is generally to determine whether the building is a certified historic structure and therefore eligible for the HTC. Should it be determined that a building is not a certified historic structure, then listing the building in the National Register of Historic Places must be accomplished and, more often than not, individual designation is the best path. While individual listing of buildings is often a straightforward process when they are clearly historically or architecturally significant, other buildings are not such obvious candidates for listing. The preparer of

the National Register nomination is often challenged with finding the significance in what seems to be a relatively insignificant building.

National Register listing is not just documenting the history of a building; the building must be placed within a larger context in order to properly evaluate the building’s significance. The HTC process starts with determining National Register eligibility. There are four criteria that can be used for nominating a building to the National Register:

- Criterion A: association with events that have made a significant contribution to the broad patterns of U.S. history;
- Criterion B: association with the lives of significant persons in the past;
- Criterion C: embodies the distinctive characteristics of a type, period or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or

continued from page 1

- Criterion D: sites that have yielded or may likely yield important archaeological information (Criterion D is generally not applicable for HTC projects as it relates to archaeological resources).

It is important to give thoughtful consideration as to which criterion or criteria might be the best fit for listing, particularly with buildings that appear to be historically or architecturally marginal. A preparer must be able to weave a compelling story and place that story into a context statement, so establishing the viability of listing early in the project schedule is important as the full listing process can be lengthy, extending more than 12 months. For buildings that appear on the surface to be relatively insignificant, it is important to select the criterion or criteria that will yield the most compelling argument for listing as the bar is essentially higher for listing marginal buildings.

When considering the criteria on a basic level, an example of a building that would be eligible under

Criterion A might include a textile mill that was the backbone of a region’s economy. Under this criterion, the nomination would need to include the history of the building as well as an overview of the textile industry in that particular region, but for more marginal buildings, the nomination must go one step further to provide detailed information on how the mill operated and how it was similar or different from its competitors in order to justify its worthiness of listing.

A building that might qualify under Criterion B, could include an apartment building where an important literary figure lived while writing his/her first acclaimed novel. Such a nomination would need to summarize the biography of the author and the period of his/her life while residing in the apartment building, but for a seemingly insignificant building, the nomination must also offer an analysis of why this particular period was significant in the author’s body of work and how the nominated property played a role in the author’s success.

continued on page 3

*Image: Courtesy of*

**In 2011, GDC Properties purchased the former Orlando Utilities Commission (OUC) Administration Building in anticipation of a rehabilitation of the building into an Aloft Hotel.**



continued from page 2

An example of a building nominated under Criterion C could be a downtown commercial building designed by an important local architect. That nomination would need to provide biographical information on the architect and must establish the importance of the commission within the architect's body of work, and for more marginal buildings, there should be consensus in the architectural community that the subject building was one of the architect's more important works.

Nominations of buildings that are marginal and seemingly insignificant must contain a more rigorous argument with sufficient context to make a convincing case for listing. Often, more extensive research may be necessary to establish a viable path for listing. A building may initially appear significant for one reason but ultimately significance may be derived from a different aspect of its history. It may behoove a consultant to engage the State Historic Preservation Office National Register staff early in the process to avoid going too far down the path under one criterion only to have to switch gears to create an entirely different argument for listing. A flexible approach is necessary for buildings that are more marginal.

### **Case Study: Orlando Utilities Commission Administration Building**

In 2011, GDC Properties purchased the former Orlando Utilities Commission (OUC) Administration Building in anticipation of a rehabilitation of the building into an Aloft Hotel. In order to qualify for HTCs, successful listing of the building in the National Register was required. At the time, the building was only 44 years old, having been built in 1967, and thus did not meet the National Register 50-year guideline for listing. While buildings can be listed that are not yet 50, the bar is much higher and a case for exceptional significance must be made.

At the onset, not much was known about the history of the building, other than that it served as the administration

building for the OUC, the municipal electric and water utility company serving the city of Orlando, Fla. Extensive research was required in order to piece together the history and determine whether there was a compelling story. Initially, it was thought that listing under Criterion C, in the area of architecture, might be plausible, but while the original architect was locally prominent and the building represented the Modern Movement architectural style, a case for exceptional significance did not appear within reach. At that point, research efforts shifted to focus on the utility company and the role that this building played in the overall corporate function. This revised focus aimed to list the building under Criterion A, in the area of Commerce, as the corporate headquarters of Orlando's quasi-public utility commission.

For many projects, local historical societies and libraries can be fruitful repositories, providing extensive source material that can be useful in compiling a building's history and understanding its context. Such was not the case with the OUC building, which was largely overlooked in local histories and architectural surveys. It was realized that the company itself would likely yield the most relevant information. Representatives from the Orlando Utilities Commission were contacted and graciously assisted in providing relevant background information such as annual reports, anniversary booklets and even an official history publication that was distributed exclusively to OUC employees. With this information in hand, a comprehensive history was compiled that demonstrated that the OUC Administration Building, which was built to house customer service, engineering and executive functions, was in fact exceptionally significant, fostering the company's growth and by extension, the city's growth.

The argument presented in the National Register nomination hinged on the fact that the building represented the symbiotic relationship between the midcentury period of expansion of the city and the reliance on the ability of the utility to expand to facilitate

continued on page 4

continued from page 3

that growth. In short, Orlando's rapid expansion in the 1950s and 1960s, which included the construction of large new offices and plants, the announcement of plans to construct Disney World and related infrastructure improvements, required significant extension of water and electrical transmission lines, the magnitude of which required a massive expansion of the OUC. Before the 1967 construction of the OUC Administration Building, the utilities' offices were in cramped quarters in City Hall. Concurrent with the midcentury period of expansion, the OUC was converting to a massive mainframe computer system and their existing offices could not accommodate the new equipment. It was evident that construction of a new headquarters building would be necessary to meet the demands of the inevitable growth of Orlando.

The National Register nomination for the property concluded that the explosive period of growth of the city during this period was reliant on the expansion of utilities and the construction of the OUC Administration Building played a key role in enabling this growth. Listing in the National Register, in spite of the building's recent age, was successful and the owner was able to pursue HTCs, despite the roadblocks on the front end. Because options for listing early in the process were established, delays were avoided, leading to a successful result.

### Conclusion

Creating an argument for listing should be a strategic endeavor, especially when the building is seemingly insignificant. Engaging the reviewers early is also important for marginal buildings to avoid significant delays in the listing process. ❖

---

*This article first appeared in the May 2016 issue of the Novogradac Journal of Tax Credits.*

© Novogradac & Company LLP 2016 - All Rights Reserved

*Notice pursuant to IRS regulations: Any U.S. federal tax advice contained in this article is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties under the Internal Revenue Code; nor is any such advice intended to be used to support the promotion or marketing of a transaction. Any advice expressed in this article is limited to the federal tax issues addressed in it. Additional issues June exist outside the limited scope of any advice provided – any such advice does not consider or provide a conclusion with respect to any additional issues. Taxpayers contemplating undertaking a transaction should seek advice based on their particular circumstances.*

*This editorial material is for informational purposes only and should not be construed otherwise. Advice and interpretation regarding property compliance or any other material covered in this article can only be obtained from your tax advisor. For further information visit [www.novoco.com](http://www.novoco.com).*

## EDITORIAL BOARD

PUBLISHER

Michael J. Novogradac, CPA

EDITORIAL DIRECTOR

Alex Ruiz

TECHNICAL EDITORS

Michael G. Morrison, CPA

James R. Kroger, CPA

Owen P. Gray, CPA

Thomas Boccia, CPA

Daniel J. Smith, CPA

## COPY

ASSIGNMENT EDITOR

Brad Stanhope

SENIOR WRITER

Teresa Garcia

STAFF WRITER

Mark O'Meara

CONTENT MANAGEMENT ASSOCIATE

Elizabeth Orfin

CONTRIBUTING WRITERS

Peter Lawrence

Casey Lyn Little

Melissa Ly

Thomas Stagg

John Tess

## ART

CARTOGRAPHER

David R. Grubman

PRODUCTION

Alexandra Louie

James Matuszak

Jesse Barredo

## CONTACT

CORRESPONDENCE AND EDITORIAL SUBMISSIONS

Alex Ruiz

alex.ruiz@novoco.com

415.356.8088

ADVERTISING INQUIRIES

Carol Hough

carol.hough@novoco.com

415.356.8040

EDITORIAL MATERIAL IN THIS PUBLICATION IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED OTHERWISE.

ADVICE AND INTERPRETATION REGARDING THE LOW-INCOME HOUSING TAX CREDIT OR ANY OTHER MATERIAL COVERED IN THIS PUBLICATION CAN ONLY BE OBTAINED FROM YOUR TAX ADVISOR.

## ADVISORY BOARD

### LOW-INCOME HOUSING TAX CREDITS

Bud Clarke

BOSTON FINANCIAL INVESTMENT MANAGEMENT

Jana Cohen Barbe

DENTONS

Tom Dixon

BOSTON CAPITAL

Rick Edson

HOUSING CAPITAL ADVISORS INC.

Richard Gerwitz

CITI COMMUNITY CAPITAL

Rochelle Lento

DYKEMA GOSSETT PLLC

John Lisella

U.S. BANCORP COMMUNITY DEV. CORP.

Philip Melton

BELLWETHER ENTERPRISE

Thomas Morton

PILLSBURY WINTHROP SHAW PITTMAN LLP

Mary Tingerthal

MINNESOTA HOUSING FINANCE AGENCY

Rob Wasserman

U.S. BANCORP COMMUNITY DEV. CORP.

### PROPERTY COMPLIANCE

Michael Kotin

KAY KAY REALTY

Michael Snowdon

HIGHRIDGE COSTA HOUSING PARTNERS

Gianna Solari

SOLARI ENTERPRISES INC.

Kimberly Taylor

HOUSING DEVELOPMENT CENTER

### HOUSING AND URBAN DEVELOPMENT

Flynnan Janisse

RAINBOW HOUSING

Ray Landry

DAVIS-PENN MORTGAGE CO.

Denise Muha

NATIONAL LEASED HOUSING ASSOCIATION

Monica Sussman

NIXON PEABODY LLP

### NEW MARKETS TAX CREDITS

Frank Altman

COMMUNITY REINVESTMENT FUND

Merrill Hoopengardner

NATIONAL TRUST COMMUNITY INVESTMENT CORP.

Scott Lindquist

DENTONS

Matthew Philpott

U.S. BANCORP COMMUNITY DEV. CORP.

Matthew Reilein

JPMORGAN CHASE BANK NA

Ruth Sparrow

FUTURES UNLIMITED LAW PC

Elaine DiPietro

ENTERPRISE COMMUNITY INVESTMENT INC.

### HISTORIC TAX CREDITS

Jason Korb

CAPSTONE COMMUNITIES

John Leith-Tetrault

NATIONAL TRUST COMM. INVESTMENT CORP.

Bill MacRostie

MACROSTIE HISTORIC ADVISORS LLC

John Tess

HERITAGE CONSULTING GROUP

### RENEWABLE ENERGY TAX CREDITS

Bill Bush

BORREGO SOLAR

Ben Cook

SOLARCITY CORPORATION

Jim Howard

DUDLEY VENTURES

Forrest Milder

NIXON PEABODY LLP

© Novogradac & Company LLP

2016 All rights reserved.

ISSN 2152-646X

Reproduction of this publication in whole or in part in any form without written permission from the publisher is prohibited by law.