



Preservation North Carolina

*Protecting the Irreplaceable™
in North Carolina since 1939*

220 Fayetteville Street Mall, Suite 200

P. O. Box 27644, Raleigh, NC 27611-7644

919/832-3652 • fax 919/832-1651 • info@presnc.org

www.PreservationNC.org

Basic Steps in the Preservation Process

- Finding and describing the resource
- Evaluation and registration
- Protective strategies

Public vs. Private: General Roles

Public Agencies

- Identification of historic resources
- Evaluation and Registration
- Protection of historic resources, especially at local level or when public funds are involved

Private Nonprofits (NGOs)

- Private protection of historic resources
- Advocacy
- Public education

Public vs. Private: Federal

Public Agencies

- National Park Service
- Advisory Council on Historic Preservation

Private Nonprofits (NGOs)

- National Trust for Historic Preservation
- Preservation Action

Public vs. Private: State and Local

Public Agencies

- State Historic Preservation Offices (NCHPO)
- Local Preservation Commissions

Private Nonprofits (NGOs)

- Statewide Preservation Organizations (Preservation NC)
- Local Preservation Organizations

National Register of Historic Places

National Park Service (Department of the Interior)

State Historic Preservation Offices

Certified Local Governments

Advisory Council on Historic Preservation

NR Criteria for Evaluation

- The quality of *significance* in American history, architecture, archeology, engineering, and culture is present in districts, sites, buildings, structures, and objects that possess *integrity* of location, design, setting, materials, workmanship, feeling, and association, *and*:

NR Criteria for Evaluation (cont.)

- A. That are associated with *events* that have made a significant contribution to the broad patterns of our history; or
- B. That are associated with the *lives of persons* significant in our past; or
- C. That embody 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
- D. That have yielded or may be likely to yield, *information* important in prehistory or history.

Critical Considerations

Ordinarily cemeteries, birthplaces, graves of historical figures, properties owned by religious institutions or used for religious purposes, structures that have been moved from their original locations, reconstructed historic buildings, properties primarily commemorative in nature, and properties that have achieved significance within the past 50 years shall *not* be considered eligible for the National Register.

News

Wednesday, January 25, 2006

Historic box? Plain can be significant, too

By Jim Schlosser
Staff Writer

GREENSBORO -- In 1966, sidewalk superintendents cursed as ugly and uninviting, the new Wachovia Building downtown at North Elm Street and Friendly Avenue.

Jokes circulated that the unadorned 16-story glass and metal rectangular high-rise was the box that the nearby Jefferson Standard Building came in, although the Jefferson is much older.

Despite the brickbats hurled at the brickless Wachovia, honors may be forthcoming.

The Greensboro Historic Preservation Commission is expected today to endorse the building's nomination for the National Register of Historic Places. The City Council will later be asked to give its blessing.

The nomination would then go Feb. 9 to an 11-member state national register advisory panel in Raleigh. If approved, it then will go to Washington where formal approval is expected.

Ann Swallow, the state national register coordinator, said her staff will recommend approval of the Wachovia as a prime example of a corporate modern skyscraper.



Impact of National Register Listing

- **Consideration and Protection in Public Planning:**
 - Section 106, National Historic Preservation Act of 1966
 - Applies to properties on or eligible for the NRHP
 - Determination of adverse effect
 - Mediation between agencies
 - Memo of Agreement
 - Full council hearing
 - NC General Statute 121-12a

Section 4(f), Department of Transportation Act of 1966

- “the strongest federal preservation law on the books”
- transportation projects must avoid historic sites (whether or not on NRHP) unless there is "no feasible and prudent alternative"
- 4(f) requires "all possible planning to minimize harm" to historic places

Local Designation

Districts and/or Landmarks

- Creation of local preservation/district/landmark commission by local governing body
- Part of local zoning mechanism

Local Commissions

Main tools:

- Design review
- Demolition delay/prohibition

Commission acting in quasi-judicial capacity

Local Districts vs. Local Landmarks

Districts

- Design Review
- Demolition Control

Landmarks

- Design Review
- Demolition Control
- *Local property tax incentives (NC: 50% tax deferral)*

Local Districts vs. National Register Districts

Local

- Design review
- Demolition control
- Zoning (Overlay or Separate Use)

National Register

- Tax Credits
- Environmental review (on or eligible)
- Owner consent to listing

Impact of National Register Listing

- **Incentives for the Preservation of National Register Properties:**
 - Tax credits – Federal and State
 - Easement deductions
 - Local incentives
 - Grants and loans: “A limited program of matching grants for the rehabilitation of National Register properties, including those that are privately owned, was authorized...but has not been funded to a significant degree since the early 1980s. A loan program authorized...has never been funded.” - NCHPO website

Federal Tax Incentives for Historic Rehabilitation

- First enacted in 1976 as accelerated depreciation to level the playing field with new construction
- Changed to tax credits in 1981
- Modified in 1986 Tax Reform Act

20% Federal Tax Credits

- 20% credit on Qualified Rehab Expenditures
 - Certified historic property
 - NRHP, individually
 - Contributing to NRHP district
 - Contributing to certified local district
 - Certified rehab
 - Follows the Secretary of the Interior's Standards for Rehabilitation
 - Income-producing

Federal Tax Credit Limitations

- Substantial rehab requirement
 - Rehab expenses must exceed basis
 - Basis = Purchase price less land value [plus previous improvements less depreciation]
- Income limitations
- Passive income limitations
- 5-year recapture
- Credits do not apply to additions, site improvements, purchase

NC Tax Credits – Income-Producing Properties

- 20% piggyback on Federal credit
- Spread over 5 years, up to 10 years

NC Tax Credits – Non-Income Producing Properties

- 30% non-income producing
- National Register or contributing to NR district
- certified rehab, application in advance
- spread over 5 years, up to 10 years
- Rehab must exceed \$25,000 in 24 months

Number of NC Rehabilitation Tax Credit Projects

David Christenbury, Restoration Branch, North Carolina State Historic Preservation Office

*The state tax credit program for nonincome-producing structures began on January 1, 1998.

The state tax credit for income-producing structures increased from 5% to 20% effective January 1, 1998.



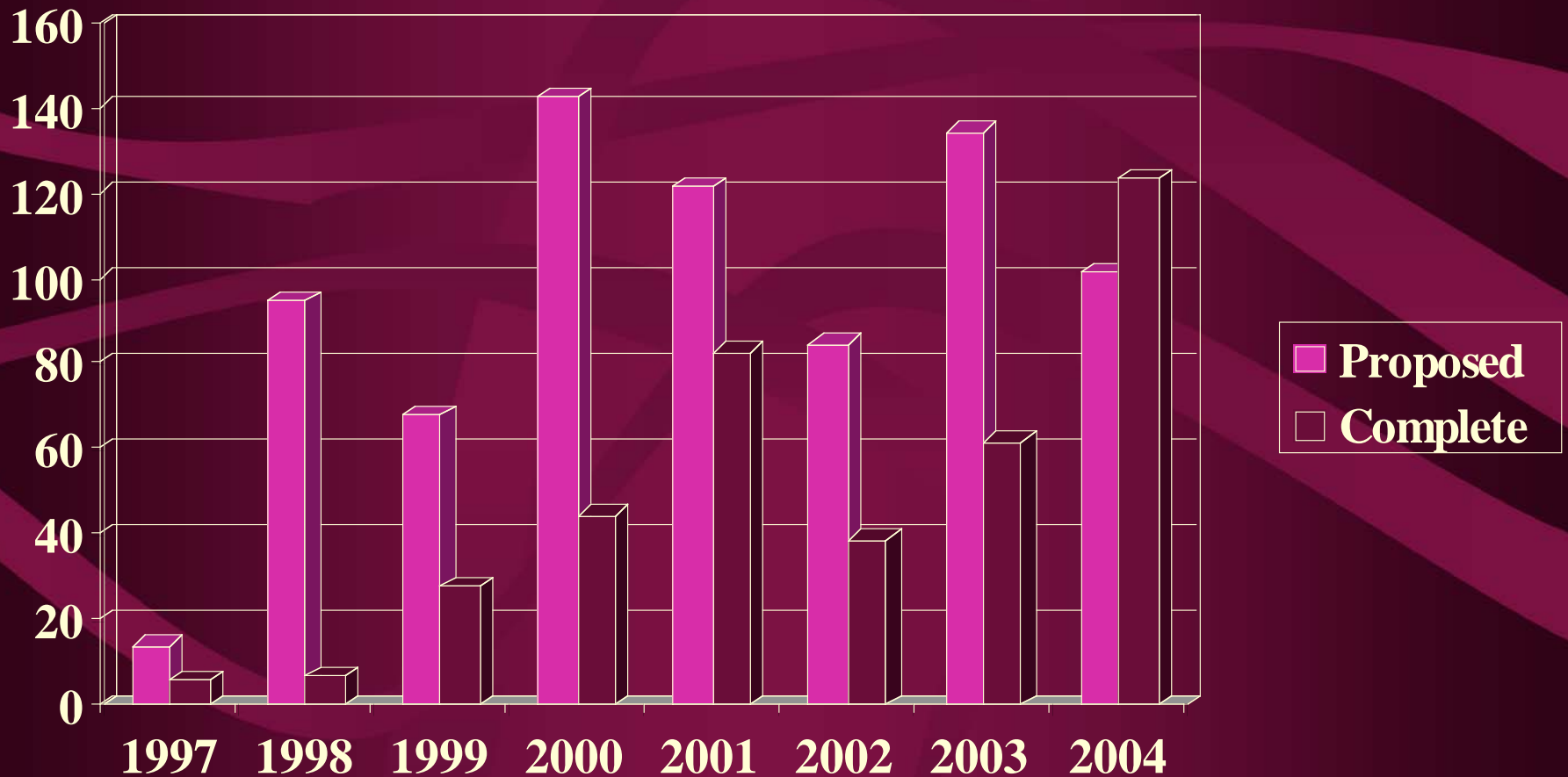
Income-producing & Nonincome-producing Rehabilitation Expenditures

David Christenbury, Restoration Branch, North Carolina State Historic Preservation Office

*The state tax credit program for nonincome-producing structures began on January 1, 1998.

The state tax credit for income-producing structures increased from 5% to 20% effective January 1, 1998.

In millions of dollars



Preservation Easements

A legal agreement between a property owner and a qualified preservation organization or public agency, in which:

- The property owner (the grantor/donor) promises to protect the property's historic integrity, without inappropriate alterations, additions or demolition and,

Preservation Easements

- The organization or public agency (the recipient/donor) is granted the right to enforce the covenants of the easement and to monitor the property.
- The owner retains the right and duty to manage and care for the property, pays taxes on it, and can live in the house just as before and may sell or lease it or pass it on to heirs.

Easements vs. Covenants

- Covenants are attached to deed during a property transfer.
- An easement is a legal agreement entered into by the current owner; no transfer of the property is required.
- Easements may be bought, sold, or donated.

Easement is tax deductible if:

- Property is on National Register by tax return filing – or has conservation values
- Appropriate easement holder (501(c)(3), preservation or conservation mission)
- In perpetuity
- Required language (extinguishment, subordination, insurance)

Value of easement:

The value of the deduction is the difference between an appraisal of the property with restrictions and an appraisal without restrictions.

Assume \$350,000 without restrictions and \$300,000 with restrictions. Value of deduction = \$50,000.

Useful Situations

- Small building downtown
- Suburban tract
- Property with high development value
- Combining preservation/conservation values
- Mitigation in Section 106 cases

Potential Benefits For Property Owners

- Possible income tax deduction
- Possible estate tax savings
- Possible property tax savings
- Reduction of basis
- Peace of mind

The North Carolina Rehab Code



NC Rehab Code

What is the Rehab Code?

- **First building code in the state written expressly for existing buildings**
- **Code requirements, tailor-made for existing buildings**
- **Establishes a common sense approach to rehab problems**

NC Rehab Code

A New Approach

- **Building codes typically oriented to new construction**
- **Applying code requirements for new buildings to “*old*” buildings often creates major problem for builders and developers**

NC Rehab Code

Benefits of the Rehab Code

- **Ensures safe buildings**
- **Encourages upgrading**
- **Codes tailor-made for existing buildings**
- **Applies common-sense standards to renovations**
- **Encourages reinvestment in existing buildings and neighborhoods**
- **Promotes “smart growth”**
- **Simplifies building code enforcement**



Preservation North Carolina

*Protecting the Irreplaceable™
in North Carolina since 1939*

220 Fayetteville Street Mall, Suite 200

P. O. Box 27644, Raleigh, NC 27611-7644

919/832-3652 • fax 919/832-1651 • info@presnc.org

www.PreservationNC.org