



1265 W. 6th Street
Cleveland Ohio 44113

Historic Tax Credits & Historic Building Rehabilitation

**BOMA Mega Education Day
March 21, 2019**

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Sandvick Architects Inc.**

Issues, Tools & Solutions

- 1. Historic Tax Credit Application Process**
- 2. Distressed Conditions**
- 3. Adaptive Re-use Code: Chapter 34**
- 4. New Uses in Old Spaces**
- 5. Multiple Building Advantages**
- 6. Transparency Through Multiple Spaces**
- 7. Atriums**
- 8. The Historic Market Advantage**

Historic Tax Credit Requirements and Process

Federal Historic Tax Credit Program Basics

- **Federal program of the National Park Service**
- **Administered at the state level by each State Historic Preservation Office (SHPO)**
- **In Ohio, the program is administered by the Ohio Historic Preservation Office (OHPO)**
- **To qualify for the program, a building must be listed on the National Register of Historic Places, either individually or as a contributing resource in a historic district**

National Register of Historic Places Eligibility

- **Properties can be buildings, structures, sites, objects or districts**
- **Typically must be at least 50 years old**
- **Must retain historic integrity**
- **Must meet at least one of four criteria for historical significance:**
 - **Association with broad patterns of history**
 - **Association with lives of persons significant in our past**
 - **Architectural merit**
 - **Potential to yield information important in history or prehistory (archeology)**

Federal Historic Tax Credit Project Requirements

- **Federal Tax Credit equal to 20% of qualified rehabilitation expenditures (QRE's) – taken in 5 annual installments of 4% each**
- **Property must be income-producing**
- **Rehabilitation must be substantial**
- **Must conform with Secretary of the Interior's Standards for Rehabilitation – subject to review and approval of OHPO and NPS**
- **Must retain ownership for 5 years following completion of rehabilitation (no condos)**
- **Awarded to all qualifying projects – no limitations**

Federal Historic Tax Credit Application Process

- **Part 1 – Determines/confirms the property is a Certified Historic Structure (NR listing)**
- **Part 2 – Documents the architecturally significant features and materials of the building, the existing physical conditions, and the rehabilitation work being proposed**
- **Part 3 – Documents the completed rehabilitation work, showing retention of the architecturally significant features/materials, and completion of the rehab work as proposed in the Part 2**

Secretary of the Interior's Standards for Rehabilitation

- **Ten Broad Design & Preservation Standards**
 - **Basis of all historic design reviews**
- **Retain Character-Defining Historic Features**
 - **Identify and preserve building's special qualities**
- **Repair Before Replace**
 - **Maximize retention of historic fabric**
- **Do No Harm**
 - **Avoid treatments that damage historic materials**
- **Differentiate New Work**
 - **No false history**

25% Ohio Historic Preservation Tax Credit (OHPTC)

- **Application Process**
 - **Two Application Rounds/Year: \$60M in Credits Awarded Annually (\$30M per Round)**
 - **\$5M Maximum Award Per Building/Project**
 - **Only Fee Simple Owner or Long-Term Lessee Can Apply**
- **Historic Requirements**
 - **NRHP or Local Designation in Place**
 - **SHPO Must Review and Approve Part 2 HPCA**

25% Ohio Historic Preservation Tax Credit (OHPTC)

- **Application Scoring**
 - **100-Point Scoring Across Twelve Categories, Based on Location, Impact and Readiness**
 - **Small Pool – Project Costs Under \$1M – Typically Must Score Over 65 Points**
 - **Intermediate Pool – Project Costs \$1M-\$8M – Typically Must Score Over 80 Points**
 - **General Pool – Project Costs Over \$8M – Typically Must Score Over 85 Points**

Distressed Conditions

A building that appears to be beyond hope often has the dramatic potential for viable new life.

Notre Dame Academy



Notre Dame Academy



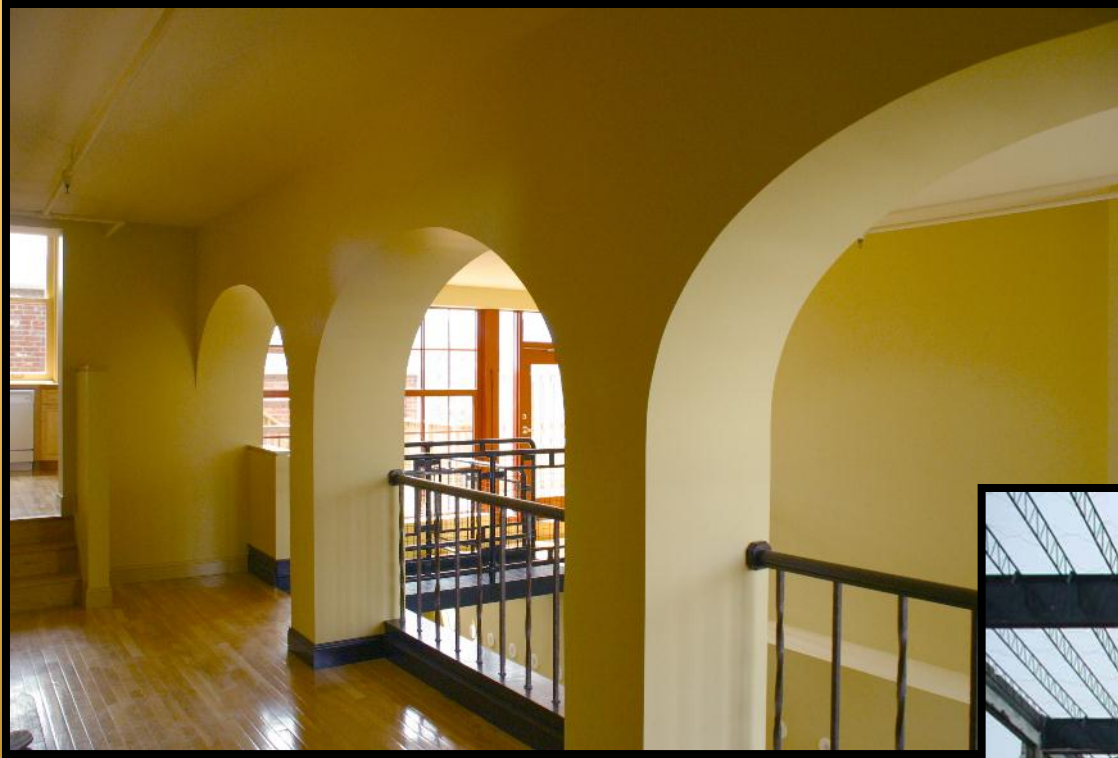
Notre Dame Academy



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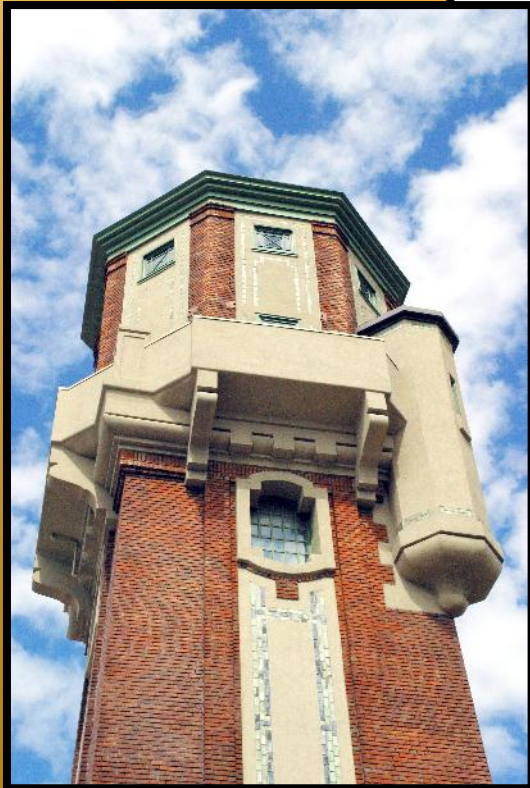
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Adaptive Re-use Code: Chapter 34

Code Compliance Alternatives: IBC Section 3412

Definition:

“The Compliance Alternatives” is a section added to the Building Code in 1984 that deals with Repairs, Alterations, Additions, and Change of Occupancy of Existing Buildings. Generally, building code requirements are formulated for new construction. However, to update an existing or historic building to the current code becomes cost prohibitive. To make the rehabilitation process easier, the compliance alternatives section allows for a controlled departure from full code compliance in existing buildings without compromising the safety of the building. It is also a straightforward method used to evaluate existing buildings. The compliance alternatives are often used with the rehabilitation

Code Compliance

Alternatives: IBC Section 3412

Jurisdiction:

In Ohio, the intent of this section is to set forth criteria for rehabilitating existing buildings constructed prior to July 1, 1979. Other jurisdictions will have different criteria for which buildings the compliance alternatives can be applied to. The codes currently used in most jurisdictions are based upon the International Building Code (IBC) that was released in 2009.

Provisions:

A complete structural analysis of the building must be made by a registered Architect or Engineer to determine the adequacy of all structural systems for the proposed alteration, addition or change of occupancy. A separate safety evaluation must also be completed based on the three categories of Fire Safety, General Safety, and Means of Egress. The evaluation is a point system that specifically rates items listed below.

Code Compliance

Alternatives: IBC Section 3412

Ratings Categories:

- Building height and area
- Compartmentation
- Tenant unit separation
- Dwelling unit separation
- Corridor walls
- Vertical openings
- HVAC systems
- Automatic fire detection
- Fire alarm system
- Smoke control
- Means of egress
- Dead ends
- Maximum travel distance
- Elevator control
- Means of egress
- Emergency lighting
- Mixed use groups
- Sprinklers
- Specific occupancy areas

Code Compliance Alternatives: IBC Section 3412

Scoring:

Mandatory point values are set by the Compliance Alternatives code for each safety category for the proposed new use. The building is given a score for each of the items. If the building meets or exceeds the mandatory safety values it is considered compliant. If the building fails to meet the safety criteria, the design for the renovation is adjusted until compliance is achieved.

Code Compliance Alternatives: IBC Section 3412

“Why should I know about compliance alternatives?”

- 1. The compliance alternatives are a creative, flexible method to achieve fire safety, emergency egress and life safety for existing buildings without strict adherence to building codes applicable to new construction.**
- 2. Gives credit to existing buildings' inherent life safety, emergency egress and fire safety benefits.**
- 3. Provides a method to accomplish compliance with the Code for existing buildings that exceed allowable height and area requirements.**
- 4. Provides the opportunity to utilize and save elements of a building that would otherwise be lost or severely altered under conventional code requirements such as stairs, exposed structural elements, atriums, and other decorative details.**

Code Compliance Alternatives: IBC Section 3412

“Why should I know about compliance alternatives?”

5. Was designed to provide greater levels of safety for life and property than is provided for new buildings by the “regular” code.

6. Is especially advantageous for many Historic Preservation Projects. Substantial rehabilitation cost is saved because existing elements are utilized.

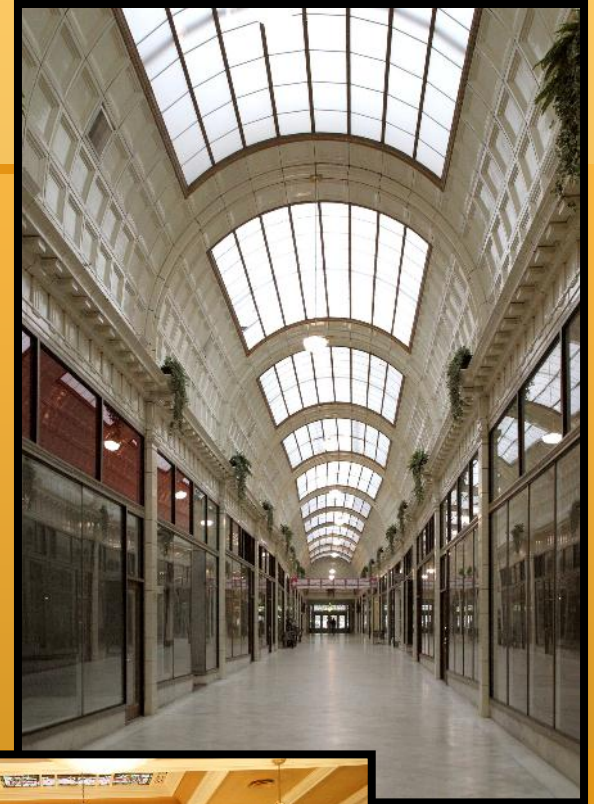
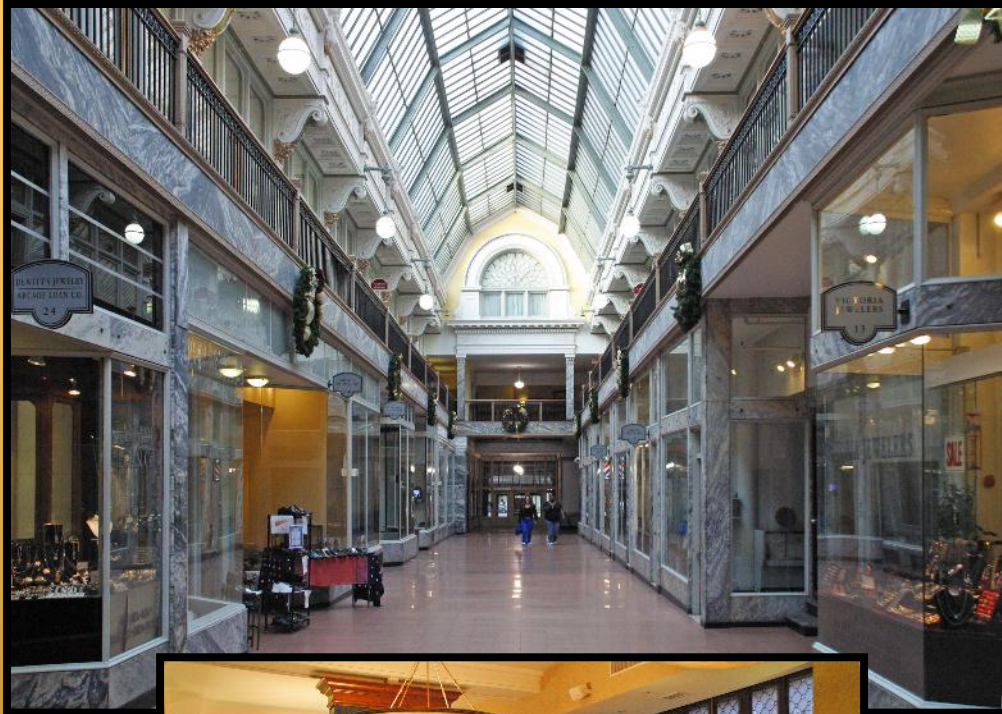
7. Is best utilized as an interactive process with design. Careful code analysis and design in combination by professionals who are experienced in this methodology are critical to functional, cost effective solutions to meet both safety needs and owners program objectives.

New Uses in Old Spaces

The Bingham



Colonial & Euclid Arcades



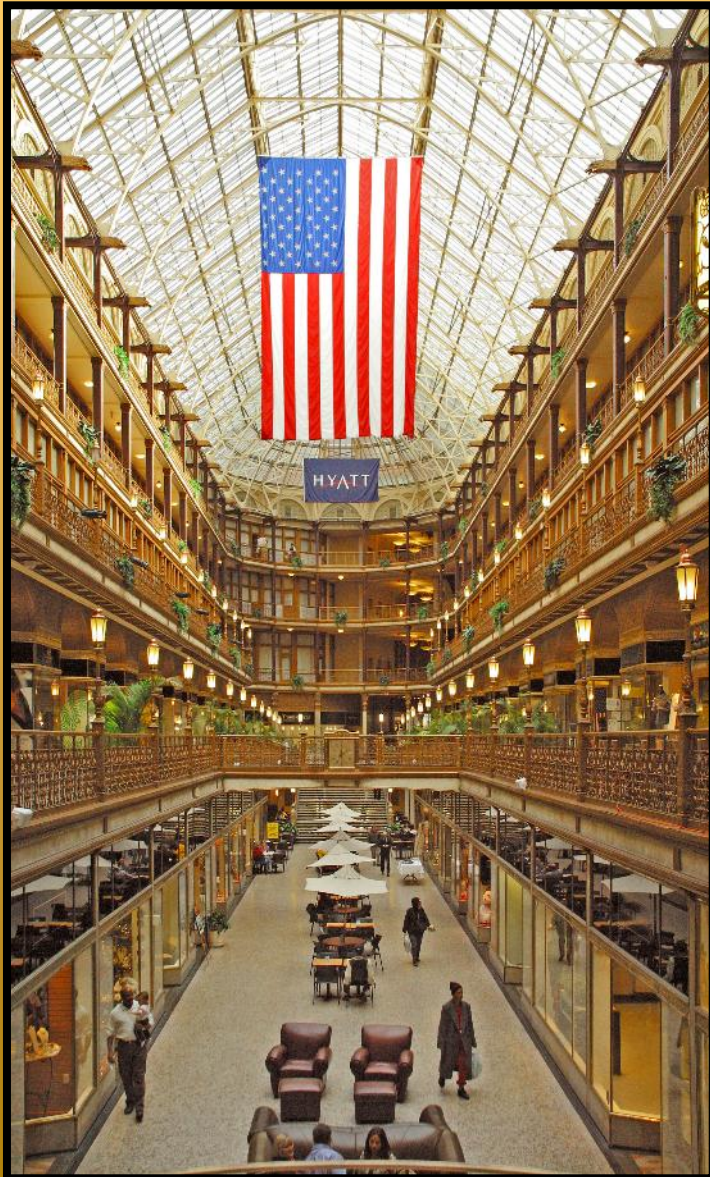
Fenn Tower



Heinz Lofts



The Arcade



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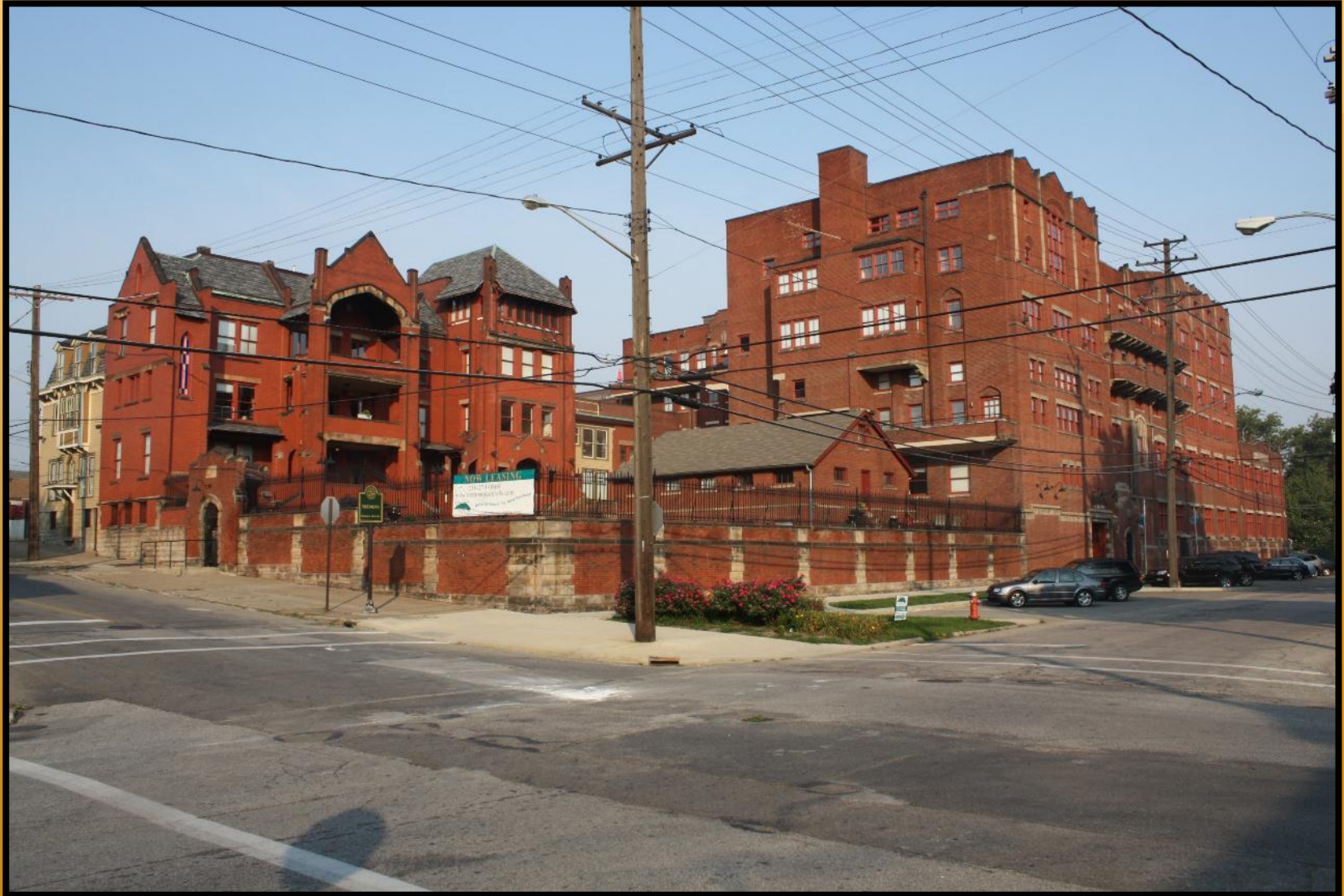


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Multiple Building Advantages

Union Gospel Press



John Hartness Brown Bldg



Akron Civic Block



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Transparency Through Multiple Spaces

425 Lakeside



Marshall Building



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Atriums

Bridgeview



Block Building



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Historic Market Advantage

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