

THE HISTORIC TAX CREDIT: BUILDING THE FUTURE IN LOUISIANA

PREPARED FOR THE LOUISIANA
OFFICE OF CULTURAL DEVELOPMENT,
DEPARTMENT OF CULTURE,
RECREATION & TOURISM

2017
BY PLACEECONOMICS, WASHINGTON D.C.

Office of the Lieutenant Governor
State of Louisiana

BILLY NUNGESSER
LIEUTENANT GOVERNOR



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Dear Stakeholder:

No state in America is more distinctive than Louisiana. From our history and architecture to our culture, cuisine, and music, there is no state as original or unique as the Pelican State.

One of the most effective tools we have to build that future is the Louisiana Historic Tax Credit. In the last decade more than \$2.2 billion dollars have been invested in commercial properties throughout the state using that tool. These were not investments in the past; these were investments in Louisiana's future – creating housing, offices, arts and entertainment facilities, restaurants, stores, and more.

In recent years excellent analyses have been conducted to measure the powerful economic impact of the tax credit in creating jobs, generating tax revenues, and putting long-vacant buildings back to use. Highlights of those earlier findings are summarized in the pages that follow. But since becoming Lieutenant Governor, in my discussions with Legislators, members of the Executive Branch, and Louisiana citizens, I have been asked two questions about the Historic Tax Credit, usually phrased like this: "We know that the tax credit spurs the reinvestment in a historic building, but what happens next door or across the street? What is the catalytic impact that the historic tax credit has?" and "It's not just about the numbers. Who are the people who are using the credit and changing their communities?"

We commissioned this study to help answer those questions. Although we intuitively knew that the tax credit was effective, even those of us who have been supporters of the program were surprised by the breadth and depth of the impacts. In town after town, one historic rehabilitation project spurred additional investment...sometimes in other historic buildings, sometimes in new construction. Investment that was made possible through the tax credits increased property values down the street. Restored historic buildings have become home to a whole range of creative businesses and engaged millennials as activists in planning their communities' futures. The use of the state tax credit spurs a greater use of the Federal Historic Tax Credit, which ultimately keeps money in Louisiana that otherwise would have gone to Washington.

We are in challenging fiscal times in Louisiana and we need to address those issues. What we have learned from this report is that far from being a drain on the short-term budget, the historic tax credit pays long-term dividends, not just in paychecks and tax revenues, but in people, in culture, and in community. The reuse of these historic buildings today is literally building the foundation for a more prosperous Louisiana tomorrow.

Sincerely,

A handwritten signature in blue ink that reads "Billy Nungesser".

Billy Nungesser
Lieutenant Governor

WHN/lis



KEY FINDINGS

This study examined the catalytic role of historic preservation projects in Louisiana, and focused on projects completed over the past ten years (2007-2016) that used historic tax credits. Included in the analysis were building rehabilitations that used the State Commercial Historic Tax Credit, the Federal Rehabilitation Tax Credit, or both.

The results are:

- **24 of Louisiana's 64 parishes** have seen buildings rehabilitated through tax credits
- **821 rehabilitation projects** have been completed using the State Commercial Tax Credit
- Nearly **\$2.7 billion dollars** have been invested in Louisiana's historic buildings because of these tax credit programs
- Each year, on average, these rehabilitation projects generated 1,725 direct jobs and an additional 1,429 indirect and induced jobs
- The resulting paychecks from those jobs represented, on average, \$102,744,000 each year in direct labor income and \$62,667,000 in indirect and induced labor income
- 61% of the \$2.7 billion in total investment went to historic rehabilitation projects that used both the state and federal historic tax credits; 21% was invested in projects using only the state commercial credit and the remaining 18% used only the federal credit
- **Every \$1 that the State of Louisiana provides in commercial historic tax credits spurs \$8.76 in additional economic activity**
- Fully half of all projects receiving the credit were smaller than \$500,000 in total costs, demonstrating that **the historic tax credit is fundamentally a small business incentive**
- The tax credit is only awarded after the project is complete, but taxes are collected as the work progresses. As a result, for **every \$1 of tax credit awarded, the Louisiana Treasury receives \$.42 back before a developer or property owner can even use the credit**
- An estimated **\$1,273,000,000 in investment using the federal historic tax credit** – nearly 60% of the total – would not have taken place were it not for the State Commercial Tax Credit. Had this investment not been made, each of the last ten years would, on average, have seen:
 - 1,497 fewer jobs
 - \$78,518,000 less in labor income
 - \$10,735,000 less in state tax collections

Additionally, this study focused in on six case study cities: Baton Rouge, Monroe, New Iberia, New Orleans, Shreveport, and Slidell. From these case studies we learned:

- In Baton Rouge, there has been a domino effect of one small historic rehabilitation project leading to others, represented by a dramatic increase in building permits
- In Monroe, even properties near historic rehabilitation projects have seen an increase in value of more than 20%
- In New Iberia, there has been a steady increase of investment in buildings near historic renovation projects
- In New Orleans, the redevelopment of an automobile showroom into a grocery store using the State Commercial Tax Credit has catalyzed nearly \$140 million in private sector development
- In Shreveport, the redevelopment of historic buildings into housing has led to an increase of more than 90% in their downtown's population
- In Slidell, the redevelopment of small historic buildings in Olde Town has spawned new businesses and new jobs

But beyond the numbers, Louisiana citizens are using the State Commercial Tax Credit. These include developers and property owners, of course, but also small business owners and architects, millennials and baby boomers, residential tenants and artists, and local governments and downtown associations.

In challenging economic times, it is appropriate that governments at all levels review the programs and policies that have fiscal impacts. Virtually every preservation advocate interviewed during the preparation of this study welcomed the review of the State Commercial Tax Credit because they saw what it has done for their communities.



BATON ROUGE, LA
Photo: PlaceEconomics

LOUISIANA'S HISTORIC TAX CREDIT

[I]t is...the public policy and in the public interest of this state to engage in a comprehensive program of historic preservation, undertaken at all levels of the government of this state and its political subdivisions, along with the private sector.

Louisiana has long understood the economic, social, cultural, and environmental importance of its historic resources. The Louisiana Legislature has formally recognized this importance by enacting into state statute the obligation to conserve those resources as a public policy priority (see sidebar).

In 2002, to meet their responsibility toward those historic resources, the Legislature created an extraordinarily potent tool to attract private investment into these buildings that represent a public good. The State Commercial Tax Credit is one of the most effective programs of its kind in the United States.

While Louisiana has both residential and commercial state tax credit programs, **this study concentrated on the State Commercial Tax Credit** as well as the federal tax credits used over the last decade. **Since 2007, the state commercial and federal tax credit programs have spurred nearly \$2.7 Billion of investment in Louisiana's heritage.**

HOW THE HISTORIC TAX CREDITS WORK

A tax credit is a dollar-for-dollar offset of income taxes that would otherwise have to be paid. Louisiana's commercial historic tax credit is 25% of the qualifying rehabilitation expenditures.

In simplified terms, if a building owner invests \$100,000 in the appropriate rehabilitation of her historic building and uses the State Commercial Tax Credit, she will receive a \$25,000 credit against her state income tax liability.

Some 35 other states also have historic tax credits, but the vast majority of them are simply a state version of the federal historic tax credit. The Legislature in Baton Rouge wanted to create a state tax credit that reflected the particular needs and challenges in Louisiana. Thus, the State Commercial Tax Credit program was created that differs in important ways from the federal tax credit. The most important of these differences are:

The legislature of this state has determined that the historical, architectural, and cultural heritage of this state is among the most important environmental assets of this state and furthermore that the rapid social and economic development of contemporary society threatens to destroy the remaining vestiges of this heritage, and it is thus hereby declared to be the public policy and in the public interest of this state to engage in a comprehensive program of historic preservation, undertaken at all levels of the government of this state and its political subdivisions, along with the private sector, to promote the use and conservation of such property for the education, inspiration, pleasure, and enrichment of the citizens of this state.

Acts 1974, No. 273, §1. Amended by Acts 1975, No. 592, §1, eff. Aug. 1, 1975.

1) While the eligibility for the federal tax credit is for a property that is individually listed on the National Register of Historic Places or is a contributing building in a National Register Historic District, the Louisiana state tax credit is available to historic buildings (generally those greater than 50 years old) that are located in either a Downtown Development District or a Certified Cultural District. This creates opportunities to use the state tax credit in areas of cities and towns that don't have National Register districts, but do have historic buildings worthy of preservation.

2) The state tax credit earned through the investment in historic buildings is easily transferable to another party. While there is a mechanism to transfer the federal credits, it requires an ownership position in the rehabilitated property for at least five years. The transferability of the State Commercial Tax Credit means much less expenditure for transaction costs and allows both public and non-profit organizations to benefit from the credits. While sometimes it is possible for public or non-profit organizations to participate in a federal tax credit project, doing so is both an expensive and complex process.

3) The federal tax credit is 20% of the qualifying rehabilitation expenditure (QRE); the Louisiana credit is 25% currently, although it is set to decrease to 20% on January 1, 2018.

FEDERAL HISTORIC TAX CREDIT

STATE COMMERCIAL HISTORIC TAX CREDIT

Eligibility	Listed on the National Register of Historic Places or within National Register Historic District	Historic building within a Downtown Development District or Certified Cultural District
Property Type	Income Producing	Income Producing
Amount of Credit	20% of Qualifying Expenditures	25% of Qualifying Expenditures; 20% after January 1, 2018
Transferability	Complicated; User of credit must be in "ownership" position for at least five years	Readily transferable without ownership requirement
Rehabilitation Standards	Must meet Secretary of the Interiors Standards for Rehabilitation	Must meet Secretary of the Interiors Standards for Rehabilitation
Review of Work	State Historic Preservation Office and National Park Service	State Historic Preservation Office
Minimum Investment	The greater of \$5,000 or the basis of the building	\$10,000
Qualifying Rehabilitation Expenditures (QRE)	Rehabilitation but not acquisition, site improvements or additions.	Rehabilitation but not acquisition, site improvements or additions.
Carry Back; Carry Forward	Carry back 1 year; Carry forward up to 20 years	Cannot be carried back; Carry forward up to 5 years

Most real estate transactions are funded with some combination of debt and equity. Debt is money that has to be repaid to the lender, usually a bank. Equity is the investment that the owner has to make. Because of the foresight of the Louisiana Legislature in making the State Commercial Tax Credit easily transferable, the state tax credit is often converted into equity. Here is a simplified version of how that works.

A non-profit organization has been given a historic but vacant and deteriorating building in one of Louisiana's Certified Cultural Districts. The rehabilitation cost is expected to be \$1,000,000. Through fundraising and grants the organization has managed to put away

\$100,000 in cash. They have also secured a loan in the amount of \$700,000. But that still leaves them \$200,000 short of the funds necessary for the project to move forward. And because they are a non-profit organization, they do not have any tax liability.

Here is where the State Commercial Tax Credit comes to the rescue. The \$1,000,000 rehabilitation will allow the organization to earn a \$250,000 tax credit (25% of the rehabilitation amount). They approach a local corporation to whom they offer to sell the credit. The corporation responds with an offer to pay, for example, \$220,000 in exchange for the \$250,000 in tax credits and an agreement is made.

The organization uses the proceeds from the sale of the credits as additional equity for their project. Here is how the transaction looks before and after the sale of the credits:

	BEFORE CREDIT	AFTER SALE OF CREDIT
Rehabilitation Amount	\$1,000,000	\$1,000,000
Available Loan	\$700,000	\$700,000
Available Equity Cash	\$100,000	\$100,000
Equity from Tax Credit Sale	\$0	\$220,000
Total Funds Available	\$800,000	\$1,020,000
Shortfall	(\$200,000)	\$0
Capital Available for Reserves or Other Uses	\$0	\$20,000

In other words, the State Commercial Tax Credit made possible a transaction that could not otherwise have taken place.

Depending on the particulars of the transaction and the nature and needs of the development entity, the tax credit is generally used for one or more of the following:

- Increase equity into the project
- Reduce the amount of loan required
- Increase the quality of the rehabilitation
- Add amenities to the development
- Keep rents lower than would otherwise be possible
- Reduce the risk to both the debt and the equity side of the transaction

In conducting this study, examples of each of the uses of the credit listed above were found. But in every event, the availability of the State Commercial Tax Credit draws the private capital—both debt and equity—needed to make the project feasible and thus enabling it to move forward.

In those cases where a Downtown Development District or Certified Cultural District is also a National Register Historic District, the state and federal historic tax credit can be used simultaneously. It is evident from the data that the state credit plays a critical role in encouraging the use of the federal credit.

It is also important to recognize the differences between the State Commercial Tax Credit and other tax incentives that might be considered or have been used in the past:

- 1) The rehabilitation work has to be completed and the quality of the work approved before *any* of the credit is available to the developer.
- 2) The credit is for the creation of a capital asset. These rehabilitated historic buildings will be contributing to the life, the economy, and the tax base of Louisiana for decades following the tax credits being awarded.
- 3) Local governments are significant beneficiaries of tax credit projects because increased property taxes post-rehabilitation will fund the salaries of teachers and police, maintain local parks, and help fulfill other responsibilities that the Louisiana Legislature has mandated that local governments meet.

To administer the historic tax credit programs, the primary responsibility falls to the Office of Cultural Development (Louisiana's State Historic Preservation Office). That office oversees the Federal Historic Rehabilitation Tax Credit and other federal historic preservation programs as well as the two state tax credits for historic preservation -- the Commercial Tax Credit and the Residential Tax Credit. As previously mentioned, this report focuses only on Louisiana's commercial state tax credit (referred to as State Commercial Tax Credit or state tax credit in this report) and federal historic tax credits.

PREVIOUS QUANTITATIVE ANALYSES OF LOUISIANA HISTORIC TAX CREDITS

Two earlier studies have analyzed the State Commercial Tax Credit program. Both are still available and are linked below. Dr. Timothy Ryan, an economist who specializes in state and local taxation, conducted the first study in 2011 of the state commercial tax credit. *The Economic Impact of Louisiana's Historic Tax Credit Program* looked at commercial projects completed between 2003, when the credit was first available for use, through 2010. Included in the report were the following findings:

- 117 projects completed
- \$651 million in new investment
- \$140.59 million in costs to the state in tax credits
- Projects created 11,034 construction jobs
- Projects created 5,711 permanent jobs

Dr. Ryan estimated tax revenues to state and local governments from both the construction phase of the projects and the permanent use of the rehabilitated historic building. Based on his calculations, there are substantial positive returns to the State of Louisiana on its historic tax credit investment. Over the life of the projects, it was anticipated that nearly \$634 million would be received in state taxes as a return on the \$140.59 million provided as tax credits.

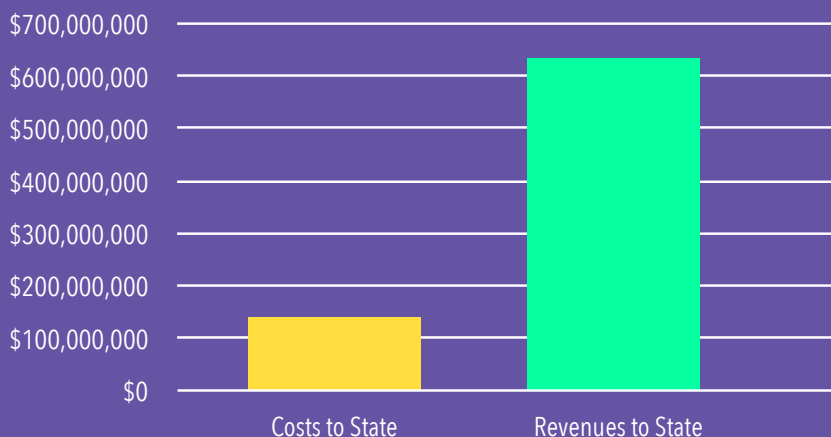
In short, Dr. Ryan pointed out that, based on his data, for every \$1.00 provided in historic tax credits the State of Louisiana will receive \$3.22 in new tax collections.

In May 2015, the accounting and tax advisory firm Novogradac, LLC released an analysis of the State Commercial Tax Credit. In their report, *Economic Impact Analysis: Louisiana Historic Tax Credit Program*, the firm evaluated 367 commercial projects completed between 2003 and 2014.

Key findings in the Novogradac report included:

- The historic tax credit leveraged \$880,000,000 of private investment
- Approximately 1 construction job was created for every \$45,303 investment from the state
- The historic tax credit created 4,008 operational (permanent) jobs between 2003 and 2014

Return to State Treasury from Historic Tax Credit



Source: Ryan, Timothy P. *The Economic Impact of Louisiana's Historic Tax Credit Program*. Report, 2011.

Furthermore, their report estimated the present value of the impacts of the tax credit investment made by the State of Louisiana as of 2014 through 2024. Here are their calculations:

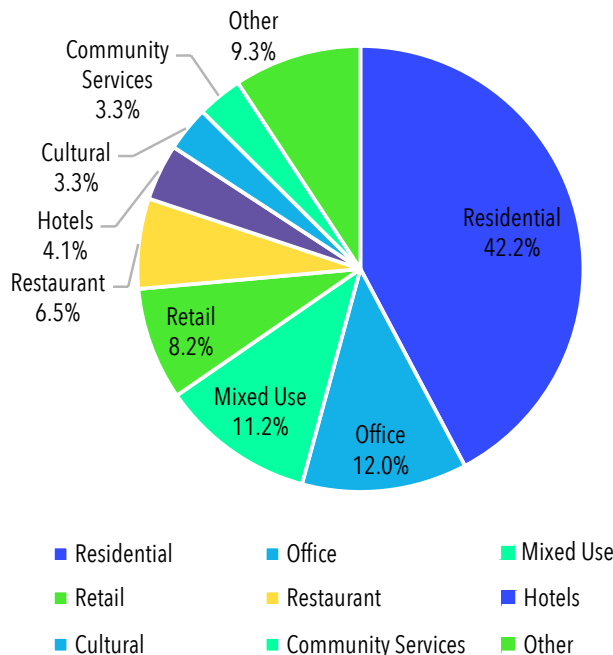
Present Value of Construction Tax	\$ 47,988,400
Present Value of Total Operational Tax	\$620,485,853
Present Value of Household Tax	\$143,936,472
Total Return to the State	\$821,410,725

Total Cost to State based on 25% Tax Credit	\$296,190,549
Dollar Return on Investment Tax	\$2.77

This report also noted the rehabilitated historic buildings yielded a wide range of uses. Importantly, in light of the desperate need for housing post-Katrina, more than 40% of the projects were for residential development.

The conclusions of the Novogradac study are consistent with Dr. Ryan’s findings: the State of Louisiana ultimately receives \$2.77 in the state treasury for every \$1.00 provided in state commercial tax credits.

Building Use after Historic Tax Credit Rehabilitation



Source: Novogradac & Company LLP, Economic Impact Analysis: Louisiana Historic Tax Credit Program, Report, 2015.

PROGRAM IMPACTS

EVERY
\$1,000,000
 INVESTED
 IN A HISTORIC
 REHABILITATION
 PROJECT
GENERATED
\$751,378
 IN ADDITIONAL
 ECONOMIC
 ACTIVITY WITHIN
 LOUISIANA.

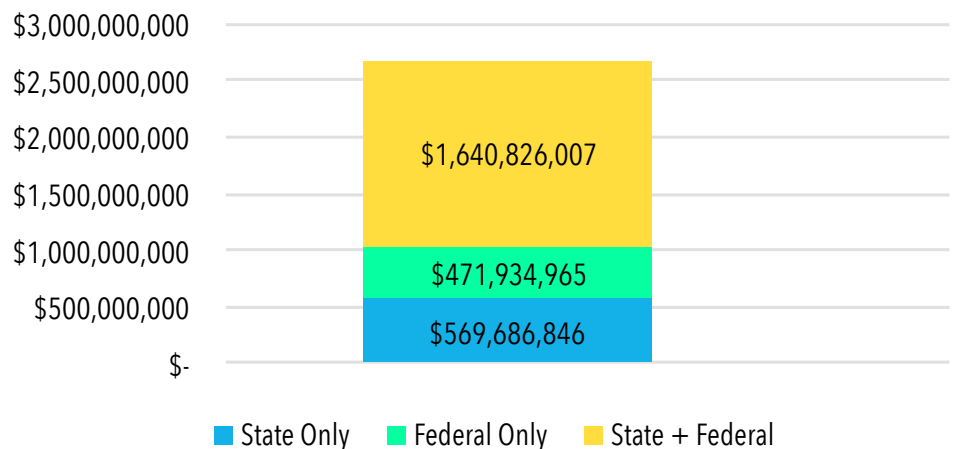
Because the two earlier analyses well captured the long-term financial returns of the state tax credit to the State, we did not attempt to duplicate those approaches for this study.

Based on an analysis of the investment in commercial historic buildings over the last decade, however, the answers to some basic questions seemed appropriate for this study to address. Among these were:

- How much additional activity for the Louisiana economy is generated when a historic building is rehabilitated?
- How much of the total investment in the rehabilitation project is actually eligible for the historic tax credit?
- How much of the state's tax credit expenditure does the Louisiana treasury get back before the credit is awarded?
- Does the state tax credit stimulate the use of the federal historic tax credit?

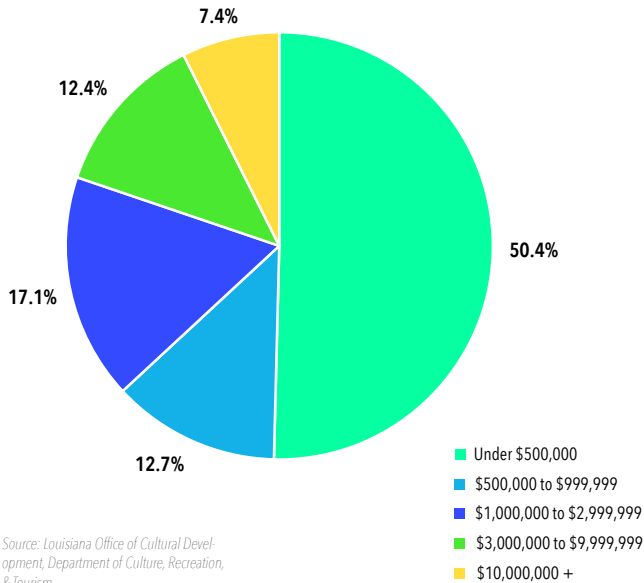
To answer those questions, it was necessary begin by looking at the total investment in Louisiana buildings using the historic tax credits over the last decade. Nearly \$2.7 Billion has been invested in the future of Louisiana's historic resources. Nearly 61% of that investment used both the state and federal tax credits. Around 21% used state tax credits only and the balance used federal tax credits only. An investor would only be able to use the federal tax credit if his/her project were in a National Register District, whether or not it overlapped with a Downtown Development District or a Certified Cultural District. Conversely a project that was in a Downtown Development District or Certified Cultural District that is not overlapping with a National Register District would only be able to use the state tax credit.

Investment in Historic Buildings using Tax Credits 2007 - 2016



While multi-million dollar projects often get the headlines, the state tax credit can be seen as a small business incentive since half of all projects that used the credit were less than \$500,000.

Size of Projects



Source: Louisiana Office of Cultural Development, Department of Culture, Recreation, & Tourism.

Based on the total amount of investment, it was possible to calculate the numbers of jobs, the amount of labor income, and the proprietor's income for each year. This was done using the IMPLAN¹ Input-Output model. On average, each year over the last decade these projects generated:

- 3,154 jobs² (1,725 Direct; 1,429 Indirect and Induced)
- \$102,744,000 in Direct Labor Income and an additional \$62,667,000 in Indirect and Induced Labor Income
- Direct Proprietor's Income of \$25,918,804 and Indirect/Induced Proprietor's Income of \$10,877,806

Every \$1,000,000 invested in a historic rehabilitation project generated \$751,378 in additional economic activity within Louisiana.

It is important to note that these jobs and income numbers are from the construction phase of the projects only and do not include permanent jobs within these buildings after construction is completed. The two earlier reports both made estimates of those permanent jobs.

The State Commercial Tax Credit is critical in spurring this investment. While a 25% tax credit may seem generous, an examination of the tax credit reports shows that sizable portions of the overall investment were even not eligible for tax credits. In fact, only around 80% of the total project investment qualified for the tax credit over the last ten years on average. Building additions, site improvements, and other non-qualifying expenditures did not receive any tax credit even though those expenditures are creating jobs and income for Louisiana workers. Here is how it actually works:



¹ IMPLAN is the industry standard for Input-Output modeling. Based on user data the model generates numbers of direct, indirect, and induced jobs, the labor income those jobs represent, proprietor's income and other measures.

² A "job" is one full time equivalent job for one year

One important feature of both the federal and the state tax credits is that they are not awarded until the project is complete and has been certified as meeting the Secretary of Interior standards for rehabilitation. Therefore, all construction expenditures have to be made prior to any tax credit being received.

In the meantime, the State of Louisiana is collecting taxes from the project through sales tax on materials, personal income tax on labor and professional services, and corporate income tax on the profits of the proprietors. Conservatively, every time \$100,000 is awarded in historic tax credits, the State of Louisiana receives:

- \$5,075 in corporate income tax
- \$13,416 in individual income tax on labor
- \$5,254 in individual income tax on professional services
- \$18,407 in sales tax on materials

In other words, more than \$0.42 of every dollar in historic tax credits is recouped by the State *before* the tax credit is even awarded.

Finally, does the existence of a state historic tax credit spur an increased use of the federal historic tax credit? To answer that question, we examined all of the tax credit projects certified by the National Park Service between 1989 and 2016 on a state-by-state basis. Over that period, fourteen states and three other jurisdictions (District of Columbia, US Virgin Islands, and Puerto Rico) never had any state tax credit.

These states were large (California, Florida) and small (Alaska, Wyoming), and included East Coast (New Jersey) West Coast (Oregon), Midwest (South Dakota), South (Tennessee), and New England (Vermont). For this representative sample of all states we mapped the activity over the entire period of the use of the federal historic tax credit. Then we compared the change in tax credit investment over time with Louisiana and those non-tax credit states.

In the first fourteen years (1989 through 2003), the rate of increase in the use of federal tax credits in Louisiana was nearly identical to the non-tax credit states. The non-tax credit states saw historic building investment increase 181% over that time period while Louisiana's increase in activity was 177%. In other words, Louisiana, with no tax credit, was a virtual mirror of the other states without the incentive.

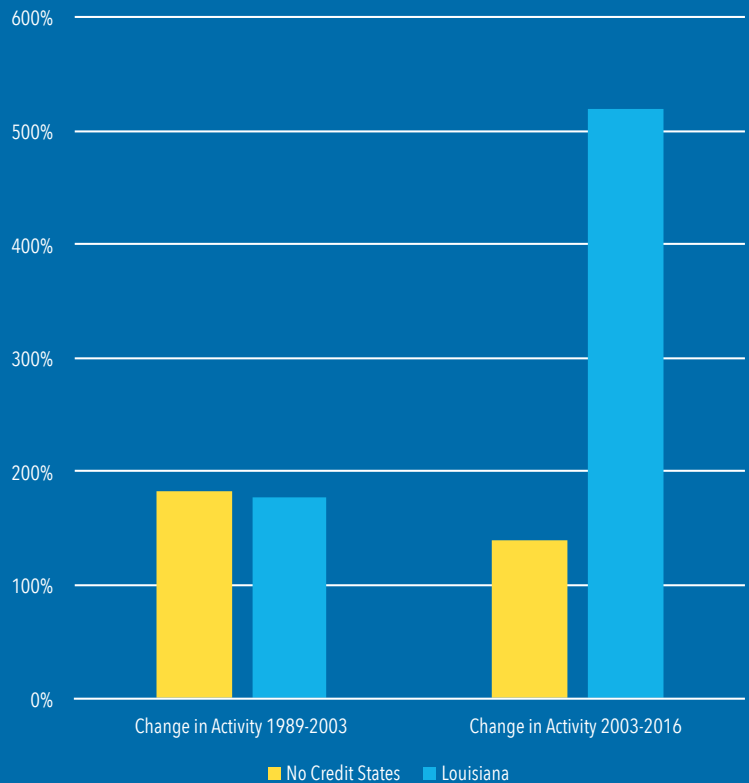
All states that did not have a state tax credit saw an increase in the use of federal tax credit over those first fourteen years.

In 2002 the Louisiana state tax credit was enacted. In 2003, when the tax credit went into effect, the pattern of rehabilitation changed dramatically.

We then compared the change in activity between 2003, the first year projects were completed using the new State Commercial Tax Credit, and 2016 with the change in activity of those non-tax credit states. The difference was astounding. Between 2003 and 2016, the non-tax credit states saw an increase in investment of just less than 139% while activity in Louisiana was up nearly 520%!

**MORE THAN \$0.42
OF EVERY DOLLAR
IN HISTORIC TAX
CREDITS IS RECOUPED
BY THE STATE BEFORE
THE TAX CREDIT IS
EVEN AWARDED.**

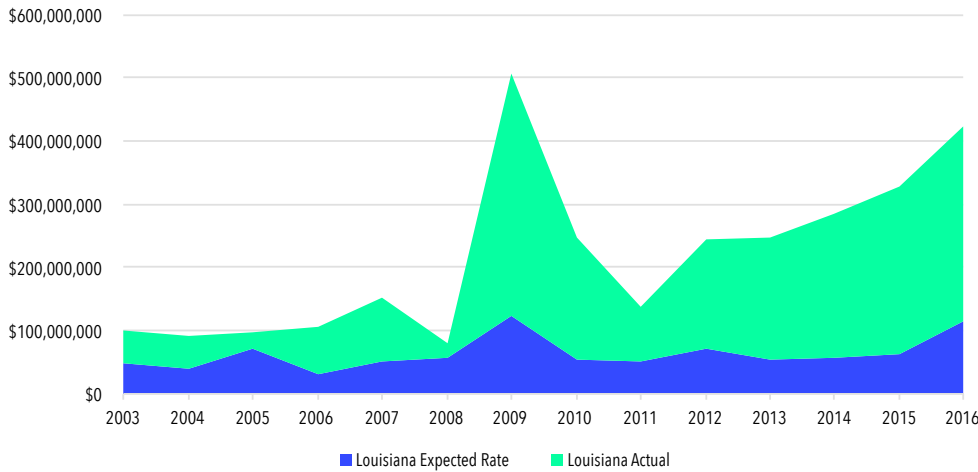
**Change in Tax Credit Usage
All States with No Credit vs Louisiana**



Source: U.S. Department of the Interior, National Park Service Technical Preservation Services: Federal Tax Incentives for Rehabilitating Historic Buildings Statistical Report and Analysis, Fiscal Years 1989-2016.

Had Louisiana's Historic Tax Credit not been enacted in 2002 and put into effect in 2003, it is reasonable to forecast what the continued use of the federal tax credit would have been based on the pattern of the 14 years (1989-2003) prior to the state tax credit enactment. This is graphically represented below:

**Use of Federal Tax Credit in Louisiana
Actual vs. Forecast**



There are substantial differences between the actual federal tax credit usage and the projected usage were it not for the State Commercial Tax Credit. In fact, nearly \$1.3 billion of investment using the federal historic tax credit would not have taken place if the State Commercial Tax Credit had not been available as well.

Had there been no state tax credit, Louisiana's economic activity would have been significantly lessened each year over the last decade in that Louisiana would have had:

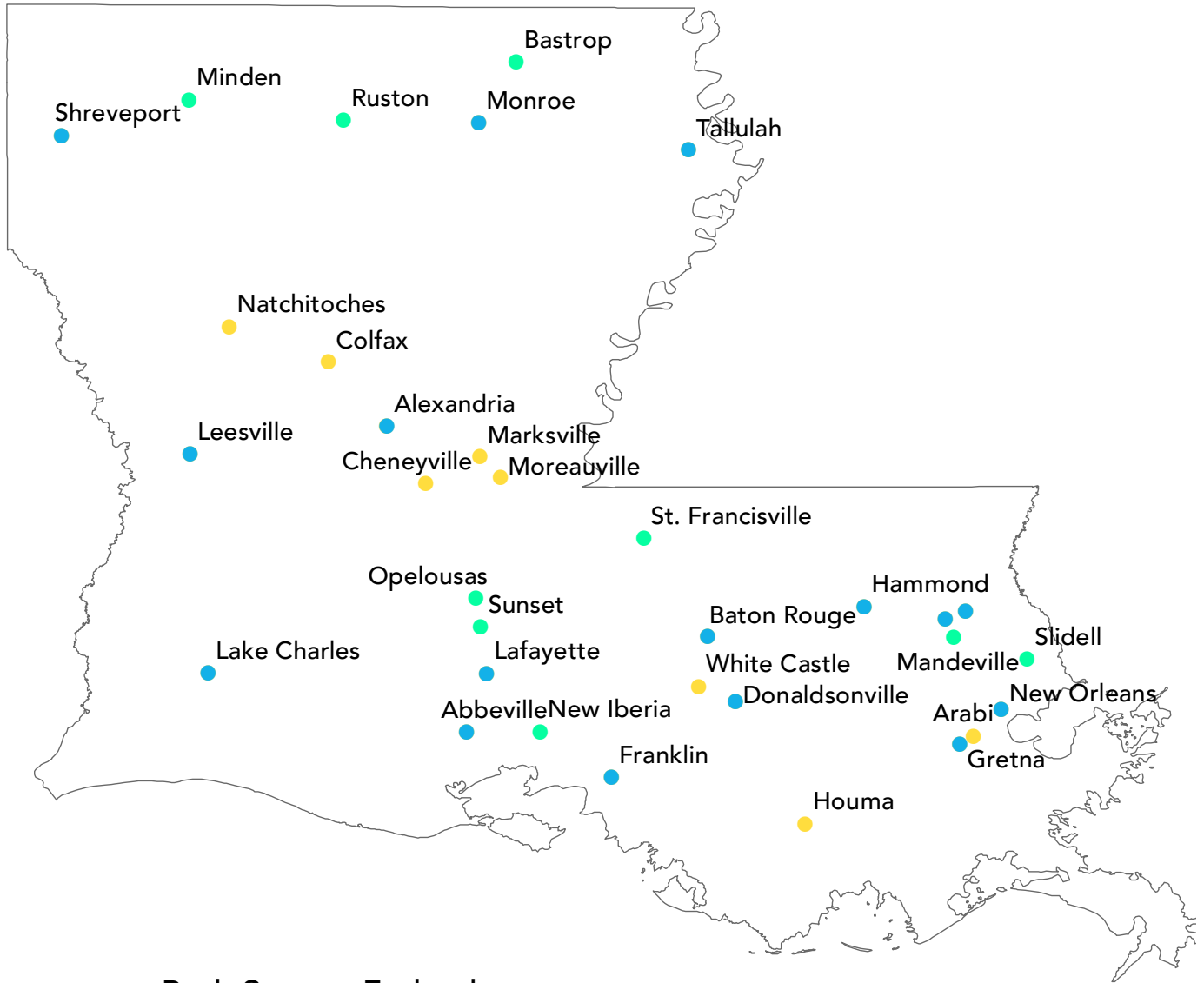
- an average of 1,497 fewer jobs each year
- an average of \$78,518,324 less in labor income each year
- an average of \$10,734,735 in reduced state tax collections each year.

Nearly 60% (58.9%) of the federal tax credit's use in Louisiana over the last decade is attributable to the existence of the state tax credit. That means that because the state tax credit spurred increased use of the federal historic tax credit, \$203,000,000 of federal qualified rehabilitation expenditures (QREs) remained in Louisiana.

Property owners and developers in every corner of Louisiana are using both the state and federal historic tax credits to transform the state. A new future is being created from old buildings, resulting in jobs, income, and taxes generated through the state.

**NEARLY 60% OF THE
FEDERAL TAX CREDIT'S
USE IN LOUISIANA
OVER THE LAST DECADE
IS ATTRIBUTABLE TO
THE EXISTENCE OF THE
STATE TAX CREDIT.**

Source: U.S. Department of the Interior, National Park Service Technical Preservation Services. Federal Tax Incentives for Rehabilitating Historic Buildings Statistical Report and Analysis. Fiscal Years 1989-2016.



- Both State + Federal
- State
- Federal

Source: Louisiana Office of Cultural Development, Department of Culture, Recreation, & Tourism. Map by PlaceEconomics.

CASE STUDIES

The catalytic impact of historic preservation can only truly be understood at the project level. Each project's impacts vary from community to community, which meant we needed to be on the ground with local residents, business owners, and developers to hear their stories and see the impacts these historic rehabilitations were having in each case study city.

Just as impacts vary, so do data sets and their availability. To measure each rehabilitation project's impact, it was not possible to use identical metrics for each site as communities collect different types of information and at different times. However, in each instance, the best available data was used to examine what impact each project had on its surrounding area. These metrics ranged from change in property assessments to building permit activity to business licenses and more.

While the impacts and nature of the metrics varied from town to town, the results all yielded the same overall outcomes:

- The State Commercial Tax Credit works
- Its benefits spur economic activity far beyond the individual property or owner
- Historic buildings in Louisiana play a vital role in revitalization and economic development

But measuring and quantifying the state tax credit's impact doesn't tell the whole story of these projects, and their relationship to their communities. It is people who make this work happen, and their stories are important to share, as are the stories of the buildings that are now serving their communities again through newfound reuse. Thus, each case study city contains profiles of people, projects, and impacts found on the ground.

BATON ROUGE

CITY STATS

Population	229,426	
Tax Credit Usage since 2007	#	\$
#!/\$ State Commercial	32	\$41,860,046
#!/\$ State Commercial + Federal	24	\$93,413,548
#!/\$ Federal	2	\$17,682,038
Total Projects/Investment	58	\$152,955,632

For years, downtown Baton Rouge was at best a 9-5, weekday-only commercial district that was home to a few banks, attorneys' offices, and a number of vacant buildings, but not much else. That certainly is not the case today thanks to developments that have used the State Commercial Tax Credit. Today, the state capitol has a vibrant, 24/7 downtown. In the last decade, historic rehabilitation projects both large and small have transformed the center of the capital city. Downtown Baton Rouge today is alive with workers, residents, students, and visitors, and has once again become the heart of the city.

THE PEOPLE

DYKE NELSON: ARCHITECT, DEVELOPER, AND BUSINESS OWNER

Dyke Nelson opened his Baton Rouge architectural practice, DNA Workshop, after years of experience in both California and Louisiana. Today his firm specializes in sustainable design that fits into the context of the historic built environment. Nelson has a strong affinity for older buildings, preferring "ribbon cuttings, not groundbreakings."

In 2006, Nelson bought a small building on the 200 block of 3rd Street in downtown Baton Rouge. He and his partners successfully completed its rehabilitation using the State Commercial Tax Credit. Then, at the height of the recession in 2009, he bought and rehabilitated another building in the 400 block of 3rd Street. His subsequent project was an all-cash purchase because he was "so confident in it." Nelson also successfully transformed the 200-year-old Tessier Building on Lafayette Street, the oldest commercial building in Baton Rouge, into a mixed-use development.

Throughout his career, Nelson has used both the state tax credit and the federal historic tax credit to rehabilitate numerous buildings, including a full service grocery store and mixed-income apartments at 440 North 3rd Street as well as his architecture office in Mid City. Demonstrating the catalyzing effects of successful rehabilitation projects, Nelson said, "One small project in 2006 is now 12 projects in 2016." This approach, he says, "is not singular, it gets repeated all around the state."



DYKE NELSON

Photo: Jenn Ocken Photography



THE PROJECTS

HILTON HOTEL

Address: **201 Lafayette Street**
 Year Rehabilitation Complete: **2006**
 Tax Credits Used: **State and Federal**
 Amount of Qualified Rehabilitation Investment: **\$52,490,038**
 Amount of Total Investment: **\$52,627,038**
 Old Use: **Hotel**
 New Use: **Hotel**

Imagine the 1927 historic Heidelberg Hotel – a favorite haunt of notorious Governor Huey P. Long – standing vacant with its curtains blowing in the wind. This was the reality Camm Morton faced when he purchased the building in the early 2000s. It had been vacant for nearly twenty years. The combination of both the State Commercial Tax Credit and the enhanced federal historic tax credits – layered with a residential tax abatement, TIF dollars, and other local funding – were the critical financing tools that enabled the successful rehabilitation of this grand structure. Morton, known in the real estate world for suburban retail shopping centers, had “never done a hotel before.” But with no hotels in downtown Baton Rouge at the time, Morton knew it needed to be done. The restoration transformed the Heidelberg Hotel into the Hilton Baton Rouge. The project also reopened public access to the river and brought a full-service hotel back to downtown Baton Rouge.

HILTON HOTEL

Photo: Mike Pulumbo for the Hilton Hotel

COMMERCE BUILDING

Address: **333 Laurel Street**
 Year Rehab Complete: **2016**
 Tax Credits Used: **State and Federal**
 Amount Qualified Rehabilitation Expenditure: **\$31,666,245**
 Amount of Total Investment: **\$34,729,688**
 Old Use: **Office**
 New Use: **Residential and Commercial**

When Michael Lang purchased the 1955 Commerce Building on a prominent corner on 3rd Street in downtown Baton Rouge in 2012, it was “vacant and an eyesore.” While walking through the building for the first time, he nearly fell into an elevator shaft. “There was no way we would have looked at the property without the [historic] tax credits,” Lang said about returning the blighted building back to use. “There was no proven market, the risk was so great.”

The National Register district in which the Commerce Building sat had just been designated in 2012, enabling the use of both the State Commercial Tax Credit and federal historic tax credit. Thanks to these tools, a group of Louisiana-based investors backed the project. After a \$30 million dollar renovation, the International style building now contains 93 apartments that are 90% occupied, commercial tenants on the ground floor, a roof deck, and 103 parking spaces – all this after being open only six months.



COMMERCE BUILDING

Photo: thecommercebldg.com

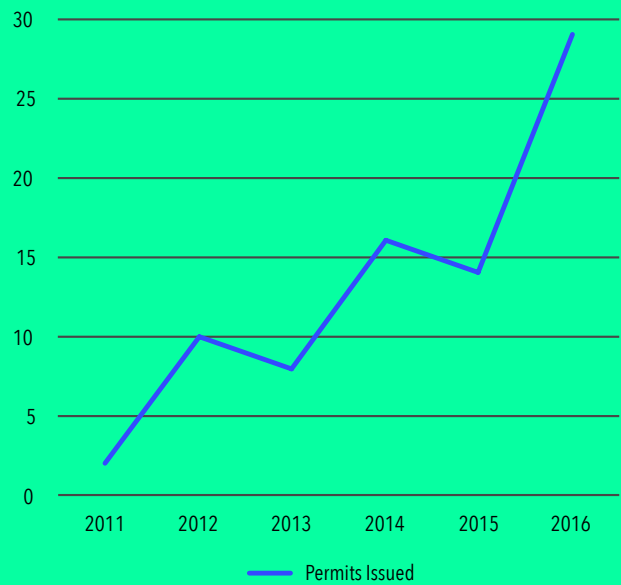
THE IMPACTS

After years of neglect, 3rd Street in Baton Rouge has seen more than 1,000,000 square feet of space either built or renovated since 2011. Triggered by relatively modest investment in small historic buildings, the catalytic impact of the State Commercial Tax Credit can be readily seen in the number of building permits issued.

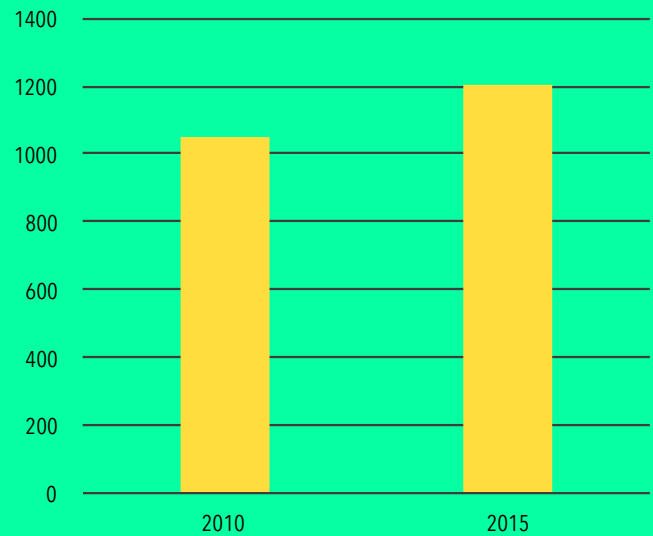
Much of that investment has been in projects – both large and small – that included a residential component. As a result, Baton Rouge’s downtown population has grown 15% in just the last five years. Over that same period the number of downtown apartments has increased 26%. A rate of unit growth greater than population growth reflects the increasing share of one-person households. In Baton Rouge, that growth is from both millennials and baby boomer empty nesters, and the increase in population has **added \$5.2 million to the purchasing power of downtown Baton Rouge residents.**

Fifteen years ago, downtown Baton Rouge was a hotel desert. Today, there are nearly 900 rooms. More than half of downtown Baton Rouge’s hotel rooms are located in in rehabilitated historic buildings that used the State Commercial Tax Credit. Using the federal and state tax credits mitigated the inherent risk in the hotel business, enabling the feasibility of new hotel construction as well.

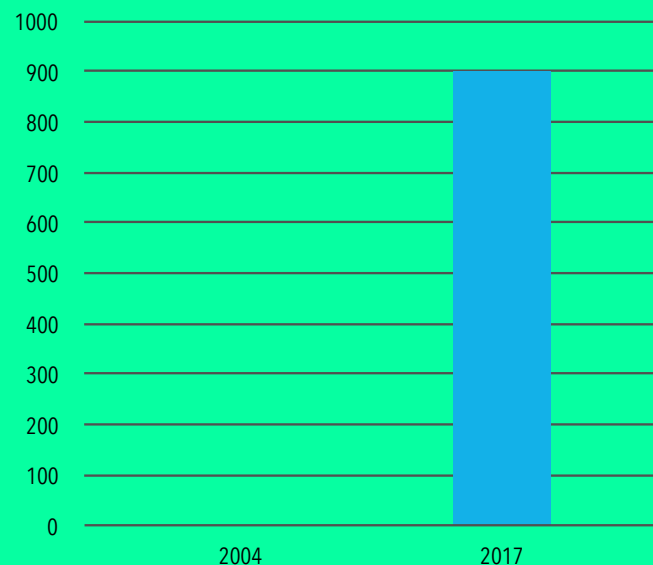
Building Permits on 3rd Street



Population



Downtown Hotel Rooms



Growth from both millennials and baby boomer empty nesters has added



\$5.2 MILLION
to the purchasing
power of downtown
Baton Rouge residents

Building Permits - Source: East Baton Rouge Parish

Population - Source: US Census Bureau

Downtown Hotel Rooms - Source: Baton Rouge Downtown Development District

Icon: Gregor Cresnar, Noun Project

MONROE

CITY STATS

POPULATION	49,761	
<i>Tax Credit Usage since 2007</i>	#	\$
#!/\$ State Commercial	13	\$3,829,360
#!/\$ State Commercial + Federal	3	\$3,725,890
#!/\$ Federal	1	\$14,650,000
Total Projects/Investment	17	\$22,205,250

For nearly a century, Monroe has served as a regional hub for northern Louisiana. The city's downtown boasts numerous early skyscrapers built in the late 1920s and early 1930s. Many of these buildings would not be in use today without renovations made possible by the State Commercial Tax Credit. Local residents and locally-based companies spearheaded Monroe's revival. Downtown Monroe's rehabilitated buildings, both large and small, are now filled with new businesses, expanded businesses, and new residents. The renewed energy and prosperity of downtown Monroe is a direct result of the investment made possible by the State Commercial Tax Credit.

THE PEOPLE

MICHAEL ECHOLS: CORPORATE EXECUTIVE, DEVELOPER

Businessman, entrepreneur, arts advocate, historic preservationist, and contractor – the list of hats worn by Michael Echols is extensive. To top it all off, he also serves on Monroe City Council.

But Echols' mark on the revitalization of downtown Monroe is even more expansive. Echols began his foray into historic preservation by joining the LA Trust for Historic Preservation's Board of Directors. He then began renovating historic commercial buildings in Monroe. Once word spread that Echols was investing in downtown, property owners began approaching him to see if he had interest in purchasing their buildings. "I have never bought a building that was publicly sold," he said. Echols' roster of rehabilitated buildings has focused on the 400 and 500 blocks of Desiard Street in downtown Monroe, providing small, clustered, move-in ready spaces for offices, retail shops, and businesses.

This strategy has enabled Echols to "give opportunities to people" by providing renovated business spaces to entrepreneurs who either weren't ready or could not yet afford to buy on their own. Echols was also instrumental in expanding the downtown National Register historic district in Monroe to allow for more buildings to be eligible for the federal historic tax credit. Next on his revitalization list: revive housing in downtown through the continued rehabilitation of Monroe's historic buildings.



BEFORE



AFTER



MATT SANDERSON: DENTIST AND BUSINESS OWNER

By day, Matt Sanderson is a dentist. On nights and weekends, you may find him working on one of his many building rehabilitation projects – and he directs his passion and investments to some of the most iconic and culturally significant buildings of Monroe.

For one of his first projects, Sanderson used the State Commercial Tax Credit to rehabilitate a building on Monroe’s waterfront and outfitted it for a restaurant. When no one stepped up to occupy the space right away, Sanderson decided to open a restaurant there himself.

He also purchased the building next door, the vacant former Ouachita Coca-Cola Bottling Company/Ouachita Candy Company, which was one of the first sites to bottle Coca-Cola in the country. These two buildings are key properties that line Monroe’s Ouachita riverfront where a proposed riverwalk will soon be developed.

Sanderson’s private investment, made possible by the state and federal tax credits, in the rehabilitation of these two important buildings directly catalyzed the city’s investment in the river front development.

Sanderson’s penchant for revitalizing white elephant buildings continues with his next project: the long-vacant 1920s Mediterranean Revival-style George Tucker School.

BYRON BAILEY: BUSINESS OWNER

A Louisiana native, Byron Bailey fell in love with coffee while working in the culinary industry in New Orleans. When he moved back to the Monroe area, he started roasting beans in his house. When Bailey decided to open a roasting business, he knew he would need a storefront and began working with local real estate agents to find a space. After seven months with no luck, he connected with Michael Echols and selected one of Echols’ renovated spaces on the 500 block of Desiard Street.

Today, Bailey’s laRue Roastery sources beans from twelve countries, touching the international marketplace. He interacts both globally and locally through the renovated storefront, online sales, and supplying goods to other area businesses. In fact, despite offering a free delivery service, many of Bailey’s customers prefer to visit his unique store to pick up their products directly. The renovation of laRue’s building was made possible by the state commercial tax credit.

THE PROJECTS

ST. JOHN PHARMACY

Address: **110 St John Street**

Year Rehabilitation Complete: **2014**

Tax Credits Used: **State and Federal**

Amount Qualified Rehabilitation Expenditure: **\$1,112,221**

Amount of Total Investment: **\$1,147,732**

Old Use: **Monroe Building & Loan**

New Use: **Pharmacy**

Vantage Health Plan, one of the fastest growing insurers in Louisiana, has been a champion for downtown Monroe. The company owns seven downtown properties and has expressed their commitment to the "ongoing beautification efforts of downtown Monroe," and has done so through the rehabilitation of prominent buildings. One of their spectacular projects is the renovation of the St. John Pharmacy. In 2003, Vantage purchased the former Monroe Building & Loan (1906). After nearly \$1.2 million in renovations, the St. John Pharmacy brings back the feeling of "the good old days" with a locally owned pharmacy that serves the community.

Upon entering, past the grand two-story exterior columns, visitors are greeted by marble countertops, a coffered ceiling, a coffee bar, and of course a local pharmacy.



VANTAGE STATE BUILDING

Address: **122 St. John Street**

Year Rehabilitation Complete: **2016**

Tax Credits Used: **State and Federal**

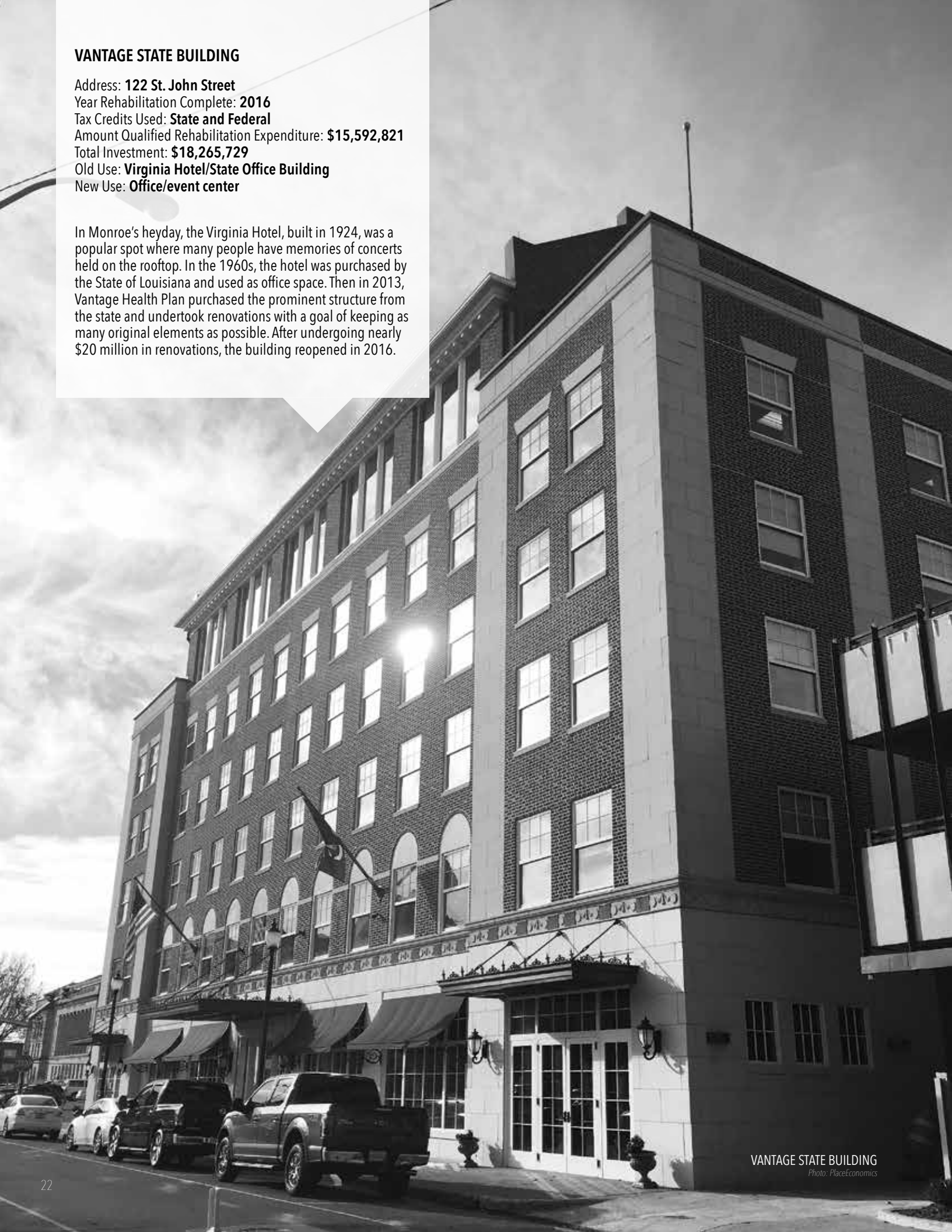
Amount Qualified Rehabilitation Expenditure: **\$15,592,821**

Total Investment: **\$18,265,729**

Old Use: **Virginia Hotel/State Office Building**

New Use: **Office/event center**

In Monroe's heyday, the Virginia Hotel, built in 1924, was a popular spot where many people have memories of concerts held on the rooftop. In the 1960s, the hotel was purchased by the State of Louisiana and used as office space. Then in 2013, Vantage Health Plan purchased the prominent structure from the state and undertook renovations with a goal of keeping as many original elements as possible. After undergoing nearly \$20 million in renovations, the building reopened in 2016.



141 LOFTS

Address: **141 Desiard Street**

Year Rehabilitation Complete: **2014**

Tax Credits Used: **Federal**

Amount Qualified Rehabilitation Expenditure: **\$11,500,000**

Total Investment: **\$14,650,000**

Old Use: **Bernhardt Office Building**

New Use: **Mixed Income Residential**

Built in 1928, the Bernhardt Building is a Chicago-style skyscraper with an internal reinforced concrete frame that is wrapped in a decorative architectural masonry veneer. After renovations in the 1970s removed numerous original features, the building was in foreclosure before being purchased by Texas-based Provident Realty Advisors in 2012. Their renovations in 2014 converted the building into 67 mixed-income apartments and the building was awarded a LEED Silver energy efficiency rating. The State Commercial Tax Credit and the federal historic tax credit enabled the renovation of this important and prominent building.

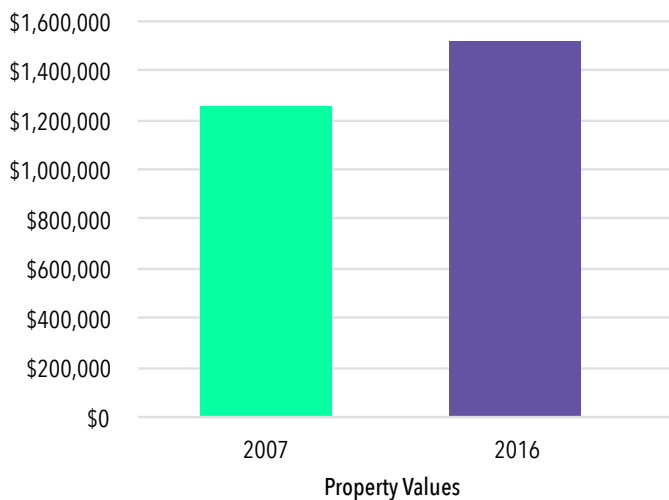
THE IMPACTS

The rehabilitation of historic buildings using the State Commercial Tax Credit increases their individual value. But the catalytic impact of those projects is seen in the enhanced value of nearby properties as well. This study looked at the change in values of properties within 500 feet of the historic rehabilitation projects in Monroe. In the last decade, the value of those nearby properties increased more than 20%, thus increasing the tax base for the City of Monroe and Ouachita Parish.

Over the last six years, the Monroe Main Street District has seen six net new businesses and added 66 net new jobs. Putting long-vacant buildings back into productive use is economic development, and the State Commercial Tax Credit is making that happen. A more vibrant downtown means more people want to live there. Consequently, there has been a 10% increase in housing units in downtown Monroe over the last six years.

THE VALUE OF
PROPERTIES WITHIN
500' OF HISTORIC
REHABILITATION
PROJECTS
INCREASED
MORE THAN 20%
THUS INCREASING
THE TAX BASE FOR THE
CITY OF MONROE AND
OUACHITA PARISH

Value of Nearby Properties



Source: Ouachita Parish Assessor.

NEW IBERIA

New Iberia is rich in culture that includes French, Spanish, and English histories; architecture, arts, and literature; and natural resources. Like many small towns, New Iberia has struggled to keep its downtown alive as development continues on the outskirts of town. But strong partnerships among the private sector, public officials, and nonprofit organizations have propelled New Iberia forward. In 2005, the town won the Great American Main Street Award (GAMSA), earning New Iberia national recognition for their revitalization efforts. The State Commercial Tax Credit has stimulated investments in a few key projects and catalyzed other initiatives, thus benefiting the entire community.

CITY STATS

POPULATION	30,797	
<i>Tax Credit Usage</i>	#	\$
#/\$ State Commercial	2	\$541,518
#/\$ State Commercial + Federal	0	\$0
#/\$ Federal	0	\$0
Total Projects/Investment	2	\$541,518

THE PEOPLE

FREDDIE DECOURT: MAYOR AND BUSINESS OWNER

Freddie DeCourt is New Iberia's new Mayor. But as a business owner, he has undertaken many projects with his construction company and real estate dealings in the city over the years. DeCourt is full of vitality – and it pays off for New Iberia.

DeCourt has a stake in seeing downtown thrive, and knows first-hand how rehabilitated buildings can have a positive impact in revitalization efforts. When he bought the old Herberts Hotel on Main Street, which is next door to a building he already owned, he "had no clue what to do with it." "I just wanted to save it," he said. The Herberts Hotel is now renovated and home to a restaurant and cake shop.

The vision and passion of people like Mayor DeCourt and others have enabled New Iberia to keep their downtown alive. Leading by example, Mayor DeCourt shows that rehabilitation is not only possible, it's indispensable for a historic downtown like New Iberia.



MAYOR FREDDIE DECOURT
Photo: Fusion Photography



CAROLYN, CHANDLER, AND DAVID ALLAIN
Photos: Paul J. Allain Architecture

CAROLYN ALLAIN, CHANDLER ALLAIN, AND DAVID ALLAIN: MILLENNIAL DESIGN PROFESSIONALS

Carolyn, Chandler, and David are three young professionals all under the age of 30 who are employed by Paul J. Allain, Architect APAC. All three went to Louisiana State University (LSU) and worked in New Orleans before moving back "home" to work with Allain.

It was the culture of New Iberia that brought them back. "I wanted to move to a cultural hub, not a Houston," said Carolyn. "I am aware of the preservation here, it's a mini French Quarter and we are a sister city with New Orleans."

Chandler speaks fondly of the work-life balance provided by New Iberia, where she both lives and works downtown. "It's an adaptive reuse," she said. "We aren't trying to keep it in a time capsule, but rather we want to make it useable today and keep its historic character."

For David, connection to the historic built environment evokes memories of spending nights and weekends cleaning the building his family renovated: "It's neat to be in a building knowing the history; some guy used to work on cars in here." He continued: "Young people know the roots and the culture of South Louisiana and they embrace it, they aren't moving out."

THE PROJECTS

PAUL J. ALLAIN ARCHITECTURE

Address: **109 N. Weeks Street**
Year Rehabilitation Complete: **2005**
Tax Credits Used: **State**
Amount Qualified Rehabilitation Expenditure: **\$296,085**
Total Investment: **\$422,978**
Old Use: **Auto shop**
New Use: **Architecture firm and residential unit**

109 N. Weeks Street, a former Ford maintenance building along the bayou, had been abandoned for decades. It was very close to being torn down. Pigeons and occasional squatters were its only occupants. But local architect Paul J. Allain had a new vision for the site.

The 2005 transformation of the Ford site included the adaptive reuse of the original building into an architecture office; the new construction of the Tensas Tower that holds one apartment; and the redevelopment of a boardwalk, which has reopened public access to the waterfront. Next door is Shadows-on-the-Teche, a National Historic Landmark. The adaptive reuse of 109 N. Weeks Street illustrates how juxtaposing older buildings with new construction can add both interest and economic vitality to a small community.

And while finding old car parts in a Ford building during the renovation was anticipated, another discovery was quite a surprise - a sunken historic steamboat in the bayou. That steamboat turned out to be the USS Tensas, a Civil War-era ship. The ship was excavated and is currently undergoing conservation before being taking its place in the Bayou Teche Museum.



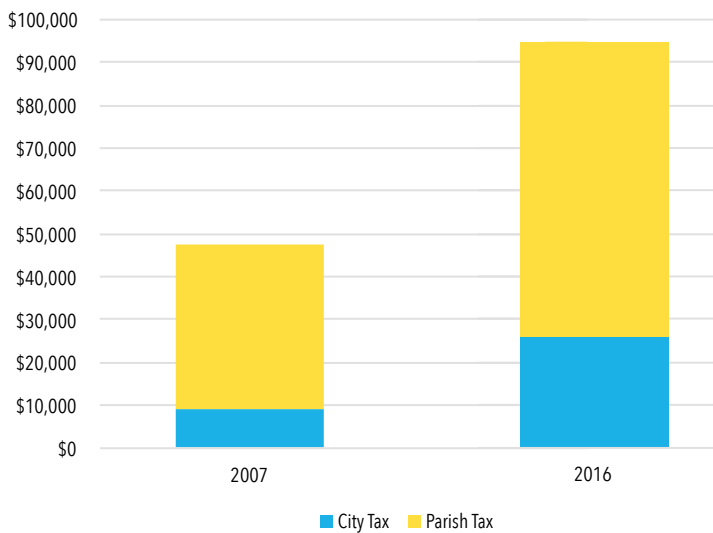
109 N. WEEKS STREET
Photo: Amalia Bedgood

THE IMPACTS

Paying for the police, hiring teachers, and fixing potholes are all responsibilities of local governments in Louisiana, and those local governments are highly dependent on property taxes. For public services to be provided, the tax base in any community has to grow. This study has consistently found that there are positive impacts of historic rehabilitation projects on surrounding property values.

To measure the catalytic investment of Paul J. Allain Architecture's building in New Iberia, we looked at the property taxes generated within a 500 feet radius of the building since 2007. We found that nearby property values have increased substantially, resulting in tax revenues that have nearly doubled from that small area for to the City of New Iberia and Iberia Parish. The chain of impacts is clear: the historic tax credit spurred the investment, the investment enhanced the values of nearby properties, and increased values meant increased property tax revenues. Those that benefit most are the citizens of New Iberia and Iberia Parish.

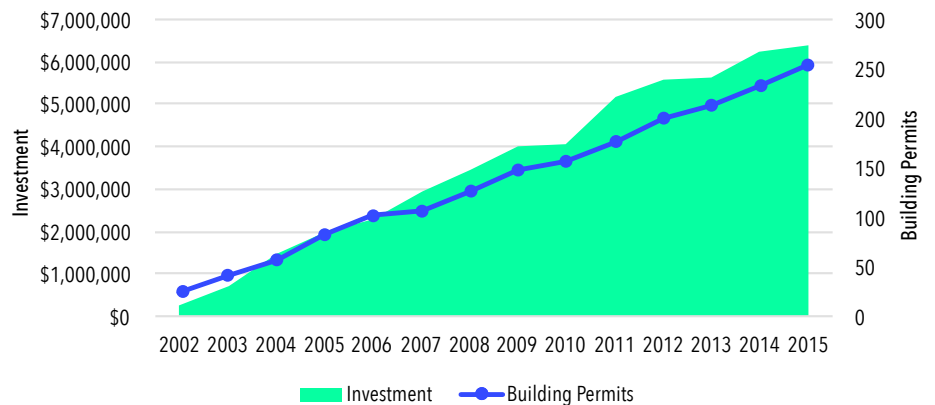
Property Taxes within 500 feet



Source: Iberia Parish Assessor

But increased property tax revenues are not the only outcome. When one project is undertaken and has been proven successful, other property owners become more willing to step forward and invest in their own buildings. Cumulatively, since Paul J. Allain acquired the Ford building, more than 250 building permits have been issued in downtown New Iberia representing a total investment of more than \$6 million. Though none of the other projects used the State Commercial Tax Credit, this finding demonstrates how one historic rehabilitation project encouraged additional investment in downtown New Iberia, resulting in a better and more prosperous, valuable place.

Cumulative Building Permits and Investment Downtown New Iberia



Source: City of New Iberia.

NEW ORLEANS

New Orleans is known worldwide for its vibrant music, food, and culture. It is the city's unique architecture and historic built environment that serve as the venues for those activities. New Orleanians know the value of their built assets, and the State Commercial Tax Credit has enabled hundreds of vacant, blighted, and neglected buildings to be returned to their role as economic and cultural assets for the city. As a result of historic tax credit projects, New Orleans' downtown's population has increased and billions of private investment dollars have come into the city. The prolific use of the historic tax credit in New Orleans makes Louisiana #1 in the country for state tax credit investments.

CITY STATS

POPULATION	378,715	
<i>Tax Credit Usage since 2007</i>	#	\$
#/\$ Commercial State	165	\$447,658,595
#/\$ Commercial State + Federal	368	\$1,299,942,486
#/\$ Federal	108	\$333,240,776
Total Projects/Investment	641	\$2,080,841,858

THE PEOPLE

COURTNEY WILLIAMS AND MICHAEL SHORIAK: RESTORATION CONTRACTORS

Courtney Williams and Michael Shoriak were both born and raised in Louisiana, and both went on to obtain master's degrees in historic preservation and architectural conservation out of state. They met in Philadelphia at graduate school and subsequently returned home to New Orleans to found Cypress Conservation in 2013.

While their first projects came by word of mouth, they have since built an impressive resume of building conservation projects, including Gallier Hall and the Louisiana Governor's Mansion. Not only do they rehabilitate some of Louisiana's most well known landmarks, they've taken on their own renovation project as well.

Shortly after founding Cypress Conservation, Williams convinced her father to purchase a long-vacant pair of buildings on Gravier Street in

New Orleans' Central Business District. These 1840s former warehouses are now being rehabbed by Cypress into one connected mixed-use building. Hiring local talent and highlighting as much original detail as possible in the design, Shoriak and Williams are using the State Commercial Tax Credit and federal historic tax credit to make the project feasible.

The Cypress team is driven by their appreciation and passion for the impact historic buildings have on New Orleans' landscape and economy. Shoriak said, "1600-year-old cypress joists in a 200-year-old building coming alive again in 2017 is what makes me love this work."



MICHAEL SHORIAK AND COURTNEY WILLIAMS

Photo: Daymon Gardner



BEFORE



AFTER

"NINETY PERCENT OF OUR RESTORATION WORK IS DONE BY LOCAL FIRMS."



BEFORE



AFTER

REDMELLON RESTORATION + DEVELOPMENT: REAL ESTATE DEVELOPER

Redmellon Restoration + Development is a "mission-driven" developer. Like many in New Orleans, they were inspired by Katrina to help the city recover and to address blight. Redmellon is unique in the field of developers utilizing the State Commercial Tax Credit and the federal historic tax credit for their scattered-site rehabilitation approach. While most incentives favor large single-site developments, Redmellon focuses on single- and two-family homes scattered throughout New Orleans' historic neighborhoods. They often pair with Low Income Housing Tax Credit to restore anywhere from 25-45 scattered units at a time, and are most known for their work in Iberville. Because of this focus on the single- and two-family homes, and the nature of New Orleans' intricate architecture, their small-scale restoration work relies mostly on labor and less on materials. When Redmellon needs 15

brackets recreated for a project, they turn to local craftsman. "Ninety percent of our restoration work is done by local firms," says Nick Bruno, Development Manager for Redmellon.

Redmellon's scattered-site approach to restoring neighborhoods through affordable housing development means their houses "don't read as low-income; it's just a house with a dumpster being worked on." As they started working on the Iberville project, Redmellon found they could buy houses for less than \$15,000. But as they have moved through the project phases, the prices kept going up. Now, they cannot afford to do the final phase of the project as the neighborhood real estate market has taken off. The State Commercial Tax Credit and federal historic tax credit make these projects economically feasible in an unproven market, and the Low Income Housing Tax Credit preserve affordable units in a rapidly rising neighborhood.

THE PROJECTS

ROUSES MARKET

Address: **701 Baronne Street**
Year Rehabilitation Complete: **2012**
Tax Credits Used: **State and Federal**
Amount Qualified Rehabilitation Expenditure: **\$7,925,540**
Total Investment: **\$14,308,942**
Old Use: **Auto Dealership**
New Use: **Grocery Store**

Between 2011 and 2012, the former Sewell Cadillac Building in New Orleans' Central Business District (CBD) was transformed into a Rouses Market. This project pioneered reinvestment in the area, and has been cited as the most crucial catalytic building rehab in the CBD in decades.

Using historic tax credits for residential redevelopments, the CBD had slowly been recovering post-Katrina. This increasing number of residents made the adaptive reuse of the Sewell Building possible from a market standpoint, and the tax credits made Rouses Market possible from an economic standpoint. The success of Rouses Market has directly catalyzed new residential and mixed-use developments in the area, further contributing to the economic revitalization of the CBD.

CAFE RECONCILE

Address: **1631 Oretha Castle Haley Boulevard**
Year Rehabilitation Complete: **2014**
Tax Credits Used: **State and Federal**
Amount Qualified Rehabilitation Expenditure: **\$3,645,386**
Total Investment: **\$5,004,173**
Old Use: **Restaurant**
New Use: **Restaurant and offices**

Oretha Castle Haley Boulevard has always been a cultural hub, once home to Jewish and Italian merchants, African-American doctors, a German bakeshop, and even a dairy.

Decades of disinvestment beginning in the 1960s left the corridor largely blighted and vacant. However, in recent years, culture and commerce have been the tools for revitalization. Today, Cafe Reconcile contributes as a local business and nonprofit that provides workforce training for at-risk young adults. Like much of New Orleans, the building was severely damaged by Katrina.

To support their mission and repair damage, Cafe Reconcile undertook a \$5 million renovation project that included the rehabilitation of an existing historic building and the construction of an addition, all completed in 2014. Their 5-story historic corner building on OC Haley now serves as a centerpiece in the community, providing jobs and a hub for local commerce.



CAFE RECONCILE
Photo: SCNZ Architects

THE IMPACTS

THE DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS

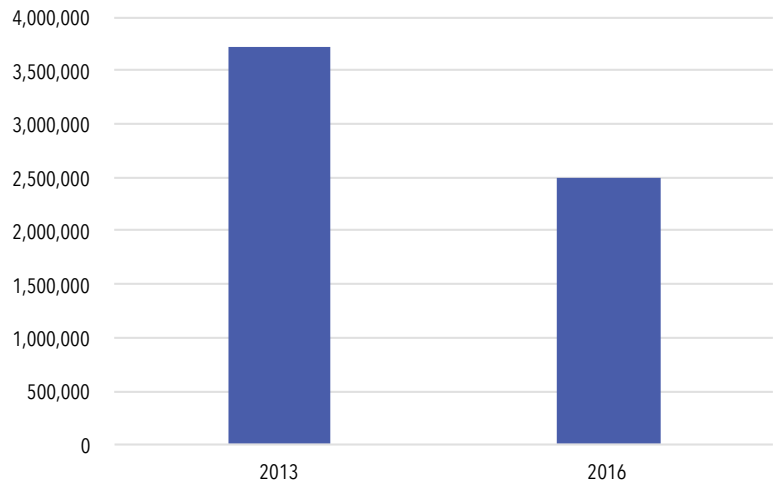
The Downtown Development District of New Orleans (DDD) is a big supporter of the State Commercial Tax Credit, which has been a crucial tool in their work and in the renaissance of New Orleans. With an inventory of Katrina-damaged buildings and the subsequent departure of businesses, reducing vacancy has been a major focus of the DDD. With investors able to utilize the State Commercial Tax Credit, vacancy has been reduced by more than 1,000,000 square feet in the last three years. Few cities in America have had that level of success in such a short time period. The excellent leadership of the DDD has contributed significantly to their success, but so have the specific provisions in the State Commercial Tax Credit that allow historic buildings in Downtown Development Districts to utilize the state credit whether or not they are listed on the National Register of Historic Places.

ROUSES MARKET

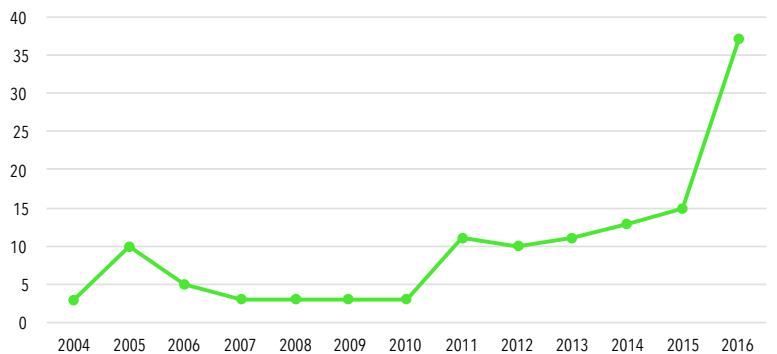
The catalytic impact of the Rouses Market, discussed previously, is very impressive. Since the project was completed in 2012, three times more building permits have been issued than in the preceding five years.

And the amount of investment in the area – both through new construction and historic rehabilitation – is remarkable. The origin is straightforward and the correlation undeniable: the investments over the last five years would not have taken place were it not for the catalytic Rouses Market project, and Rouses Market would not have happened without the State Commercial Tax Credit.

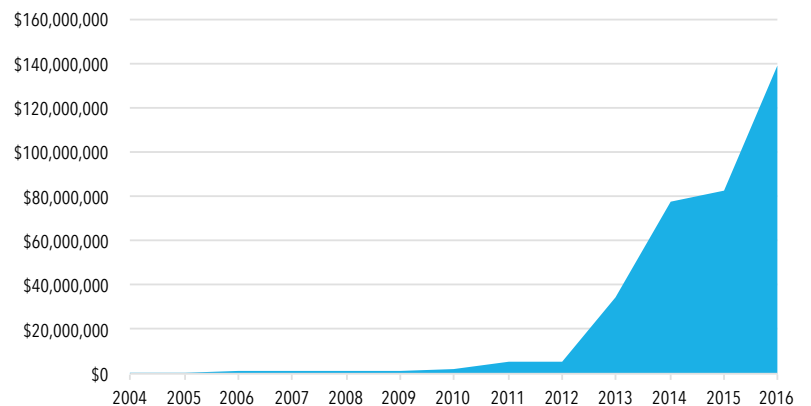
Vacant Space
New Orleans Central Business District



Building Permits



Cumulative Investment



Vacant Space - Source: Downtown Development District of New Orleans.

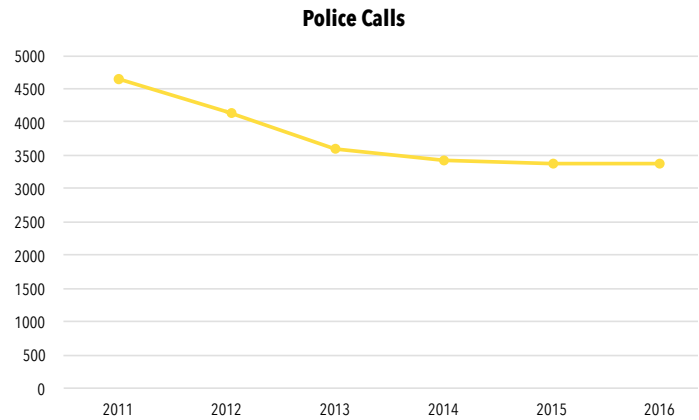
Building Permits - Source: City of New Orleans.

Cumulative Investment - Source: City of New Orleans.

Police Calls - Source: City of New Orleans.

OC HALEY BLVD & CENTRAL CITY

The purpose of the State Commercial Tax Credit is to encourage owners to invest in vacant and underutilized historic buildings, but the end result significantly improves both the structures and the quality of life for local residents more comprehensively. Patterns of concentrated investment in a relatively small area can result in many possible positive consequences: reduced vacancy, increased property values, additional residents, new businesses, and more jobs. All of those have taken place in the Central City neighborhood. Another benefit: increased public safety. In the last five years, police calls in the Central City area have gone down more than 27%. This fact further illustrates the many positive consequences of the state tax credit in getting buildings activated again. Where there are fewer vacant buildings, more businesses, more residents, and more people on the street, crime often goes down.



USING HISTORIC TAX CREDITS ON A NEIGHBORHOOD SCALE - GULF COAST HOUSING PARTNERSHIP

There are few organizations in America – public, private, or non-profit – that have had such a large impact in such a short time as has the Gulf Coast Housing Partnership (GCHP) working with the partnerships it has forged. The work of GCHP and its partners in the last decade has transformed the Oretha Castle Haley Corridor in Central City. A neighborhood rich with history, it has suffered in recent decades from declining property values, vacant buildings, and deferred maintenance. The Central City neighborhood was undergoing demolition by neglect, but the Gulf Coast Housing Partnership has made a tremendous impact in reversing that reality.

Over the last 10 years, nearly a dozen projects representing more than \$110 million of investment have been developed in an eight-block stretch along and adjacent to OC Haley Boulevard.

As a non-profit developer, the GCHP uses a wide variety of financial resources in order to make investments in affordable housing, homeless shelters, arts centers, retail storefronts, and mixed-use developments. One of their most valuable tools is the Louisiana Historic Tax Credit.

Thanks to the state historic tax credit's easy transferability, it is a tool that is available and useful to non-profits such as GCHP. GCHP is using the state tax credit to ensure Louisiana's historic buildings meet the needs of today and tomorrow – exactly what the credit was intended to do – for all of Central City's residents, including its underserved populations.

SHREVEPORT

Beginning in 1905, Shreveport was a beneficiary of the oil industry. But in recent years, the city has also been its victim. Shreveport's population reached its peak in 1980 but due, in part, to the downturn in the oil industry, both population and economic activity then began to decline. Yet the city's rich building stock has remained an attractive asset. Thanks to the historic tax credits, the city has attracted both local and out-of-state investments. Simultaneously, in the last ten years, several high-capacity nonprofits have also taken on the rehabilitation of historic buildings, which has resulted in new businesses, expanded operations, and new residents. There are still vacant and underutilized buildings in downtown, and local officials, residents, and property owners are counting on the historic tax credits to provide the roadmap for Shreveport's continued revival.

CITY STATS

POPULATION	200,327	
TAX CREDIT USAGE SINCE 2007	#	\$
#!/\$ STATE COMMERCIAL	16	\$25,075,993
#!/\$ STATE COMMERCIAL + FEDERAL	2	\$9,081,197
#!/\$ FEDERAL	0	\$0
TOTAL PROJECTS/INVESTMENT	18	\$34,157,190

THE PEOPLE

MARK PREVOT: ARCHITECT/BUSINESS OWNER

Mark Prevot is one partner in a sixteen-person architecture firm in Shreveport that was founded in 2005.

After learning about historic tax credits at a conference in New Orleans, Prevot thought, "that's what we need to do in Shreveport!" Motivated to seek a long-term involvement opportunity for his business, he bought the George T. Bishop Building, a former car showroom in downtown Shreveport.

As he says, "I was a young business person with good credit but limited assets, and used [historic] tax credits as collateral." The prominent George T. Bishop building now houses three businesses: Prevot's architecture firm, an engineering firm, and an event venue started by his wife. On his architecture firm being in the building he rehabbed, Prevot says: "I'm just a caretaker for this building for future generations. It's a treasure. It's bigger than us, we wanted to take care of it and be able to return it to commerce."



MARK PREVOT
Photo: Mark Prevot



SHREVEPORT REGIONAL ARTS COUNCIL: NONPROFIT REHABILITATOR

After a fire destroyed their building in 2009, the Shreveport Regional Arts Council (SRAC) decided to start fresh in a new location. They sought a unique opportunity and found it in an un-used city fire station on the western edge of Downtown Shreveport. They utilized the State Commercial Tax Credit and the federal historic tax credits to complete a restoration totaling nearly \$6 million dollars. As first time users of the tax credits, they had to "come to grips with an incentive to bring a building back to its original glory instead of making it contemporary," but also respect that "the historic tax credits are the glue that keep you from changing the look of the building."

Post-restoration, SRAC initially thought, "we might have 50 people in the building a day -- but it's actually 250 people a day." Today, the building is a hub for the cultural economy in Shreveport, which inspired the SRAC to commit to develop the arts-driven Shreveport Common Plan for the surrounding area. With over 30 partners, the Shreveport Common Plan has been recognized as one of the top creative placemaking initiatives in the country. The plan has already attracted \$40M investment in the area, turning underutilized buildings and lots into community green spaces, residential housing, live/work spaces and marketplaces, and arts-related programming.

THE PROJECTS

RE-FORM SHREVEPORT: ACTIVIST GROUP

If your stereotype of millennials is of self-absorbed slackers who care more about taking selfies than about the world around them, then you haven't met LeVette Fuller, Luke Lee, Chris Lyon, or Tim Wright. With their education and skills, they could choose to live anywhere. But they live in Shreveport because they want to. These aren't pacifists just accepting the status quo; they are activists promoting change. Not change for the sake of change, but change that makes the city they love better for themselves, their friends, their families, and their generation.

Each of these talented individuals is active in Re-Form Shreveport, an organization whose mission is bringing together people, ideas, and hands-on work to improve Shreveport's built environment. The organization hosts national speakers on urban issues, lobbies for bike lanes, learns about and then advocates for a unified development plan, and cleans up the neighborhood park.

Each of the four also contributes to the culture publication Heliopolis. The choice of the name was not accidental. Heliopolis was an ancient Egyptian city that was a center of learning, and this group uses the publication as a source of learning for both themselves and their fellow Shreveport citizens.

These are local activists who are not stuck in the past, but are directly involved in helping to create and define the Shreveport of tomorrow. So what do historic buildings have to do with that effort? Everything. Neither Re-Form Shreveport nor Heliopolis would call themselves "historic preservation" entities. But they recognize Shreveport's inventory of historic buildings as a central building block for the city they hope Shreveport will become. All four of these young activists expressed pride and excitement about the redevelopment of historic buildings downtown. And all four knew the important role that the State Commercial Tax Credit plays in making that happen.

MUNICIPAL MEMORIAL AUDITORIUM

Address: **705 Elvis Presley Ave**
Year Rehabilitation Complete: **2014**
Tax Credits Used: **State and Federal**
Amount Qualified Rehabilitation Expenditure: **\$5,850,000**
Total Investment: **\$6,435,130**
Old Use: **Auditorium**
New Use: **Auditorium**

The Municipal Memorial Auditorium, an impressive Art Deco structure that opened in 1929, was built for the servicemen of WWI. It boasts national significance for hosting the Louisiana Hayride Radio Program, and at its high point featured some of the country's greatest performers including Elvis Presley (who got his start at this venue), Hank Williams, and Johnny Cash.

The city of Shreveport applied for bond funding to renovate the auditorium and, thanks to the state commercial and federal historic tax credits, was able to increase the renovation budget. This allowed for more phases of work and to bring the building into compliance with the Americans with Disabilities Act (ADA) as well as to install air conditioning. By selling the historic tax credits, the city was able to use that revenue to put it into infrastructure for nearby streets. It was only because the State Commercial Tax Credit was created to allow the credits to be easily transferred that a municipality like Shreveport could utilize them.

Today, the renovated building is again used as an auditorium. "Now you have to worry about the venue being available. You never used to have to worry about that," said Janie Landry, Deputy Director of Shreveport Downtown Development Authority. "It was so good to see the community reinvest in it."

MUNICIPAL MEMORIAL AUDITORIUM
Photo: mapio.net



THE IMPACTS

Shreveport, like most American cities, had at one time a significant residential population in the downtown area. The “over the store” model, where business owners sold goods from the first floor commercial spaces and lived above, was common. Over the years, however, population and lifestyle shifts ultimately left the upper floors underutilized, either used for storage or entirely vacant.

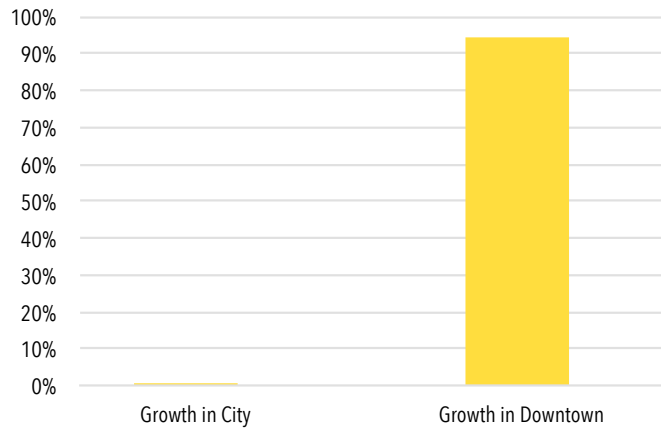
Excitingly, over the last two decades, cities have come to understand the major contributions that upper-floor housing makes to the economy of a downtown and also to public safety. As a result, most cities focusing on downtown revitalization have looked for ways to increase their number of downtown residents. Using the State Commercial Tax Credit, numerous property owners and developers have created living spaces in downtown Shreveport. While the overall population of Shreveport has grown only negligibly in the past 15 years, the residential population downtown has grown more than 90% -- and nearly all within rehabilitated historic buildings.

The State Commercial Tax Credit has directly spurred investment in downtown Shreveport. Since the state credit was enacted, \$25,000,000 has been invested in historic buildings downtown.

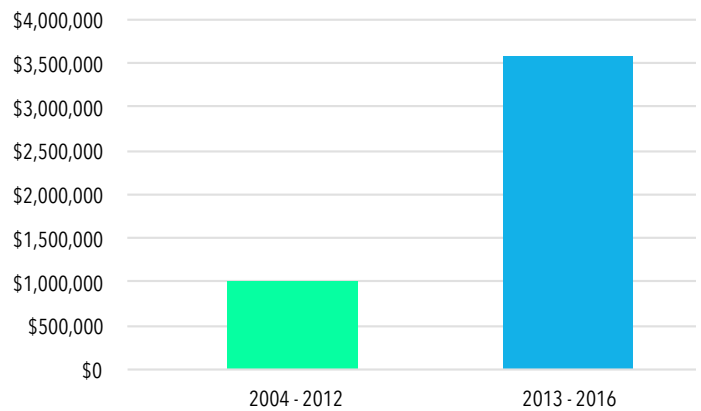
Real estate development can be a risky endeavor; the unknowns that may be faced with the redevelopment of historic properties makes those projects even riskier. The State Commercial Tax Credit allows a property owner (and the banker) to take those risks. Further, the demonstrated success of smaller projects gives confidence to the marketplace, enabling larger projects to be undertaken. This pattern is seen in Shreveport.

In the first decade after the state tax credit’s enactment, the historic tax credit projects completed were relatively modest in scale, averaging around \$1 million each in Shreveport. In the last four years, however, the average project exceeded \$3.5 million in investment, indicating the market has demonstrated both the demand for space in downtown historic buildings and the usefulness of the state tax credit to make those projects happen.

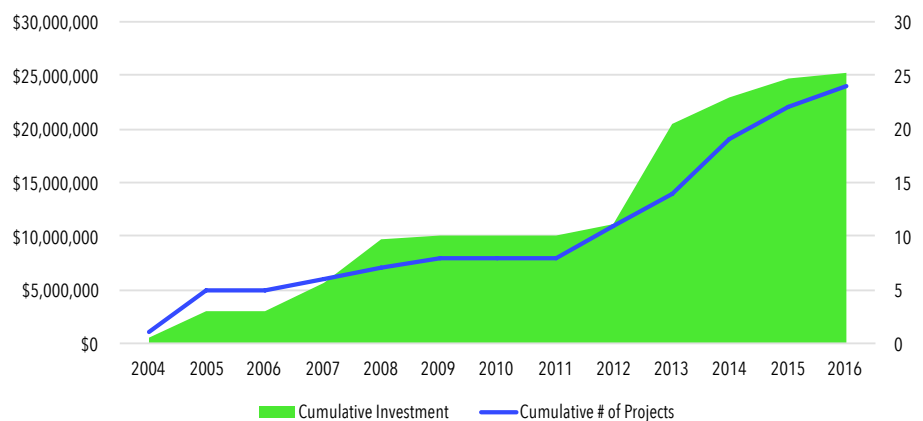
**Populations Growth Downtown
2000-2015**



Average Project Size



Historic Tax Credit Projects



Population Growth Downtown - Source: US Census Bureau.
Average Project Size - Source: Louisiana Office of Cultural Development, Department of Culture, Recreation, & Tourism.
Historic Tax Credit Projects - Source: Louisiana Office of Cultural Development, Department of Culture, Recreation, & Tourism.

SLIDELL

CITY STATS

POPULATION	27,526	
<i>TAX CREDIT USAGE SINCE 2007</i>	#	\$
#!/\$ STATE COMMERCIAL	4	\$1,000,602
#!/\$ STATE COMMERCIAL + FEDERAL	0	\$0
#!/\$ FEDERAL	0	\$0
TOTAL PROJECTS/INVESTMENT	4	\$1,000,602

Slidell was devastated by Hurricane Katrina. Waterlines on local buildings indicate the frightening impact of the storm. Businesses departed and vacant buildings were left behind. But Slidell and its residents are resilient, and so are its historic buildings. The State Commercial Tax Credit was the tool Slidell residents needed to turn their vacant buildings into vibrant assets. Tax credit rehabilitation projects are now home to new businesses and even the Chamber of Commerce. Both new and old businesses are part of the city's resurgence, led by the rehabilitation of historic buildings, which has transformed Olde Town Slidell into a destination for residents and visitors from around the region.



ANDY PRUDE

Photo: Andy Prude

OLDER BUILDINGS ARE "COOL THINGS THAT YOU CAN'T FIND SOMEWHERE ELSE," SAID PRUDE. "IT'S IMPORTANT TO KEEP THAT GOING."

THE PEOPLE

ANDY PRUDE: FINANCIAL ADVISOR

Andy Prude is known as a tax credit mentor in Slidell. Prude pioneered the use of the State Commercial Tax Credit in Olde Town Slidell through his renovation of the Ponchartrain Building on Carey Street, a now-vibrant and intact commercial stretch home to restaurants, a beauty salon, and Prude's own business, among others.

Prude purchased the Ponchartrain Building in 2010. With the help of the staff at the Louisiana Office of Cultural Development, he figured out how to utilize the state's commercial historic tax credit. Coupled with a tax abatement program, the renovation has sparked numerous other successful state historic tax credit

projects in Olde Town Slidell. Prude "set up a Dropbox" to share his paperwork from the Ponchartrain project in an effort to help others take on their historic rehabilitations. Jen Bellau, a beauty salon owner who relocated her business to a building renovated using the state tax credit in Olde Town, also turned to Prude for guidance.

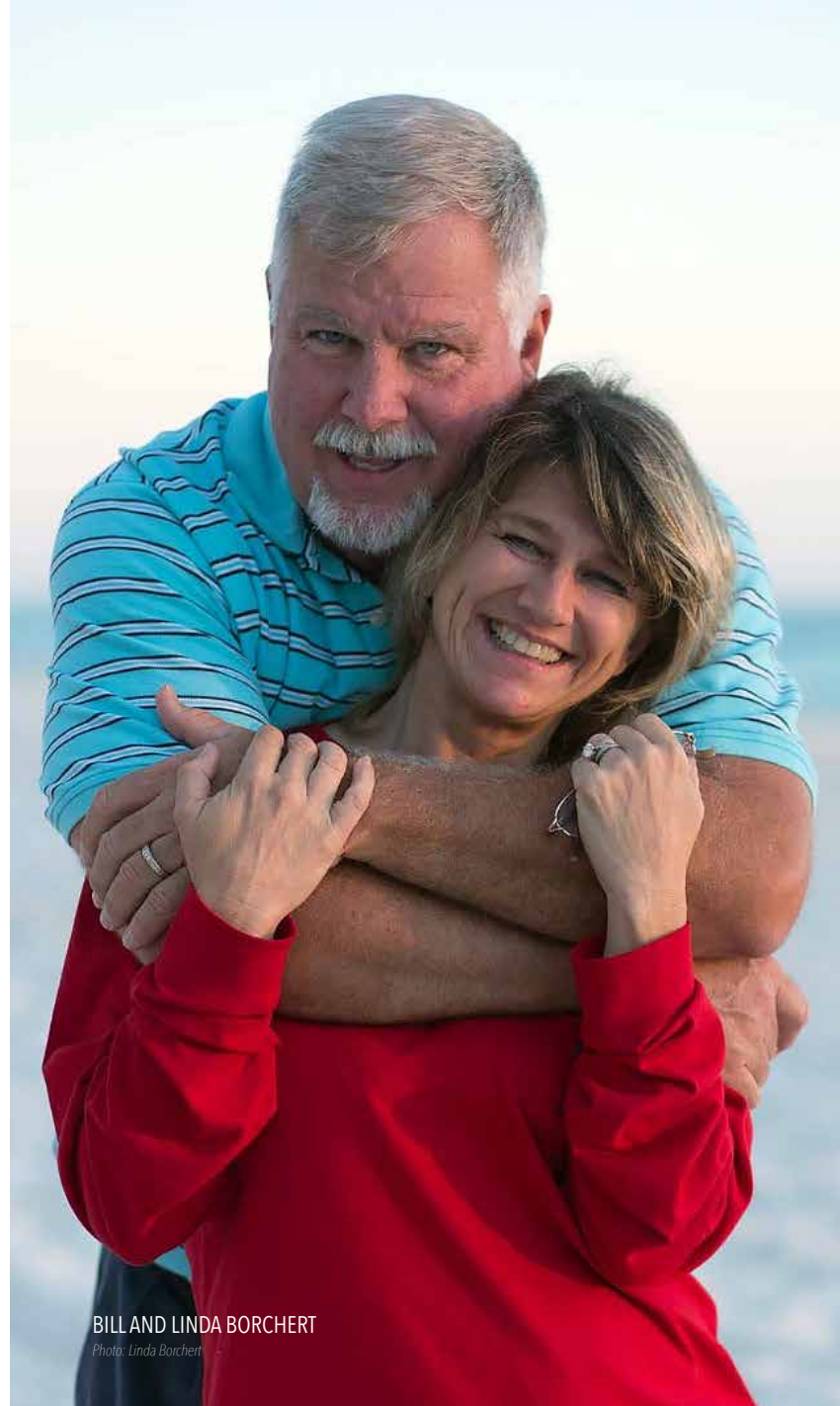
Older buildings are "cool things that you can't find somewhere else," said Prude. "It's important to keep that going."

Prude's investment and mentorship of other investors has catalyzed the redevelopment of Olde Town Slidell in a big way. "Many residents didn't want to come downtown," said Mayor Freddy Drennan. "Now we want to show off our downtown."

LAURA AND BILL BORCHERT: ATTORNEY AND CITY COUNCILMAN

Laura and Bill Borchert heard about the State Commercial Tax Credit through their downtown neighbor, Andy Prude. They completed the renovation of a shotgun duplex in Olde Town Slidell between 2012 and 2013. One half of the duplex serves as Laura's law offices, while the other half serves as a meeting area either for Laura and her clients or other members of the community. To make the renovation of this building possible, the Borchert's say two things occurred: "First, Andy's project happened, and second, Andy educated the city [about state commercial tax credit]."

Now, Laura says, she decorates the shotgun with lights so when the parade goes through town and walks past her building, "it's no longer dark and vacant, but it brings the block to life." Bill and Laura have become mentors in their own right, paying forward the help they received in renovating their building to others who are interested in historic rehabilitation using the state tax credit.



BILL AND LINDA BORCHERT

Photo: Linda Borchert



BORCHERT'S SHOTGUN DUPLEX

Photo: PlaceEconomics



BEFORE
Photo: Andy Prude

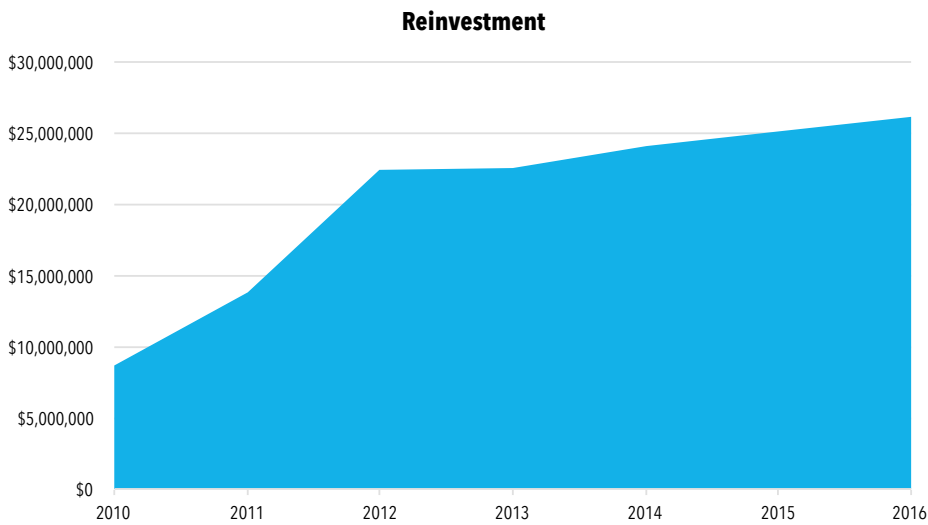
**"WE LITERALLY
HAD LOST OLDE
TOWN, AND NOW
WE GOT IT BACK."
- MAYOR FREDDY
DRENNAN**



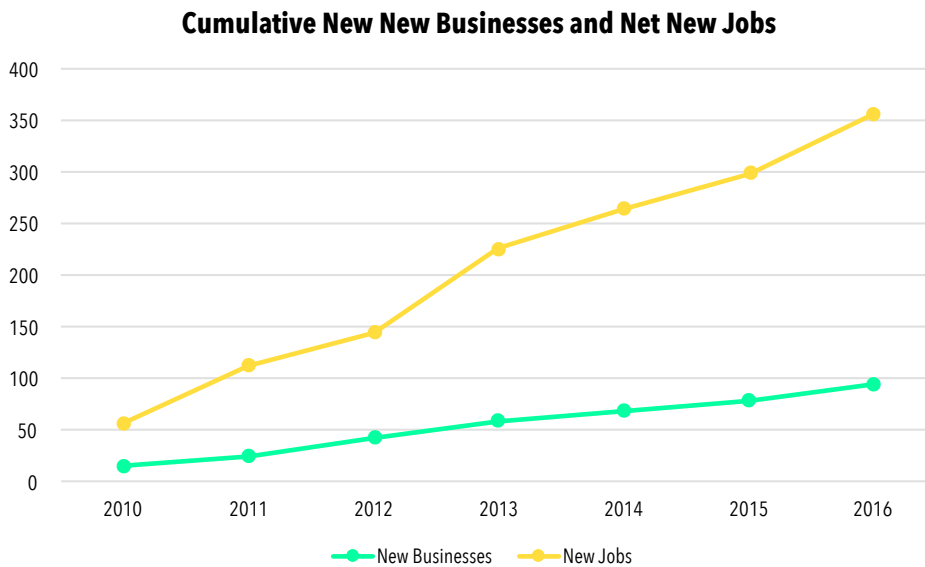
40
AFTER
Photo: PlaceEconomics

THE IMPACTS

The State Commercial Tax Credit isn't just for rehabilitating old buildings; it is creating spaces for new businesses and new jobs. Although there are standards that must be met to receive the state tax credit, it is far less an aesthetic tool than an economic development tool. The success of the state tax credit is apparent in Slidell. Since 2010, more than \$25 million has been invested in historic buildings in this Louisiana community's downtown.



Improving the economic environment in downtown Slidell is the responsibility of the city's Main Street program. Corresponding to the investment in historic buildings, businesses have chosen to start up downtown, relocate to downtown, and sometimes return to downtown. Main Street reports a steady growth in downtown businesses and jobs throughout Louisiana's tough economic years.



Cumulative Reinvestment - Source: Olde Towne Slidell Main Street
Cumulative New Businesses and New Jobs - Source: Olde Towne Slidell Main Street

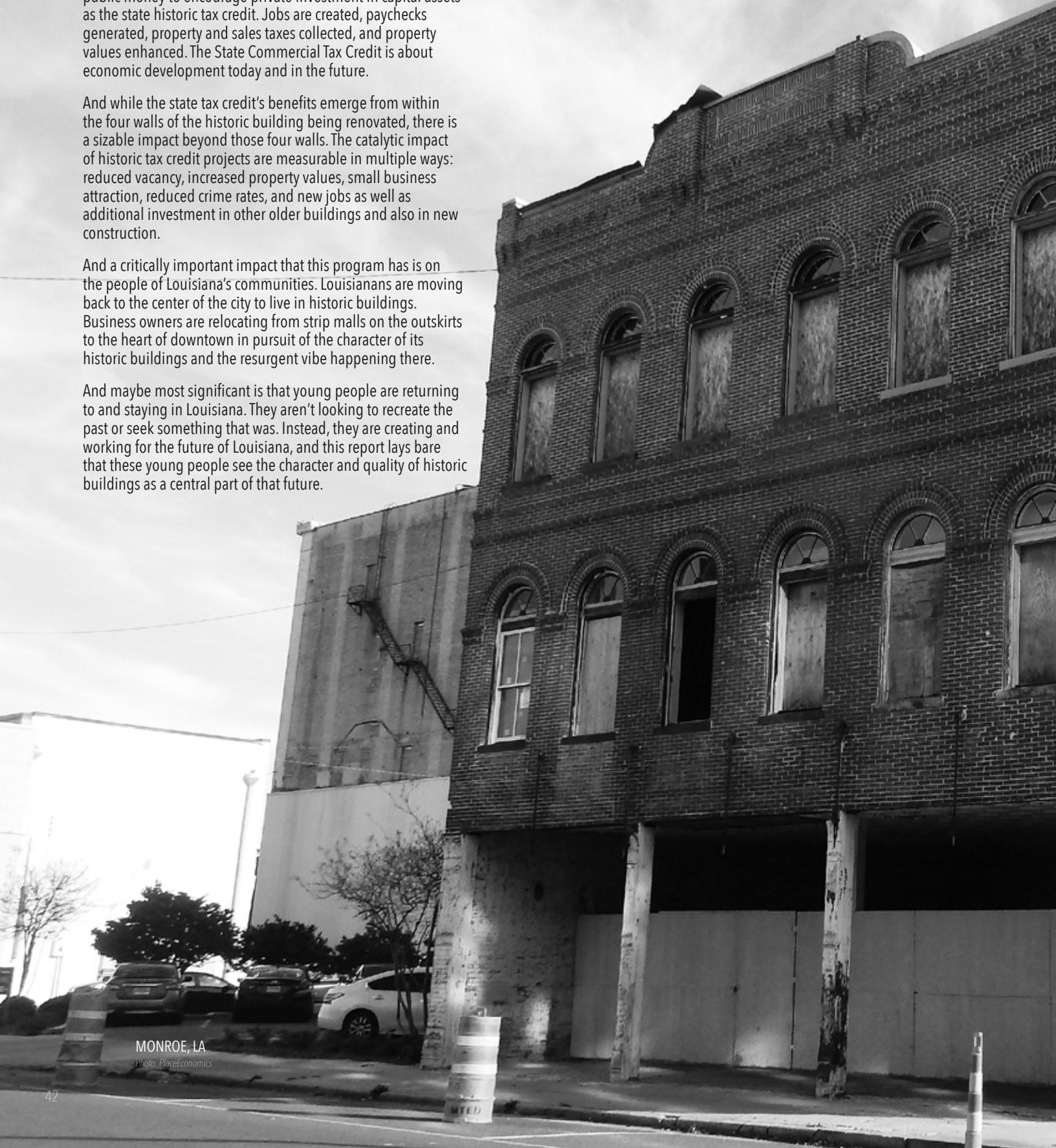
CONCLUSION

This study has shown that the State Commercial Tax Credit is about the future of the state and its businesses, residents, and communities. Few programs are as effective in leveraging public money to encourage private investment in capital assets as the state historic tax credit. Jobs are created, paychecks generated, property and sales taxes collected, and property values enhanced. The State Commercial Tax Credit is about economic development today and in the future.

And while the state tax credit's benefits emerge from within the four walls of the historic building being renovated, there is a sizable impact beyond those four walls. The catalytic impact of historic tax credit projects are measurable in multiple ways: reduced vacancy, increased property values, small business attraction, reduced crime rates, and new jobs as well as additional investment in other older buildings and also in new construction.

And a critically important impact that this program has is on the people of Louisiana's communities. Louisianans are moving back to the center of the city to live in historic buildings. Business owners are relocating from strip malls on the outskirts to the heart of downtown in pursuit of the character of its historic buildings and the resurgent vibe happening there.

And maybe most significant is that young people are returning to and staying in Louisiana. They aren't looking to recreate the past or seek something that was. Instead, they are creating and working for the future of Louisiana, and this report lays bare that these young people see the character and quality of historic buildings as a central part of that future.





ACKNOWLEDGEMENTS

The authors would like to acknowledge the following people in each of the six case study cities. These individuals served as a main point of contact for each community and gathered stakeholders to provide an on-the-ground look at how historic tax credit projects have impacted their communities. These meetings truly illustrated how a single project can spark significant change. We appreciate all of the stakeholders across each city that took the time to meet and speak with us, and show us the cities and projects they care deeply about.

BATON ROUGE

Whitney Cooper, Baton Rouge Downtown Development District

MONROE

Maya Gatling-Akers, Monroe Downtown Economic Development District

NEW IBERIA

Jane Braud, City of New Iberia

NEW ORLEANS

Scott Hutcheson, Mayor's Office of Cultural Economy, City of New Orleans

SHREVEPORT

Liz Swaine, Shreveport Downtown Development Association

SLIDELL

Sharon DeLong, Olde Towne Slidell Main Street

METHODOLOGY

This analysis relied on data from the Louisiana Department of Culture, National Park Service, other state and federal databases, local parish and city offices, nonprofits, online research platforms, newspaper and social media outlets, and in-person stakeholder interviews.

- Tax credit data from the Louisiana Department of Culture and the National Park Service
- Property tax value data from Ouachita Parish and New Iberia Parish
- Building permit data from the City of New Iberia, City of New Orleans, and East Baton Rouge Parish
- Calculations for jobs and income created through building rehabilitation were based on IMPLAN, an input-output econometric model
- Population data from the US Census Bureau





PROJECT TEAM

This report was prepared and written by Donovan Rypkema, Briana Grosicki, and Emilie Evans with editing support from Carla Bruni.. Rypkema is principal of PlaceEconomics, a Washington D.C.-based real estate and economic development consulting firm. He is author of *The Economics of Historic Preservation: A Community Leader's Guide* and an adjunct professor in the Historic Preservation Program at the University of Pennsylvania. Grosicki is Director of Research at PlaceEconomics and handled research methodologies and data collection. Evans is the Director of the Rightsizing Cities Initiative (RCI) with PlaceEconomics. She served as Project Manager and is responsible for the report design. Bruni is the Associate for Engagement at PlaceEconomics and served as editor for the report.



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