

TAX CREDIT BONANZA

Property investors are now enjoying both federal and Ohio-based historic tax credits thanks to the statewide program implemented in 2008.

by Taylor Swope

Michael Schiff, principal at Schiff Capital Group of Columbus, understands firsthand the benefit of receiving historic preservation tax credits. He is planning an approximately \$15 million renovation of the Atlas building, 8 E. Long St., and in July he received almost \$3 million in state tax credits for his proposed plan. He will work in conjunction with Lifestyle Communities to renovate the building and create more than 100 apartments to provide another downtown living option.

Preservation tax credits often are used by savvy investors who value historic properties and buy real estate because they present win-win opportunities. In Schiff's case, downtown Columbus wins because he and his partners will rehabilitate a landmark building. Schiff wins because his tax bill will be smaller.

The Atlas building, constructed in 1905, first served as the headquarters for the Columbus Savings and Trust Company. But over time, it has become almost vacant, which is why Schiff jumped at the opportunity to purchase it last March.

"State and federal credits are a great thing because they take buildings like the Atlas that



Preservation consultant Judy Williams and Michael Schiff, of Schiff Capital Group, stand on the marble staircase in the lobby of the Atlas building, located at 8 E. Long St. Schiff is restoring the building and converting office space to apartments with help from preservation tax credits.

people otherwise might not take a chance on and they make the deal much more viable and possible," he explains. He says the building is "magnificent" and he's confident that, once it's completed, apartments there will lease. "There's a demand for urban living," adds Schiff. "You just have to have the right product."

Historic preservation consultant Judy Williams says that Schiff's Atlas project excites everyone involved. The building, designed by renowned Columbus architect Frank Packard, features a marble lobby which is "gracious and welcoming," according to Williams. "When you walk in, you just want to live there."

The building,
designed by
renowned Columbus
architect Frank Packard,
features a marble
lobby which is
"gracious and
welcoming,"
according to Williams.

With much work ahead, it's helpful that Schiff, Williams and others have a vision for the final project. Even though state and federal tax credits provide a nice perk for historic renovators, the process for getting them can be complex. Today, with two programs available for Ohioans, there are double the number of rules and regulations.

Federal tax credits that equal 20 percent of a project's cost have been available since 1976, but it wasn't until 2008 that Ohio instituted a separate statewide program, which caps tax credits at \$5 million per project.

Williams, along with colleagues Nancy Recchie and Jeffrey Darbee, have spent years guiding clients through the complicated procedure of renovating historic buildings. Certainly, investors who pursue tax credits for historic properties can use some help as they navigate the process.

Your old cabinets. Our new finishes.



Dublin, OH

CLASSIC CUPBOARDS *hand painted finishes*



Before

Forget everything you know about painted cabinets...

Our unique multi-step process combines skilled artistry with a custom blend paint to create beautiful and durable hand waxed finishes. These finishes are washable and chip resistant. Our thick paint fills in wood grain and even adheres to plastic laminate surfaces.

At about half the cost of cabinet replacement, updating your kitchen just became affordable.





Longtime preservation consultants Jeffrey Darbee and Nancy Recchie understand the intricacies of getting tax credits for their clients.

On the federal level, there are several requirements in four separate areas: preserving, rehabilitating, restoring and reconstructing. Some of the requirements for rehabilitating properties involve promising that a property will be used as it was historically or ensuring that it will be given a new use that requires minimal change to its distinctive materials, features, spaces and spatial relationships. Another requirement for rehab is that “chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible,” according to the federal standards.

Before brainstorming any project, it’s vital to understand qualifiers for the state and federal tax credit programs. Although there are a lot of rules and regulations, the ultimate goal is to protect the history of the building involved. Recchie says strict guidelines are in place to “maximize the defining features and not create a false historic appearance.”

Williams explains that in the case of the Atlas building, following historic preservation guidelines wasn’t too difficult because “there is very little historic fabric remaining.” Besides preserving the building’s elevator bank and original marble flooring, there is freedom with renovation plans, she says. For example, Schiff Capital Group may add an addition to the existing structure, a procedure not always acceptable to historic properties because, in some cases, it may detract from the integrity of the original structure.

Mark Lundine, an urban revitalization coordinator at the Ohio Department of Development, says the biggest considerations for projects to receive Ohio tax credits include the jobs it provides, and the economic impact the project will have in its location, which is not a requirement for the federal credit application process.

Lundine and his team also take the group’s financing into consideration, as well as the type of project they’re planning in

The Meadows
LARGE LUXURY CONDOMINIUMS
AT SCIOTO RESERVE

Located in a beautifully manicured golf course community, The Meadows is convenient to scenic downtown Powell.
Four floorplans to choose from including a new ranch design!
Acres of open space!

From Sawmill Parkway turn left onto Home Rd. and then turn right onto S. Section Line Rd. The Meadows is located about .8 of a mile down on the right.

For more information call:
(740) 881-9369 OR (614) 890-4033
www.meadowsatsciotoreserve.com
Model Open Thursday-Sunday: 1pm - 5pm

Developed by
Real Property

relationship to the structure's location. "You have to work with what you have, and you have to be creative about it," he explains. "The whole point is to take an old building whose current use is not functioning in the market and redo it so it can serve a different purpose."

The Ohio Department of Development reviews applications twice a year to determine which projects receive credits. Project managers should understand that the state credit is capped at \$5 million per project, which makes receiving a state credit a highly competitive feat. "We fund all that we can," Lundine says. "We exhaust our funding for that six-month period," he explains. Lundine and his office want to ensure the credits—which can be up to 25 percent of the project's cost or \$5 million, whichever comes first—are distributed fairly across the state.

An added challenge for receiving Ohio tax credit is that the building must be officially listed as a historic building to be eligible. That isn't always a quick process, says Judy Kitchen, director of technical preservation with the Ohio Historic Preservation Office. "It takes time," she explains. "It's rare that a building could be listed in less than 9 or 10 months." The state review board only meets three times a year to consider nominations, so all applications must be completed to ensure the process isn't delayed. Kitchen adds that gaining historic certification in less than a year certainly is plausible, but "it's a good rule of thumb" for planning purposes to assume it could take a full 12 months.

Although it's beneficial if the building is already listed on the National Register of Historic Places for federal credit consideration, it is acceptable to have a provisional certification, which comes before final approval. When interested owners and developers go through the application process, the first stop is Kitchen's Ohio office, and then she and her staff make recommendations to the National Park Service, which manages the national register.

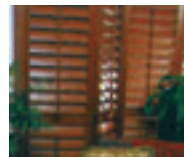
For a federal credit to be accepted, the cost of the project must equal at least the value of the structure. (The land value does not need to be included in this figure.) And unlike the Ohio credit, projects that receive a federal credit must be income producing.

A common misconception about state and federal tax incentives is that the money is meant to benefit projects with enormous budgets. Lundine says in the past three years of the state's program, his office has seen projects ranging from a tiny



Wood Shutters Add a Touch of Class to Your Windows

- Heirloom Quality
- Innovative Frame Design
- Available in a wide range of rich vibrant colors & stains
- Beautiful unique character of genuine woods
- Professionally measured & installed
- Composite shutter also available



"Who beats The Blind Factory? Nobody!"

THE **BLIND FACTORY**

3670 M Parkway Lane, Hilliard
614.771.6549 | www.theblindfactoryohio.com

COLUMBUS BRIDE THE SHOW ColumbusBride.com

CENTRAL OHIO'S
BIGGEST & BEST
BRIDAL SHOW

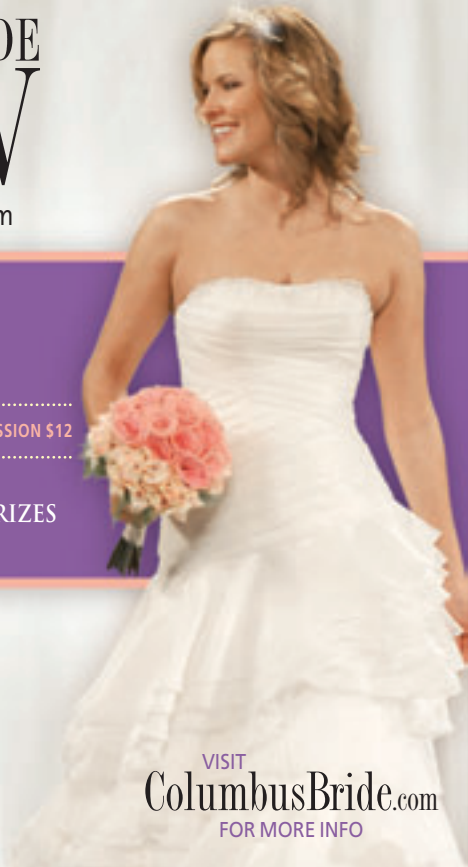
VETS MEMORIAL • NORTH EXHIBIT HALL • ADMISSION \$12

3 FASHION SHOWS
THOUSANDS OF DOLLARS IN DOOR PRIZES
MORE THAN 180 EXHIBITORS

SATURDAY
JANUARY 7, 2012
10 am to 5 pm

SUNDAY
JANUARY 8, 2012
10 am to 5 pm

VISIT
ColumbusBride.com
FOR MORE INFO



The King of Cabinets on King Avenue

Always Our Best Price...
Always The First Time
Celebrating 40 years

**Kitchen Refacing
or New Cabinets**
Serving Columbus Since 1969

- Countertops
- Quality Service
- Free Estimates



ColumbusMonthly.com

- Read blogs on Columbus nightlife and dining
- Check out restaurant reviews and listings
- Write a letter
- Order subscriptions
- Request a media kit
- Take the Columbus Quiz
- Comment on the week's Hot Topic
- View Parties photos
- Plan your weekend with our Calendar
- Dive into in-depth, award-winning stories • And lots more.



Another way to get your Monthly fix

four-unit apartment building in Cincinnati to others valued up to \$75 million.

Although it's certainly difficult to choose a favorite project, Williams says she thoroughly enjoyed partnering with Community Properties of Ohio, a subsidiary of the Ohio Capital Corporation for Housing, on a seven-year renovation to revitalize low-income rentals. The project, valued at \$100 million, rehabbed more than 200 residential buildings in several of Columbus's historic neighborhoods. Williams says contractors added air conditioning, new windows and new kitchens, as well as updating finishes, flooring and other structural entities. "They didn't involve a lot of fancy floor-change plans, but they qualified," she says.

This example helps disprove the notion that tax credits are reserved for high-end projects. "It benefits everyone," adds Williams. In fact, in late October the National Trust for Historic Preservation honored this particular project with a preservation award. Co-recipients included Williams, Columbus's historic preservation office, the Columbus Metropolitan Housing Authority and several others.

Recchie and Darbee consulted on another low-income project in town—getting Tosheff's Hotel on Parsons Avenue listed in the national register so it could receive a state tax credit for a planned low-income renovation project. The structure now houses people struggling with homelessness.

Kitchen says a combination of the state and federal tax credits also has made it possible for the completion of renovation projects such as the Seneca Hotel, which is now home to students from Columbus College of Art & Design, Ohio State University and other area colleges. "That building languished for so long," she says. "I'm so glad it got rehabilitated."

Recchie, Darbee and Williams—all of whom consult on projects throughout the state—believe that Columbus has been a bit behind on the tax credit wave. But they agree that investors such as Schiff are now realizing the incentive that tax credits provide to complete projects.

Although the state tax credit is in its infancy, it has made a significant impact on the economy in recent years. "Having that credit available has really boosted interest in Ohio," says Williams. "It's really sweetened the pot." ■

Taylor Swope is formerly an assistant editor for Columbus Monthly.