

**Annual Report
on the
Economic
Impact
of the
Federal Historic
Tax Credit for
FY 2016**



RUTGERS

Edward J. Bloustein School
of Planning and Public Policy



National Park Service
U.S. Department of the Interior
Technical Preservation Services

This executive summary is based on the findings of a National Park Service-funded annual study undertaken through a cooperative agreement with Rutgers University. The University is responsible for the content of the study.

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The National Trust for Historic Preservation provided assistance in the preparation of the two case studies.

July 2017

Cover photo: The restored historic lobby of the Paducah Coca-Cola Bottling Plant, Paducah, Kentucky. Photo: Ray Black & Sons

A Message from the National Park Service

Beyond the National Park System, the National Park Service through its Cultural Resources, Partnerships, and Science Programs is part of a national preservation partnership working to promote the preservation of historic resources in communities small and large throughout the country. For the past 39 years, the National Park Service, in partnership with the State Historic Preservation Offices, has administered the Federal Historic Preservation Tax Incentives Program.

Commonly referred to as the Federal Historic Tax Credit (HTC), the HTC is designed to not only preserve and rehabilitate historic buildings, but to also promote the economic revitalization of older communities in the nation's cities and towns, along Main Streets, and in rural areas. Targeted to income-producing buildings, the HTC program is the largest and most effective Federal program specifically supporting historic preservation. Since the program's inception in 1976, the National Park Service has certified the rehabilitation of more than 42,000 historic properties throughout the United States.

In Fiscal Year (FY) 2016, 1,039 completed historic rehabilitation projects were certified by the National Park Service, representing \$5.85 billion in estimated rehabilitation costs that qualify for a 20% Federal tax credit. (Another 1,299 proposed projects were also approved in FY 2016.) Many of these projects involved buildings that were abandoned or underutilized, and in need of substantial rehabilitation to return them to, or for their continued, economic viability. The HTC program also is an important tool in helping to revitalize older, economically-depressed communities. Based on project data provided by the National Park Service, PolicyMap has determined that over 55% of the certified rehabilitation projects in FY 2016 were located in low and moderate income census tracts.

The National Park Service issues annual reports on the HTC program quantifying the number of historic rehabilitations certified each year, their reported costs, and other statistical information on the program. The annual and statistical reports are available on the National Park Service's Technical Preservation Services (TPS) website at <http://www.nps.gov/tps/tax-incentives.htm>, along with information on the HTC program in general.

For FY 2016, the National Park Service also turned to the Rutgers University's Center for Urban Policy Research, through a cooperative agreement, to undertake and report on the economic impacts of the HTC for the fiscal year ending September 30, 2016. This report highlights its main findings. An economic model originally developed by the Center under a series of grants from the National Park Service was used in the preparation of this report. The economic model was utilized by the Center for their seven prior reports on the Federal HTC, as well as for a number of other economic reports for state governments and others.

As the Center's report identifies, the level and breadth of economic impacts resulting from the Federal HTCs in FY 2016 are quite impressive. In addition, the report includes information on the cumulative economic impact of the Federal Historic Preservation Tax Incentives Program for the past 39 years, starting in 1977-78 with the first completed rehabilitation project to be certified by the National Park Service under the program. The program remains one of the Federal government's most successful and cost-effective community revitalization programs.

Technical Preservation Services

Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2016: Executive Summary

Overview of the Rutgers Economic Analysis

The federal historic tax credit (HTC) is a federal income tax credit that promotes the rehabilitation of income-producing historic properties. This study examines the economic impacts of the HTC (currently at 20 percent) by analyzing the economic consequences of the projects it supports. This analysis focuses on the economic effects of these projects during construction and quantifies the total economic impacts (i.e., direct as well as multiplier, or secondary, economic consequences) for the fiscal year ending September 30, 2016, and for the period since the program's inception. The study utilizes the Preservation Economic Impact Model (PEIM), a comprehensive economic model development by Rutgers University for the National Park Service.

The current analysis applies the PEIM to both cumulative (FY 1978 through FY 2016) HTC-related historic rehabilitation investment (about \$131.8 billion in inflation-adjusted 2016 dollars) and single-year (FY 2016) HTC-related rehabilitation investment (about \$6.5 billion). It considers the effects of the cumulative \$131.8 billion rehabilitation investment as if it applied to one year (2016), rather than backdating the PEIM for each of the 39 years in the study period. It also considers the full rehabilitation investment associated with the HTC (e.g., \$6.5 billion in FY 2016), and not the somewhat lower amount reported by the National Park Service based on estimated qualified rehabilitation costs indicated by property owners who request certification of rehabilitation for purposes of the tax credit (e.g., \$5.9 billion in FY 2016).¹

The results of the PEIM include many fields of data. The fields most relevant to this study are the following:

- **JOBS:** Employment, both part- and full-time, by place of work, estimated using the typical job characteristics of each industry.
- **INCOME:** "Earned" or labor income; specifically, wages, salaries, and proprietor income.
- **WEALTH:** Value-added - the subnational equivalent of gross domestic product (GDP). At the state level, this is called gross state product (GSP).
- **OUTPUT:** The value of shipments, as reported in the Economic Census.
- **TAXES:** Tax revenues generated by the activity, which include taxes to the federal government and to state and local governments.

¹The HTC has a multi-step application process, encompassing Part 1 (evaluation of the historic significance of the property), Part 2 (description of the proposed rehabilitation work), and Part 3 (request for certification of completed work). Both Part 2 and Part 3 rehabilitation statistics include only costs considered "eligible" or "qualified" for the tax credit under the Internal Revenue Code (Qualified Rehabilitation Expenditures, or QREs), as opposed to "ineligible" or "nonqualified" costs. While the ineligible/nonqualified expenses do not count for tax-credit purposes, they are a component of the total rehabilitation investment or cost borne by the HTC developer. In practical terms, the total rehabilitation investment, including ineligible/nonqualified costs, helps pump-prime the economy. For example, in FY 2016, the Part 3 certified investment amounted to about \$5.9 billion, while the total rehabilitation outlay associated with the HTC was about \$6.5 billion.

The following table summarizes the impacts of the HTC in inflation-adjusted 2016 dollars for each of these economic measures for the cumulative period FY 1978-2016 and for FY 2016.

National Economic Impacts

Federal HTC-assisted Rehabilitation

	\$131.8 billion CUMULATIVE (FY1978-2016) ² historic rehabilitation expenditures (adjusted for inflation) result in:	\$6.5 billion ANNUAL FY 2016 historic expenditures results in:
Jobs (person-years, in thousands)	2,441.0	109.0
Income (\$ billion)	106.6	4.6
Output (\$ billion)	291.7	12.3
GDP (\$ billion)	144.9	6.2
Taxes (\$ billion)	41.7	1.7
Federal (\$ billion)	29.8	1.1
State (\$ billion)	5.9	0.3
Local (\$ billion)	5.9	0.3

The benefits of investment in HTC-related historic rehabilitation projects are extensive, increasing payrolls and production in nearly all sectors of the nation's economy. The cumulative effects for the period of FY 1978 through FY 2016 are illustrative. During that period, \$131.8 billion in HTC-related rehabilitation investment created 2,441,000 jobs and \$144.9 billion in GDP, about 30 percent of which (727,000 jobs and \$42.3 billion in GDP) was in the construction sector. This is as one would expect, given the share of such projects that require the employment of building contractors and trades. Other major beneficiaries were the service sector (447,000 jobs, \$19.2 billion in GDP), the manufacturing sector (508,000 jobs, \$37.9 billion in GDP), and the retail trade sector (356,000 jobs, \$10.5 billion in GDP). As a result of both direct and multiplier effects, and due to the interconnectedness of the national economy, sectors not immediately associated with historic rehabilitation, such as agriculture, mining, transportation, and public utilities, benefit as well. (Summary Exhibit).

²Changes in the official annual reported rates of inflation caused the Rutgers research team to make various changes in the calculations concerning the economic impacts of the historic tax credit (HTC) over time. The changes are particularly notable over the past few years when job counts ensuing from the HTC had to be adjusted.

The most recent economic benefits of the federal HTC are also quite impressive. In FY 2016, HTC-related investments generated approximately 109,000 jobs, including 39,000 in construction and 24,000 in manufacturing, and were responsible for \$6.2 billion in GDP, including \$2.0 billion in construction and \$1.8 billion in manufacturing. HTC-related activity in FY 2016 generated \$4.6 billion in income, with construction (\$1.7 billion) and manufacturing (\$1.1 billion) reaping major shares. (See Summary Exhibit 2 for more details.)

The HTC National Economic Impacts

HTC-related historic rehabilitation benefits state economies as well as the national economy. For example, in the State of New York in FY 2016, federal HTC-related rehabilitation activity totaled about \$831 million. The national impacts of that investment included 13,751 jobs, an additional \$1,564 million in output, \$592 million in income, \$791 million in GDP, \$143 million in federal taxes, and \$242 million in total taxes. In New York alone, the same \$831 million in HTC-related spending resulted in 7,855 jobs, \$830 million in output, \$369 million in income, \$455 million in gross state product (GSP), and \$134 million in total taxes.

HTC Impacts Compared with Those of Nonpreservation Investments and Housing Contributions

How does HTC-related historic rehabilitation perform as an economic pump-primer compared with other, nonpreservation investments? In short, quite well.

Numerous studies conducted by Rutgers University show that in many parts of the country, a \$1 million investment in historic rehabilitation yields markedly better effects on employment, income, GSP, and state and local taxes than an equal investment in new construction or many other economic activities (e.g., manufacturing or services). These findings demonstrate that historic rehabilitation, combined holistically with the many activities of the broader economy, delivers a commendably strong “bang for the buck.”

About half of all HTC transactions include housing. Often used in combination with programs such as the Low Income Housing Tax Credit (LIHTC), the HTC has produced powerful and very beneficial results in this area. From FY 1978 through FY 2016, the HTC has been involved in the creation of a reported 549,005 housing units. Of that 549,005 total, 271,174, or 49.4 percent, were existing housing units that were rehabilitated; 277,831 or 50.6 percent were newly creating housing units (e.g., housing resulting from the adaptive reuse of commercial space). In addition, 153,255, or 28 percent of the total housing units produced (549,005), were affordable to low- and/or moderate-income (LMI) families. In FY 2016, of the 21,139 units created (rehab and other) produced under the federal HTC, 7,181 (34 percent) were LMI units. The federal HTC’s influence on housing, largely invisible to the general public, deserves much greater attention, given its production of housing in general and LMI housing units in particular.

The Cost of the HTC

The HTC is a tax expenditure and has a public cost. In the simplest terms, the federal cost of the HTC is equal to the credit percent (20 percent since 1986) applied to the Part 3 (“qualified for tax credit”) estimated investment.³ Applying that calculation, the federal HTC costs the U.S. Treasury approximately \$25.2 billion (in inflation-adjusted 2016 dollars) over the period of FY 1978 through FY 2016, while the cost for projects certified by the National Park Service in FY 2016 alone was about \$1.2 billion.⁴ Weighing against these costs are the significant economic impacts (i.e., jobs, income, GDP, and output) and tax revenue (federal, state, and local) generated by HTC-aided rehabilitations and documented in this study. An important finding is that the HTC yields a net benefit to the U.S. Treasury, generating \$29.8 billion in federal tax receipts over the life of the program, compared with \$25.2 billion in credits allocated.

Summary of HTC Impacts

In short, the federal HTC is a good investment for local communities, individual states, and the nation. The cumulative impacts of the program to date (FY 1978 through FY 2016) support this conclusion.⁵

- An inflation-adjusted (2016 dollars) \$25.2 billion in HTC cost encouraged a five times greater amount of historic rehabilitation (\$131.8 billion).
- This rehabilitation investment generated almost 2.5 million new jobs and billions of dollars in total (direct and secondary) economic gains.
- The cumulative positive impacts on the national economy included \$291.7 billion in output, \$144.9 billion in GDP, \$106.6 billion in income, and \$41.7 billion in taxes, including \$29.8 billion in federal tax receipts.
- The leverage and multiplier effects noted above support the argument that the federal HTC is a strategic investment that works.

³See footnote 1.

⁴These estimates are based on full utilization of the credits in cases of certified rehabilitations. For various reasons, not all completed projects certified by the National Park Service may ultimately utilize the credit. Their economic impact, nevertheless, remains.

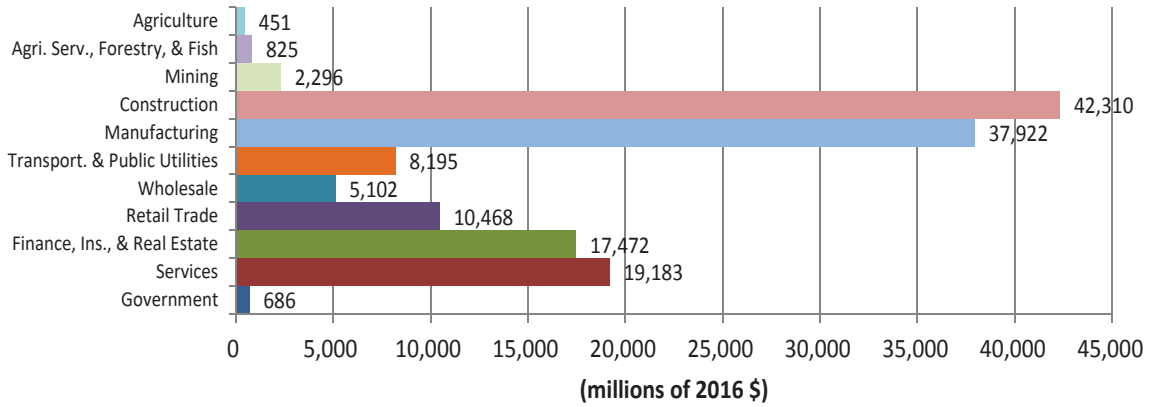
⁵See footnote 2.

SUMMARY EXHIBIT 1

National Economic and Tax Impacts of Federal HTC-related Activity FY 1978 through FY 2016 (HTC investment: \$131.8 billion)

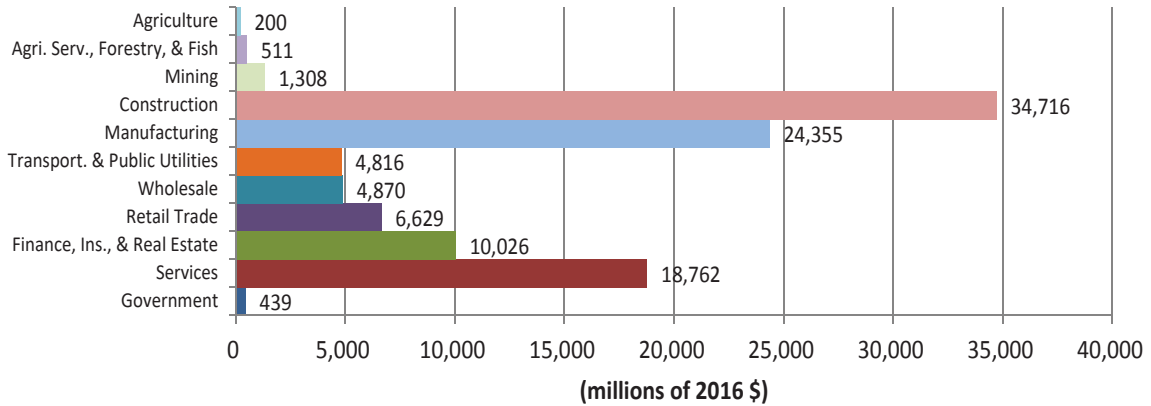
Gross Domestic Product by Sector from Federal Historic Preservation Investment

(\$144,911 million cumulative, FY 1978-2016)



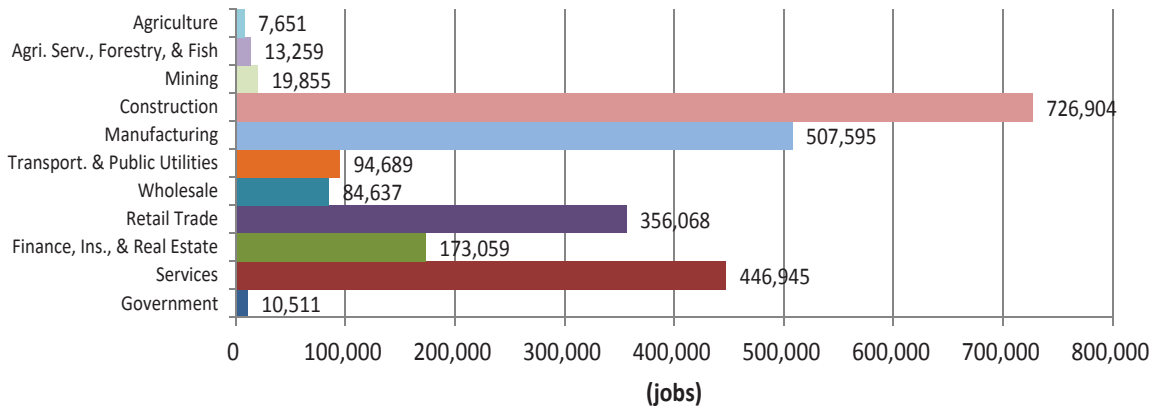
Income Created by Sector from Federal Historic Preservation Investment

(\$106,632 million cumulative, FY 1978-2016)



Jobs Created by Sector from Federal Historic Preservation Investment

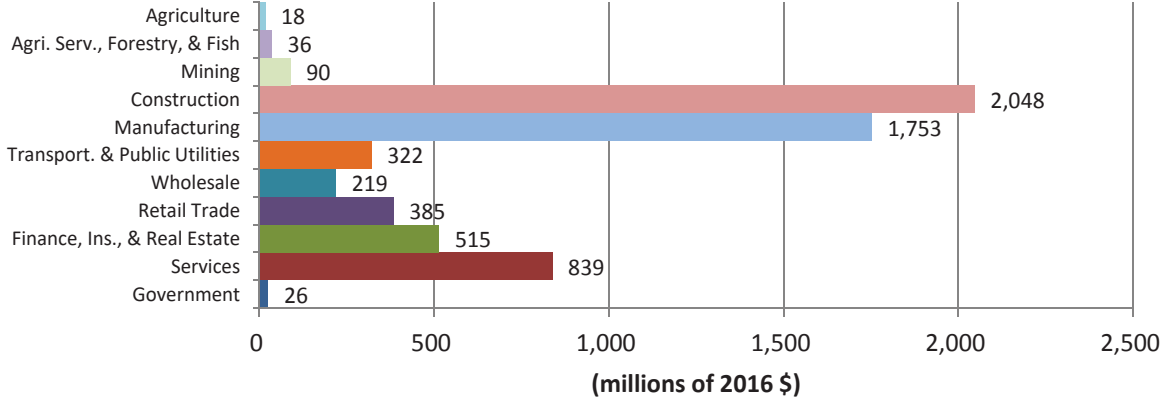
(2,441,172 jobs cumulative, FY 1978-2016)



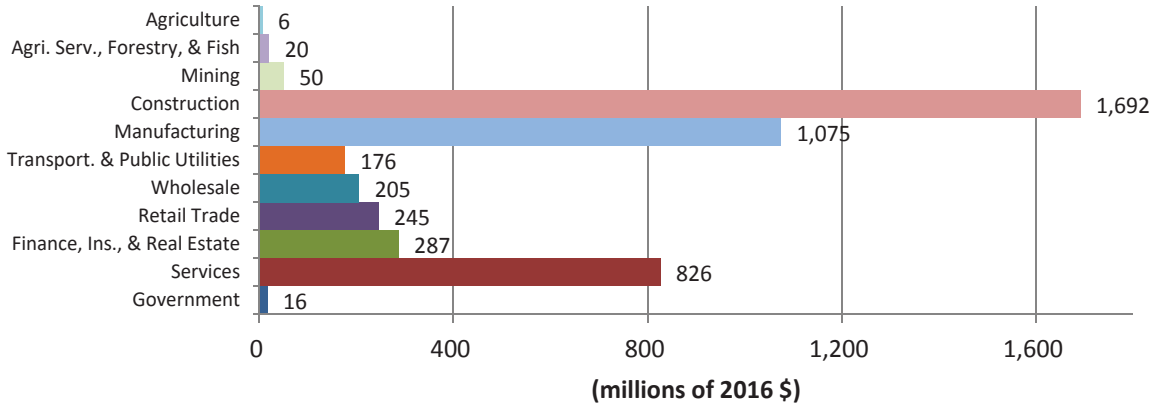
SUMMARY EXHIBIT 2

**National Economic and Tax Impacts of Federal HTC-related Activity
FY 2016 (HTC Investment: \$6.5 billion)**

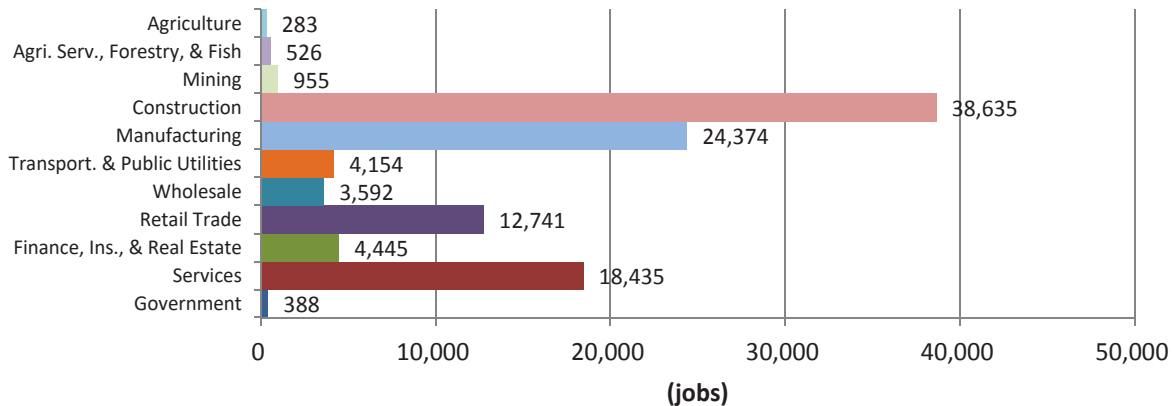
Gross Domestic Product by Sector from Federal Historic Preservation Investment (\$6,249 million, FY 2016)



Income Created by Sector from Federal Historic Preservation Investment (\$4,598 million, FY 2016)



Jobs Created by Sector from Federal Historic Preservation Investment (108,528 jobs, FY 2016)



National Economic and Tax Impacts of Federal HTC-related Investment by State, Fiscal Years 2011-2016

State	Total Rehabilitation Costs (in 2016 \$ millions)	National Economic Impacts				Tax Impacts			
		Employment (jobs)	(in 2016 \$ millions)			(in 2016 \$ thousands)			
			Income	GDP	Output	Local	State	Federal	Total
Alabama	\$98.9	1,813	\$62.7	\$118.0	\$162.4	\$1.7	\$2.6	\$15.1	\$19.4
Alaska	\$0.1	0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Arizona	\$59.1	1,018	\$34.9	\$45.0	\$113.6	\$56.0	\$36.1	\$9.8	\$101.8
Arkansas	\$103.0	2,110	\$71.7	\$106.9	\$190.3	\$2.0	\$3.7	\$17.3	\$23.1
California	\$1,011.3	14,773	\$733.0	\$957.6	\$1,978.7	\$25.5	\$40.8	\$185.8	\$252.1
Colorado	\$143.3	9,031	\$101.0	\$139.9	\$269.5	\$3.6	\$4.7	\$23.9	\$32.1
Connecticut	\$368.0	5,202	\$256.2	\$356.2	\$673.3	\$19.4	\$16.4	\$59.0	\$94.8
Delaware	\$49.2	759	\$34.8	\$47.4	\$92.0	\$2.3	\$2.3	\$7.9	\$12.4
District of Columbia	\$135.2	1,912	\$91.2	\$123.2	\$238.0	\$9.1	\$3.7	\$18.4	\$31.2
Florida	\$266.5	4,531	\$188.1	\$254.9	\$498.7	\$13.8	\$8.2	\$44.9	\$67.0
Georgia	\$172.1	3,348	\$119.5	\$175.7	\$315.1	\$8.1	\$7.8	\$29.2	\$45.1
Hawaii	\$5.1	68	\$3.4	\$4.8	\$8.8	\$0.2	\$0.2	\$0.8	\$1.1
Idaho	\$0.2	3	\$0.1	\$0.2	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0
Illinois	\$1,601.6	23,389	\$1,165.8	\$1,504.6	\$3,127.6	\$50.8	\$46.1	\$280.5	\$377.4
Indiana	\$219.3	3,800	\$156.8	\$210.9	\$418.6	\$72.3	\$48.3	\$37.3	\$157.6
Iowa	\$510.7	9,055	\$345.8	\$516.1	\$898.3	\$17.0	\$15.2	\$80.2	\$112.2
Kansas	\$269.7	4,777	\$188.7	\$261.2	\$500.0	\$63.6	\$44.3	\$43.4	\$151.2
Kentucky	\$214.6	4,047	\$148.6	\$209.9	\$393.1	\$21.6	\$17.1	\$34.2	\$72.8
Louisiana	\$1,291.9	22,422	\$920.9	\$1,206.3	\$2,447.1	\$45.1	\$46.9	\$211.9	\$304.0
Maine	\$247.1	3,683	\$145.3	\$218.2	\$473.5	\$11.2	\$10.4	\$39.1	\$60.8
Maryland	\$649.8	9,961	\$456.3	\$613.4	\$1,205.6	\$21.1	\$19.1	\$104.1	\$144.2
Massachusetts	\$1,937.3	24,495	\$1,359.4	\$1,823.7	\$3,607.3	\$51.7	\$62.4	\$312.7	\$426.8
Michigan	\$786.9	12,290	\$557.6	\$746.9	\$1,484.5	\$23.4	\$28.4	\$130.0	\$181.7
Minnesota	\$935.1	14,510	\$656.6	\$884.5	\$1,746.1	\$32.9	\$37.1	\$150.8	\$220.8
Mississippi	\$122.6	2,493	\$85.4	\$120.9	\$225.5	\$9.2	\$7.4	\$19.8	\$36.5
Missouri	\$1,949.4	32,607	\$1,390.3	\$1,841.9	\$3,706.4	\$53.9	\$61.7	\$322.9	\$438.3
Montana	\$28.8	549	\$20.0	\$28.2	\$52.8	\$1.0	\$1.0	\$4.6	\$6.6
Nebraska	\$249.0	4,689	\$170.2	\$246.2	\$445.5	\$51.4	\$35.0	\$38.6	\$125.1
Nevada	\$50.9	721	\$35.1	\$48.7	\$92.8	\$1.4	\$0.8	\$8.0	\$10.2
New Hampshire	\$82.5	1,246	\$57.4	\$79.8	\$152.6	\$3.1	\$1.1	\$13.3	\$17.5
New Jersey	\$491.1	7,040	\$348.6	\$458.5	\$933.1	\$9.6	\$14.6	\$80.4	\$104.4
New Mexico	\$41.7	788	\$29.5	\$40.5	\$78.6	\$1.8	\$1.8	\$6.9	\$10.3
New York	\$2,424.2	39,591	\$1,727.4	\$2,307.1	\$4,561.7	\$157.1	\$133.0	\$416.7	\$706.9
North Carolina	\$812.9	15,041	\$572.5	\$814.2	\$1,522.6	\$19.6	\$28.4	\$139.0	\$187.1
North Dakota	\$16.7	291	\$11.7	\$15.4	\$30.8	\$0.6	\$0.4	\$2.5	\$3.5
Ohio	\$1,392.0	24,616	\$991.3	\$1,371.6	\$2,643.7	\$60.5	\$50.9	\$241.4	\$352.7
Oklahoma	\$337.2	6,575	\$240.2	\$336.7	\$643.7	\$8.1	\$11.6	\$57.9	\$77.6
Oregon	\$228.0	3,931	\$165.5	\$216.9	\$443.8	\$5.9	\$8.0	\$39.7	\$53.8
Pennsylvania	\$1,447.5	23,101	\$1,050.7	\$1,393.0	\$2,822.5	\$48.3	\$41.0	\$254.9	\$344.0
Rhode Island	\$410.3	6,155	\$279.6	\$419.9	\$737.7	\$15.0	\$13.0	\$64.0	\$91.9
South Carolina	\$127.1	2,370	\$88.2	\$128.9	\$232.2	\$3.6	\$4.1	\$21.1	\$28.7
South Dakota	\$16.1	314	\$11.3	\$14.7	\$29.8	\$0.5	\$0.3	\$2.4	\$3.2
Tennessee	\$103.8	1,806	\$72.9	\$100.8	\$193.6	\$3.0	\$2.2	\$16.9	\$22.0
Texas	\$363.2	5,793	\$263.1	\$344.0	\$711.3	\$12.5	\$7.3	\$64.9	\$84.5
Utah	\$26.1	476	\$18.2	\$25.6	\$48.4	\$0.6	\$0.8	\$4.2	\$5.8
Vermont	\$129.6	2,253	\$93.8	\$123.2	\$248.7	\$5.1	\$6.4	\$21.2	\$32.7
Virginia	\$1,457.9	24,037	\$1,043.3	\$1,409.9	\$2,777.7	\$37.7	\$49.0	\$249.6	\$336.5
Washington	\$272.6	4,279	\$195.3	\$264.8	\$523.7	\$12.5	\$9.7	\$47.1	\$69.5
West Virginia	\$40.3	752	\$27.9	\$40.6	\$73.7	\$1.1	\$1.5	\$6.5	\$9.2
Wisconsin	\$257.4	4,410	\$182.3	\$250.8	\$483.8	\$9.0	\$10.4	\$43.5	\$62.9
Wyoming	\$6.0	131	\$4.8	\$7.0	\$12.7	\$0.3	\$0.3	\$1.4	\$2.1
Totals	\$23,960.9	393,052	\$16,974.9	\$22,975.1	\$45,271.6	\$1,084.5	\$1,003.4	\$4,025.6	\$6,113.1

Sources: Department of the Interior, National Park Service, Technical Preservation Services; National Council of State Historic Preservation Offices; and calculations by Rutgers University

CASE STUDY #1

Paducah Coca-Cola Bottling Plant

Paducah, Kentucky



Project Profile

Historic Name: Paducah Coca-Cola Bottling Plant

Current Name: The Coke Plant

Original Construction Year: 1939

Year Rehabilitation Completed: 2016

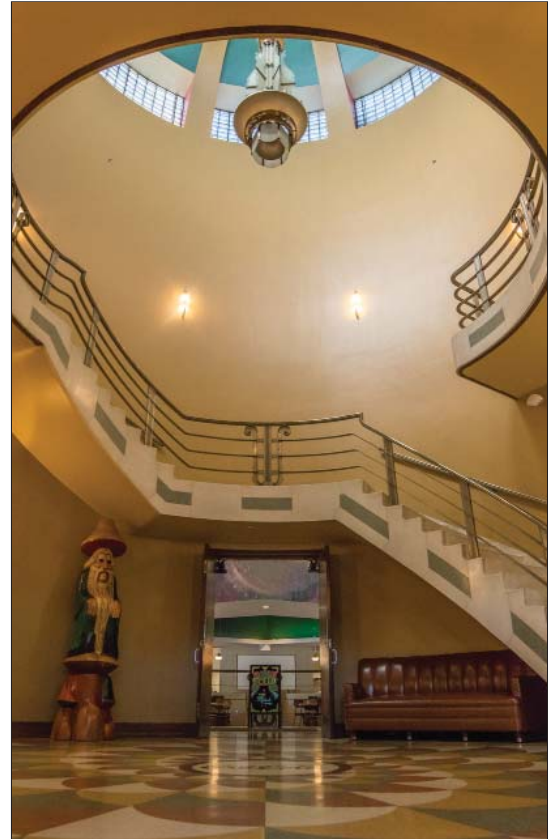
Original Use: The bottling of Coca-Cola products

New Use: Mixed commercial uses

Total Project Cost: \$5,300,000

Federal Historic Tax Credit Equity: \$679,000

State Historic Tax Credit Equity: \$321,000



The Coke Plant with its prominent dome faces a corner street. The restored lobby (above) leads into a restaurant space (below). Photos: Ray Black & Sons

The Coke Plant: History and Downtown Paducah Revitalization Context

Paducah, Kentucky's recently renovated Coke Plant, located in the City's Midtown neighborhood, has a storied past. It begins with Luther Carson, who established a family-owned Paducah-based Coca-Cola bottling company in 1903, becoming the seventh bottler of Coca-Cola in the world. The Coke Plant's current address at 3141 Broadway was the plant's fourth location. The building's role in Paducah's industrial development, its distinctive Art Deco style, and its highly visible location has made it an iconic structure revered by local residents.

Vacant since 2005, the Coke Plant’s redevelopment was the vision of Ed and Meagan Musselman of Musselman Properties, who had the support of Chris Black of Ray Black & Son, the general contractor, and the Paducah Economic Development agency. Since opening in 2016, the Coke Plant has become a destination for metropolitan area residents looking to have a relaxing food, drink, health, or cultural experience. When asked why he and his wife took on this complex project, Ed Musselman said, “We wanted to eliminate a blighting influence in the Midtown neighborhood. And we wanted to put under one roof the things that had made Paducah great and tenants who would bring new experiences to area residents.”

The new tenants include Mellow Mushroom, a regional pizza restaurant that works with local communities to make its retail locations reflective of their history and culture. Other tenants include Dry Ground Brewing Company, Pipers Tea and Coffee, the Ice Cream Factory, Time on a String (a recording and music lesson studio), True North Yoga, Socially Present (a marketing and website design firm), Ochre (a cooperative of local artists) and Baptist Health Paducah. Ed Musselman stated that the building’s beautiful architecture was a major driver of tenant interest in the property.

Project Budget	
Sources of Funds	Amount
Bank Loan	\$3,800,000
Federal HTC Equity	\$ 679,000
State HTC Equity	\$ 321,000
Developer Equity	\$ 500,000
Total	\$5,300,000
Uses of Funds	Amount
Acquisition Costs	\$ 400,000
Construction	\$3,700,000
Equipment	\$ 800,000
Soft Costs	\$ 400,000
Total	\$5,300,000

Scope of Rehabilitation

Rehabilitation work included a faithful restoration of the Coke Plant’s exterior facade and distinctive copper dome. Its lobby was fully restored and features a large Coca-Cola logo in its terrazzo floor, a canti levered terrazzo stairway, and a hemispherical domed ceiling 45 feet in height and 30 feet in diameter. Other areas were reconfigured to accommodate the new uses. Work also included new plumbing, electrical and HVAC, restoration of the original steel windows, roof replacement, repairs to the copper dome, and repairs to the dome’s clear glass-block clerestory. Neon lighting was restored on the interior of the dome and is strikingly visible from the exterior through the glass block.

Role of the Historic Tax Credit

The role of the federal Historic Tax Credit (HTC) was critical to the financing of the Coke Plant, providing \$679,000 in equity. The Kentucky State Historic Tax Credit contributed another \$321,000. Without the federal HTC, the developer would not have received a competitive return on his substantial equity contribution. Over time, the federal tax credit equity will partially pay back the developer’s “patient capital.”

Economic Impact on Paducah

The Coke Plant has become a model for entrepreneurs in other parts of Paducah and helps promote a city policy of economic development through historic preservation. PACRO (Paducah Area Community Reuse Organization) provided a portion of the financing for the Mellow Mushroom. Other city government preservation-based initiatives include the revitalization of homes in the early 20th-century Jefferson Street-Fountain Avenue Residential District. The Coke Plant generated 54 construction and 160 permanent jobs as well as significant annual state and local taxes, business income, and salaries.

Community Benefits	
Permanent Jobs:	160
Construction Jobs:	54
State & Local Taxes:	\$630,000
Business Income Generated:	\$5,570,000
Household Income Generated:	\$3,600,000

CASE STUDY #2

Greyhound Station Savannah, Georgia

Project Profile

Historic Name: Atlantic Greyhound Bus Terminal
 Terminal Current Name: The Grey
 Original Construction Year: 1938
 Year Rehabilitation Completed: 2015
 Original Use: Bus depot for the Greyhound Lines
 New Use: Restaurant
 Total Project Cost: \$3,061,437
 Federal Historic Tax Credit Equity: \$507,219
 State Historic Tax Credit Equity: \$300,000



The front facade of the historic bus terminal has been repaired and restored and even the new signage evokes the past. Historic photograph: George Historic Society

The Grey: History and Downtown Context

In its heyday, the Greyhound Lines ran TV commercials that concluded with the tag line, “And leave the driving to us.” Savannah, Georgia residents and visitors did just that between 1938 and 1964, converging on 109

Martin Luther King, Jr. Boulevard to access the Greyhound terminal and catch one of 75 buses a day that provided regional intercity service. After it was replaced by a new bus station in 1964, the property saw a variety of reuses, with the last being a restaurant which shuttered in 2001.

The property sat vacant for more than a decade until transplanted-New Yorker John Morisano purchased it with a vision to preserve the Streamline Moderne-style building for a new restaurant that he hoped would set a new standard for culinary arts in his adopted city. He and his wife Carol purchased a house in Savannah several years earlier, and a restaurant provided an opportunity to share his passion for food and wine with city residents and visitors.

With a distinctive curvilinear facade, the building was designed by nationally regarded Greyhound architect George D. Brown who used Greyhound's signature ivory tile and blue curved Vitriolite glass on the building's exterior. With the help of the Georgia State Historic Preservation Office and the National Park Service, Mr. Morisano restored the exterior, including the distinctive vertical marquee, and utilized many of the interior's historic features and spaces to create a unique dining ambiance for "The Grey" restaurant. Asked about these design requirements, Mr. Morisano said, "It did make the project more expensive, but I have no doubt that the alluring exterior look of the building is drawing passersby inside and supporting the restaurant's bottom line."

Chef Mashama Bailey describes The Grey's menu as "Port City Southern," with food and drink offerings that reflect a combination of historical and cultural influences. These include Savannah's history as an early port, and food traditions of the city's residents that include large Irish, African-American and Jewish communities. The restaurant's entrées emphasize fresh fish, fowl, lamb, beef, pasta and raw oysters with Italian influences that reflect Morisano's family upbringing. Chef Bailey has roots in Savannah and nearby Waynesboro, Georgia, and brings her knowledge of local cooking to the restaurant.

Scope of Rehabilitation

The scope of rehabilitation for The Grey was driven by a faithful rehabilitation of the property's exterior look as a Greyhound bus station and the preservation of many original interior spaces. The original ticket counter now serves as an open kitchen, the former lunch counter is now a separate bar, and all waiting rooms and bathrooms, including the formerly segregated areas for African-American travelers, have been retained and repurposed for various restaurant uses. Such attention to preservation allows diners to enjoy a fine menu within a historic setting that reflects both Savannah's history and its economic renewal today.

Role of the Historic Tax Credit

The project's Qualified Rehabilitation Expenses of \$2,536,097 generated \$507,219 in federal historic tax credit equity for the transaction. The Georgia historic tax credit generated an additional \$300,000. Understanding that startup restaurants need very patient capital, the developer self-financed the project and used the credits to



The historic main waiting room was successfully reused for dining.
Photo: Emily Andrews

offset his federal and state taxes. The credits provide Mr. Morisano with an accelerated return on his investment. The availability of the federal and state tax credit was a significant factor influencing the owner's decision to take on the rehabilitation of the Greyhound Bus Terminal.

Economic Impact on Savannah

The Grey has created 50 new permanent jobs. By taking a long-vacant building and turning it into a popular restaurant, the project is also having a catalytic economic impact along the long-neglected western edge of the Savannah Downtown Landmark District. The local real estate market views The Grey as an anchor property in a transitional commercial area that includes Yamacraw Village, a 1960s-era public housing complex. Since The Grey opened, a Fairfield Inn and pub have opened right next door and, just to the north, Hilton has broken ground on another hotel. Johno Morisano is also moving ahead with the rehabilitation of four more historic buildings in the vicinity of his restaurant.

Economic Benefits

50 permanent job

Startup small business

Catalytic project in a low-income community

2 nearby hotels open or under construction

4 additional properties in predevelopment stage

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