Economic Impact
of Historic Rehabilitation Tax Credits
in Kansas

Research Conducted for

KANSAS PRESERVATION ALLIANCE

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Table of Contents

Study Objective and Background

This study examines the many significant construction-stage total economic effects (i.e., direct as well as multiplier or secondary economic consequences) of historic rehabilitation investment in Kansas that is aided by historic tax credits. The latter are an important strategic mechanism for helping encourage historic preservation, such as rehabilitating older yet architecturally and culturally important residential and commercial buildings. The historic tax credits are offered by both the federal government as well as by about 30 states, including Kansas.

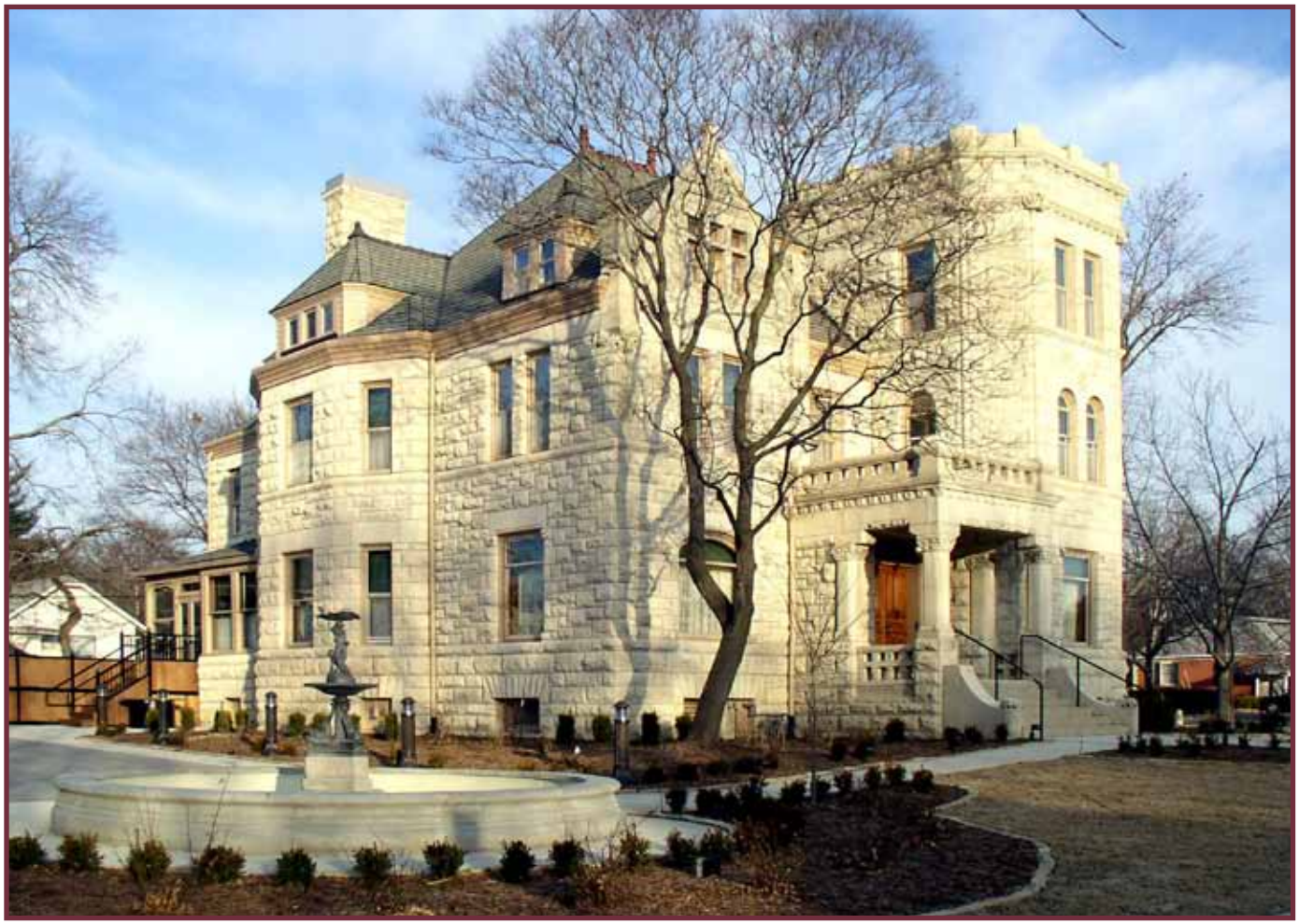
Implemented in state fiscal year 2002, the Kansas state rehabilitation tax credit is an incentive program to encourage the rehabilitation of historic buildings across Kansas by providing for a state income tax credit equal to 25 percent (30 percent for non-profits) of qualified expenses on qualified historic structures used for either income-producing or non-income producing purposes. (See Summary Exhibit 1 for details.) The Kansas State Historic Preservation Office (SHPO) administers the program.

To better appreciate the background to and context of the initiative by Kansas in making available a state historic tax credit, national background on the subject of tax credits for historic preservation follows.

Federal and State Historic Tax Credits Nationally

The federal historic tax credit (HTC) dates from the late 1970s and is currently a 20 percent credit (dollar for dollar deduction against federal taxes) of the qualified costs associated with the sensitive-to-fabric rehabilitation of income-producing historic properties. (See Summary Exhibit 1 for details.) To date (Federal Fiscal Year [FY] 2008), the federal HTC has cumulatively generated about $56 billion in historic rehabilitation investment[1], proving it one of the most effective tools for historic preservation.

As an added bonus, the federal HTC is an important contributor to housing. As of FY 2008, 405,438 housing units



Castle Tea Room, Lawrence, Kansas

have been assisted by the federal HTC, including 216,993 existing units that were rehabilitated and 188,445 "newly" created housing units (e.g., housing resulting from adaptive reuse of once-commercial space). Of the 405,438 total housing units aided by the federal HTC, 101,860, or 25 percent were affordable to low-and/or moderate-income (LMI) families. Further, the LMI share of federal HTC-aided housing units is growing; from FY 2000 through FY 2008, about 40 percent of all federal HTC housing has been at LMI levels.

While the federal HTC is important, it is often not sufficient. First, the federal credit was reduced over time from 25 percent in the early 1980s, to 20 percent from 1986 onward. This change initially caused federal HTC-aided investment to plummet (e.g., from 6,100 projects with an aggregate $2.4 billion project total in FY 1985 to 550 projects with an aggregate $550 million investment in FY 1993). Second, technical changes in the tax law made the federal HTC less desirable to investors. Third, the federal HTC never covered certain investments, such as the rehabilitation of owner-occupied (and not income-producing) historic residences. Fourth, are the many challenges to rehabilitating the older residential and nonresidential historic stock in the United States. A federally-funded study conducted by this report's senior author (Listokin and Listokin 2001) described many such hurdles, ranging from regulatory barriers (e.g., inflexible building codes) to practical constraints (e.g., uncertainties in estimating costs and securing trained craftsmen)—in addition to the frequent financial conundrum of building revenues barely covering historic property acquisition and rehabilitation costs.

In response to the gaps in the federal HTC noted above, about 30 states have adopted state HTCs. In an example of creative federalism, these state aids are designed to supplement the federal HTC with a "piggyback" state tax credit of their own. A partial listing of jurisdictions with state HTCs include Colorado, Indiana, Iowa, Missouri, New Mexico, Oklahoma, Utah, as well as Kansas.

While the percentage of the historic rehabilitation investment against which a credit is given for state tax purposes (e.g., individual income or corporate) ranges from 5 percent to 50 percent, many states provide for about a 25 percent state HTC – over and above the federal 20 percent HTC—for a total of 45 percent in HTCs. This combined aid package is deemed necessary to address the numerous inadequacies in the federal HTC and to overcome the financial and other hurdles to historic rehabilitation that were earlier described.

As an example of what a state can do in this area, we describe the Missouri Historic Tax Credit (MHTC). The latter is a 25 percent credit and in many respects is more flexible than the federal HTC (e.g., the MHTC applies to owner-occupied historic residences). From its inception (1998) through fiscal year 2007, more than $2.7 billion ($2,732 million) of historic rehabilitation has cumulatively been effected under MHTC auspices. The rehab was often supplemented by new construction, so total investment over the program's duration amounted to $3.4 billion ($3,445 million). A 25 percent MHTC applied to the rehabilitation ($2,732 million), amounting to about $682 million, encouraged the Missouri investment. While major MHTC projects are concentrated in the city of St. Louis, and to a lesser extent Kansas City, Lexington, and Jefferson City, state tax credit-aided projects are found throughout Missouri.

In addition to notable historic preservation accomplishments in Missouri, such as the preservation and adaptive reuse of The Old Post Office in St. Louis, the MHTC was also an important economic pump-primer. In 2001, Rutgers University was asked by the state of Missouri to examine the economic consequences of the initial implementation of the MHTC. As of 2001, $295 million of historic rehabilitation had cumulatively been effected under MHTC auspices. (The MHTC was created in 1998 and noticeable activity did not take place until 1999.) A 25 percent state tax credit amounting to $74 million ($295 million x .25) encouraged the MHTC investment. Rutgers quantified that the $295 million cumulative MHTC-aided rehabilitation resulted in substantial economic benefits to the state of Missouri including 6,871 jobs, $212 million in income, $283 million in gross state product and $60 million in total public taxes (including $25 million in Missouri state and local taxes). Rutgers University also found that the in-state economic return from the MHTC-aided rehabilitation exceeded that of other potential investments in Missouri, both those related to construction and beyond.

The above background sets the stage for our analysis regarding the Kansas (state) historic tax credit (KHTC). Our detailed findings are quantified below and we preview them with the following general observations.

- As other state HTCs, the KHTC both builds from the good foundation established by the federal HTC while addressing many of the limitations of the federal tax credit.
- As other state HTCs, the KHTC has in a short time achieved a commendable level of progress and historic rehabilitation activity.
- Besides constituting a key aid to historic preservation in Kansas, the KHTC, as other state HTCs, has act-

Leavenworth County Courthouse, Leavenworth, Kansas

Interior
Leavenworth County Courthouse
Leavenworth, Kansas

ed as a significant economic pump-primer with respect to jobs, income wealth creation, and ensuing tax generation. Additionally, the economic return from investment in KHTC- aided historic rehabilitation exceeds the economic "bang for the buck" provided by other construction endeavors in Kansas (e.g., new residential building and dollars spent on highways) as well as more generally other economic activities occurring in the state (e.g., from wheat farming to telecommunication services).

- The quantitative economic benefits of KHTC-aided rehabilitation are supplemented by qualitative quality of life enhancements in Kansas, such as reusing an iconic neighborhood school, revitalizing a threatened downtown, and providing affordable housing.

Kansas State Historic Tax Credit (KHTC): Adoption, Description, Geographic Incidence and Overall Activity

The KHTC was enacted in Kansas state Fiscal Year 2001 (spring of 2001) and it became law officially July 1, 2001 (which is the beginning of state Fiscal Year 2002).

From FY 2002 through FY 2009, the KHTC has aided 542 completed projects with an aggregate estimated project dollar total[1] of $245 million, or $271 million in inflation adjusted (2009) dollars. (We shortly quantify

1 This estimated cost is for both the "qualifying expenses"—the portion of total project costs that qualifies for the state tax credit and "non-qualifying" expenses (i.e., outlays that are not eligible for the state tax credit), such as infrastructure, parking lots, sidewalks, landscaping, furniture, and appliances. While "non-qualifying expenses" are ineligible for the state tax credit, they do stimulate the economy.

the KHTC activity in much greater detail.)

The KHTC has been used widely in Kansas—in about 50 counties—because many locations in this state have tax credit-eligible buildings, these buildings need rehabilitation which is abetted by the tax credit's financial incentive. The overall widespread geographic incidence of the Kansas historic tax credit is shown in Summary Figures 1 and 2. The former shows the Kansas county distribution of the credit by number of projects (totaling to 542) and the latter the county geography of the credits by project cost (totaling to $245 million).

While there is general widespread use of the state historic tax credits in Kansas, there are "hotspots" of more intense utilization of the program (see Summary Figures 1 and 2) reflecting understandably such factors as the clustering of the state's population and business activity (e.g., more in the Kansas River Valley and Central Wichita regions and less in rural western Kansas) and other influences (e.g., the distribution of the state's older urban and rural centers and varying local knowledge of and interest in the program). The "top 10" utilization of the tax credits by county and city are shown in the right side-bar.

What is the nature of the local areas where the KHTC has been used? Rutgers University has examined selected population and housing characteristics of the zip codes where the KHTC has been used (all zip codes and "top 10" KHTC activity zip codes) and how these compare to the average for all zip codes in Kansas. The information is contained in Summary Figure 3. It shows that relative to the population and housing characteristics of all zip codes in Kansas, zip codes in this state where the Kansas historic tax credit has been used (both all such zip codes and "top 10" KHTC activ-

Kansas Historic State Tax Credits (KHTC) Utilization

Rank	County	Estimated Total Project Costs ($ millions)	City	Estimated Total Project Costs ($ millions)
1	Wyandotte	$50.8	Kansas City	$50.6
2	Sedgwick	$40.9	Wichita	$40.8
3	Leavenworth	$22.9	Leavenworth	$22.9
4	Douglas	$15.2	Lawrence	$15.1
5	Geary	$13.4	Junction City	$13.4
6	Saline	$12.5	Salina	$12.5
7	Franklin	$11.2	Ottawa	$11.2
8	Shawnee	$10.7	Topeka	$10.7
9	Montgomery	$8.5	Sterling	$8.4
10	Rice	$8.4	Hutchinson	$6.1
Top Ten Total		**$194.5**		**$191.8**
Total as Percentage of Kansas State Total ($245.0 million)*		**79%**		**78%**

* Estimated Total Project Cost dollars not adjusted for inflation.

Comparison of Federal and Kansas Historic Rehabilitation Tax Credits

Characteristic	Federal Credit	Kansas Credit
a. Credit percentage (%)	20	25 (30 for non-profit)
b. Commercial buildings	Qualify	Qualify
c. Residences	Do not qualify	Qualify
d. Minimum investment	"Substantial"—greater of $5,000 or adjusted basis	"Substantial"—must Exceed $5,000
e. Project expense cap	None	None
f. Program expense cap	None	Annual cap of $3.750 million recently (2009) adopted
g. Historic preservation standard	"Secretary of Interior Standards for Rehabilitation"	Same as federal
h. Transferable	No	Yes
i. Non-profit utilization	Limited	Yes

ity zip codes) have the following relative characteristics:

1. *Higher density* (population per square mile)
2. *Higher share of population classified as "urban"*
3. *Greater minority population* (i.e., higher percentage of non-whites and Hispanics)
4. *Lower median household income and higher economic distress* (as measured by percentage in poverty and percentage unemployed)
5. *Higher share of renter-occupied housing* (as opposed to owner-occupied)
6. *Similar housing value* (for owner-occupied home)
7. Greater housing affordability problem (as measured by households paying more than 30 percent of their income for housing costs)

As many other state HTCs, the KHTC offers a supplement state tax credit that can be combined with the federal HTC of 20 percent. The KHTC is generally 25 percent[2] (the same amount as that offered by many other state HTCs), so the combined state-federal HTC in Kansas (when both HTCs are used) is 45 percent.

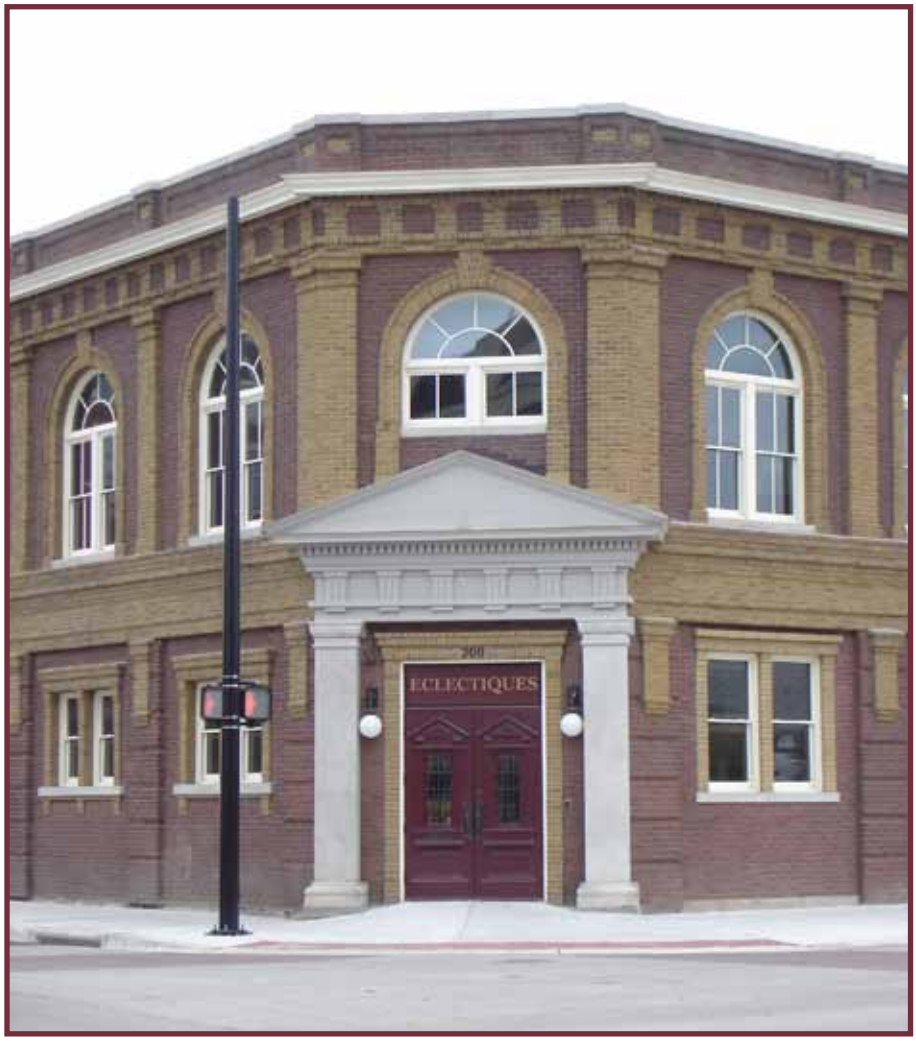
A side-by-side comparison of the KHTC to the federal HTC is summarized on the previous page with greater detail contained in Summary Exhibit 1.

While the KHTC and federal HTC share certain similarities, such as using a tax-incentive strategic approach and requiring that the rehabilitation be respectful of the historic fabric, the KHTC purposely has more flexible provisions relative to its federal counterpart. (Other state HTCs have done the same.) Examples of more flexible KHTC provisions include: an ability to apply the credit to historic residences (the federal HTC is restricted to income-producing properties only), a more realistic minimum investment requirement (the federal requirements in this regard disqualifies many worthwhile projects), the right to transfer the state tax credits so as to make these more attractive to investors (prohibited in the federal HTCs), and the ability for non-profit organizations to use the state HTC (severely limited with respect to the federal HTC). (See Summary Exhibit 1 for details.)

Because of the similarities and differences between the KHTC and the Federal HTC, there are different utilizations or "components" of the state historic tax credit in Kansas.

"State-Alone" Projects – These projects use only the Kansas state tax credit. Examples are private residences (and therefore ineligible for the federal HTC) or income-producing properties that meet the minimum investment for KHTC purposes but not for the federal HTC. These are referred to in this report as state tax credit only projects (or abbreviated to "state-alone" projects) and are eligible only for the 25 percent KHTC; they do not utilize the 20 percent federal HTC.

"State-and-Federal-Combined" Projects – These are projects that meet both state and federal HTC requirements and elect to take the 25 percent KHTC and the 20 percent federal HTC for a



Eagle's Lodge #132, Wichita, Kansas - Post-Rehabilitation

2 A 30 percent KHTC is available in the case of rehabilitation effected in a building owned by a non-profit entity.

combined 45 percent investment tax credit for historic rehabilitation.

"State-Alone" and "State-and-Federal-Combined" Projects – The sum of these two types of projects constitutes the full and multiple applications of the KHTC. The sum of the two types of projects is referred to as the "Total KHTC."

As a further note, data on the historic tax credit HTC in Kansas is presented for three time periods:

Cumulative – the HTC for all years studied (typically FY 2002 through 2009)

Annual – data for each year (typically the eight years from FY 2002 through 2009)

Annual Average – the yearly average (typically the average from FY 2002 through 2009).

Our reporting with respect to time will henceforth (unless otherwise indicated) always be based on the Kansas state fiscal year (FY) which begins July 1 and ends June 30.

As a final note, data on the dollar activity associated with the HTC comprises:

Qualified Project Costs – The rehabilitation investment that qualifies for the state HTC.

Estimated Total Project Costs – The total rehabilitation project expense, comprising both "qualifying" and "non-qualifying" (for the credit) outlays. For instance, the rehabilitation of walls, doors and windows is a "qualifying" expense, but providing a parking lot or landscaping is a "non-qualifying" expense. The total project cost amount is estimated.

State Tax Credits – This amount is typically 25 percent of the qualified project cost, but is 30 percent in the case of a non-profit.

Detailed Total and Component KHTC Activity

Summary Exhibits 2 and 3 show KHTC activity (total and by component) over the period FY 2002 through 2009 (cumulative, annual, and annual average) by dollar volume (qualified project cost, estimated total project cost, and project and tax credit amounts) and number of projects respectively. The monetary statistics, in turn, are shown in both indicated year dollars ("nominal dollars," that is *not* adjusted for inflation) as well as in "real dollars" (*adjusted* for inflation over the FY 2002-2009 span and expressed in calendar year 2009 dollars).

As noted earlier, from FY 2002-2009, the cumulative estimated total KHTC project cost amounted to $245 million in nominal dollars and $271 million in real (inflation-adjusted) dollars. Of the nominal $245 million total, the state-alone portion amounted to $57 million (23 percent) and the state-and-federal-combined portion amounted to $187 million (77 percent). (See Summary Exhibit 2—lower portion). In a parallel proportional distribution, of the $271 million in cumulative total KHTC project cost expressed in inflation-adjusted terms, $63 million (23 percent) comprised state-alone projects and $208 million (77 percent) consisted of state-and-federal-combined projects. (See Summary Exhibit 2—upper portion).

These investments were catalyzed by state as well as federal tax credits. We shall focus here on the former incentive. The cumulative total KHTC project cost from FY 2002-2009 of $245 million in nominal terms was prompted by $53 million in Kansas state tax credits while the $271 million cumulative total KHTC project cost in real terms was prompted by $69 million of inflation-adjusted (2009 dollar) state tax credits. The state tax credit, by KHTC component—state-alone and state-and-federal-combined—is further detailed in Summary Exhibit 2 as is the federal tax credit (cumulative total $31 million in nominal dollars, and $35 million in inflation adjusted dollars).

The year-by-year KHTC activity over FY 2002-2009 understandably started

Eagle's Lodge #132, Wichita, Kansas - Pre-Rehabilitation

slowly after the program was first initiated in FY 2002, and then grew over time to different plateaus of investment. (See Summary Exhibit 2 for details.) For instance, the annual total KHTC project cost in inflation-adjusted (2009) terms started at about $5.0 million in FY 2002, then rose to an annual tally of about $18 to $45 million over FY 2003 through 2007, and has reached an approximate $50 to $65 million annual project cost over FY 2008-2009. (See Summary Exhibit 2 for details.)

The number of completed KHTC projects is tracked in Summary Exhibit 3. From FY 2002 through 2009, these have been 542 cumulative total completed KHTC projects comprised of 419 (77 percent) of state-alone projects and 123 (23 percent) of state-and-federal-combined projects. This is almost the mirror reverse of the component distribution of project *costs* over the FY 2002 through 2009 span (state-alone comprising 23 percent and state-and-federal-combined amounting to 77 percent of the rehabilitation outlays). These distributions reflect the fact that the state-alone projects, comprised of many residences, tend to be relatively numerous but not that costly per project, while the state-and-federal-combined group comprises a relatively lesser number of projects, but each of these income-producing investments trends to a more significant outlay.

The annual average KHTC activity over FY 2002 through 2009 is contained in Summary Exhibits 2 and 3. For instance, the annual average total KHTC project cost (including both state-alone and state-and-federal-combined projects) over 2002 through 2009 in inflation-adjusted 2009 dollars is $34 million ($31 million in nominal dollars) with an average annual state tax credit cost of $8.7 million ($6.6 million in nominal dollars). Over the FY 2002 through 2009 period, the annual average total KHTC activity was 68 projects per year (53 state-alone and 15 state-and-federal combined projects annually).

For handy one-page reference we assemble both the cumulative and annual average KHTC activity (rehabilitation project cost, tax credit incentives, and number of projects) in Summary Exhibit 4. The latter also conveys on a side-by-side fashion the volume of historic tax credit activity in Kansas at two points of time:

A. *Before* adoption of the Kansas historic tax credit (KHTC) and thus a period when only the federal historic tax credit (HTC) was available, and
B. *After* adoption of the KHTC and focusing on the activity of this credit (both state-alone and state-and-federal-combined).

Others observing this "before-and-after" picture have remarked on the spurt of tax credit-aided historic rehabilitation investment that took place in Kansas *after* the state tax credit was put in place. The following quote from the Kansas State Historical Society (2006) is illustrative:

> "In Kansas, the federal tax credit program has been active since the late 1970s, but the activity has been very limited in comparison to other states. For many years, Kansas' neighbor to the east, Missouri, ranked at the top of the list for numbers of projects and for investments by property owners in these rehabilitations. Kansas saw fifty federal tax credit projects between 1980 and 2001… During those years, Kansas ranked between thirty-second and forty-eight among the states and territories for numbers of projects and amounts invested.
>
> "Beginning in 2001, Kansas added a second tax credit tool: its State Rehabilitation Tax Credit Program… Kansas has seen more federal tax credit projects and more investment in historic rehabilitation in the last five years than in the previous twenty. Since 2001, sixty-five federal tax credit projects were completed, with an additional 173 new state tax credit projects. These 238 projects represent an investment of more than $98 million in Kansas' historic properties."

The Rutgers-analyzed data shows a similar significant quantum increase in tax credit-assisted rehabilitation from the 21 year period in Kansas (FY 1981-2001) when only the federal historic tax credit was available in this state (right-portion of Summary Exhibit 4) to the most recent 8 year period in Kansas (FY 2002-2009) when the state tax credit was available (left portion of Summary Exhibit 4). The most telling numbers are as follows. In the 21 year pre-Kansas HTC period, there were a total of 50 federal HTC projects or an annual average of 2.4 projects per year. In the 8 year post-Kansas HTC period, there was an approximate tenfold increase to 542 Kansas HTC projects (both state-alone and state-and-federal-combined) and the annual average project volume increased almost 30 times to 68 HTC projects yearly. Rehabilitation project cost also mushroomed. In the 21 year pre-Kansas HTC period, a total of $114 million (inflation-adjusted 2009 dollars) was expended on federal HTC-assisted projects, or an average of about $5.4 million per year. In the 8 year span (FY 2002-2009) when the Kansas HTC has been in effect, there was almost a two and a half-fold increase in Kansas HTC projects (again both state-alone and state-and-federal-combined) to $271 million and the annual average project volume rose six-fold to $33.9 million (all inflation-adjusted to 2009 dollars).

McPherson Opera House, McPherson, Kansas - 2010

McPherson Opera House, McPherson, Kansas - ca. 1951

Federal Tax Credit Activity

	State (2008 Population Rank)	*Pre-Kansas HTC* 2000-2001[a] Average State Ranking	*Post-Kansas HTC* 2007-2008a Average State Ranking
Federal Historic Tax Credit Part 3b Approvals	Kansas (34)	25	13
	Missouri (18)	9	2
	Nebraska (38)	13	25
	Oklahoma (28)	23	24
Federal Historic Tax Credit Part 3[b] Dollar Rehabilitation Outlay	Kansas (34)	44	30
	Missouri (18)	11	2
	Nebraska (38)	28	23
	Oklahoma (28)	40	24

a Data are for the federal fiscal year

b See Summary Exhibit 1

Other evidence communicates the invigoration of tax credit-aided historic rehabilitation in Kansas following the implementation of this state's historic tax credit. An example is the national ranking of federal tax credit activity by both number of approvals and dollar volume that is maintained by the federal National Park Service (NPS). (Recall that Kansas state historic tax credit is often used in conjunction with the federal HTC.) These data are shown below for the 2 year period (2002 and 2001) *before* the Kansas state tax credit came on-line (2002) and for the most recent 2 year period (2007 and 2008) for which data are kept by the NPS. (The NPS data refers to the federal fiscal year so all data in this paragraph is so indexed.) The NPS data is shown for both Kansas as well as some nearby states (Missouri, Nebraska, and Oklahoma). As is evident by the chart above, the Kansas state ranking with respect to federal HTC approvals and rehabilitation outlay went up substantially from the pre-Kansas HTC period (2000-2001) to the post-Kansas HTC period (2007 and 2008). Missouri also experienced an enhanced state ranking with respect to federal HTC activity, perhaps due as well to the attractive state HTC offered in Missouri[3], which then enhanced the appeal of using the federal HTC (as is the case in Kansas).

3 Implementation of the Missouri state historic tax credit did not begin in earnest until 1999 and Missouri experienced a marked increase in federal HTC activity after its state HTC came on line. (Recall, that a state HTC enhances the attractiveness of using the federal HTC.) In 1998, Missouri ranked 19th among all states with respect to the dollar volume of federal HTC investment (Part 3 certified rehabilitation; see Summary Exhibit 1). From 1999 onward, Missouri has not ranked below 4 nationally in terms of the dollar volume of federal HTC investment (with the exception of one year—2001). (All time periods in this note refer to federal fiscal year.)

While there are many influences on the magnitude of tax credit-aided investment in historic rehabilitation, such as the varying market demand-supply, bank loan availability, and interest rates linked to the fluctuating national and state economic and real estate cycles, the evidence in Kansas and other states (e.g., Missouri) suggests that the presence of a state tax credit and the terms of that credit do influence investment in the historic building stock.

Total Economic Impacts of the State Historic Tax Credit-Aided Rehabilitation Investment in Kansas

Before quantifying these effects, we must explain what is meant by total economic impacts from an investment and how these are determined.

This study examines the *total* economic impacts of Kansas state tax credit-aided historic rehabilitation, encompassing both the direct and multiplier effects. The direct impact component consists of labor and material purchases made specifically for the rehabilitation activity. The *multiplier* effects incorporate what are referred to as indirect and induced economic consequences. The *indirect impact* component consists of spending on goods and services by industries that produce the items purchased for the historic rehabilitation activity. The *induced impact* component focuses on the expenditures made by the households of workers involved either directly or indirectly with the activity. To illustrate, lumber purchased at a hardware store for historic rehabilitation is a direct impact. The purchases of the mill that produced the lumber

are an indirect impact. The household expenditures of the workers at both the mill and the hardware store are induced impacts.

Economists estimate direct, indirect, and induced effects using an input-output model (I-O). This study specifies the total economic effects of state tax credit-aided historic rehabilitation in Kansas through a state-of-the-art I-O model developed by the Rutgers University Center for Urban Policy Research (CUPR) for the National Park Service, Division of Cultural Resources, and National Center for Preservation Technology and Training. The model is termed the Preservation Economic Impact Model (PEIM).

In the current analysis in Kansas, the PEIM is applied to both *cumulative* (FY 2002 through 2009) tax credit-aided historic rehabilitation investment in this state ($271 million in 2009 inflation-adjusted dollars) and to the average *annual* state tax credit-aided investment in Kansas historic rehabilitation ($34 million in 2009 inflation-adjusted dollars). The results of the PEIM model include many fields of data. The fields most relevant to this study are the total impacts of the following:

Jobs: *Employment, both part- and full-time, by place of work, estimated using the typical job characteristics of each industry.* (Manufacturing jobs, for example, tend to be full-time; in retail trade and real estate, part-time jobs predominate.) All jobs generated at businesses in the region are included, even though the associated labor income of in-commuters may be spent outside of the region. In this study, all results are for activities occurring within the time frame of one year. Thus, the job figures should be read as job-years, where several individuals might fill one job-year on any given project.

Income: *"Earned" or labor income, specifically wages, salaries, and proprietors' income*. Income does not include non-wage compensation (such as benefits, pensions, or insurance); transfer payments; or dividends, interest, or rents.

Wealth: *Value added — the sub-national equivalent of gross domestic product (GDP).* At the state level, this is called gross state product (GSP) or, in some public data, GDP

Booth Theater, Independence, Kansas

Pattowamie County Fair Pavilion, Onaga, Kansas

by state. Value added is widely accepted by economists as the best measure of economic well-being. It is estimated from state-level data by industry. For a firm, value added is the difference between the value of goods and services produced and the value of goods and non-labor services purchased. For an industry, therefore, it is composed of labor income (net of taxes); taxes; non-wage labor compensation; profit (other than proprietors' income); capital consumption allowances; and net interest, dividends, and rents received.

Output: Of the measures in any input-output report, perhaps the least well-defined one is that labeled "output." *Output is defined as the value of shipments, which is reported in the Economic Census*. The value of shipments is very closely related to the notion of business revenues. Thus it is NOT the "output" to which most other economists refer and which is better known as "gross domestic product" (GDP).

Within input-output analysis, "output" is also not the same as business revenues, for several reasons. It is probably better defined as net business receipts, however. First, establishments often sell some of their output to themselves and therefore do not ship it. Hence, such sales cannot be included in the Census's tally of the value of shipments. Second, to avoid some double counting in national accounts (those used to produce input-output tables), "output" in the wholesale and retail trade industries is measured simply as their margins, which is value added plus the costs of inputs used in the course of doing business. That is, for these trade industries, "output" does NOT include the value of the items stocked on shelves.

Taxes: *Tax revenues generated by the activity.* The tax revenues are detailed for the federal, state, and local levels of government. Totals are calculated by industry.

Federal tax revenues include corporate and personal income, Social Security, and excise taxes, es-

timated from calculations of value added and income generated.

State tax revenues include income, excise, sales, and other state taxes, estimated from calculations of value added and income generated (e.g. visitor purchases).

Local tax revenues include payments to sub-state governments, mainly through property taxes on new worker households and businesses. Local tax revenues can also include sales and other taxes.

The major economic findings of the study are highlighted below and also summarized in Exhibits 5 and 6 on the following pages.

Summary Exhibit 5 shows the *cumulative* economic impacts of three components of Kansas state tax credit-aided historic rehabilitation over FY 2002 through 2009: rehabilitation aided by using state tax credits alone ($63 million), rehabilitation aided by using state-and-federal-tax-credits combined ($208 million), and finally, the cumulative total rehabilitation aided by the Kansas state historic tax credit ($271 million)—both state-alone and state-and-federal-combined.

Summary Exhibit 6 quantifies the *annual* average economic impacts of the annual average Kansas state tax credit-aided historic rehabilitation over FY 2002 through 2009 comprising the three annual rehabilitation investment components of: state-alone ($7.9 million), state-and-federal-combined ($26.1 million) and finally, the total annual average rehabilitation ($34.0 million) aided by the Kansas state historic tax credit—both state-alone and state-and-federal-combined.

Summary Exhibits 7 and 8 provide further detail on the economic effects, from the cumulative $271 million and average annual $33.9 million Kansas investments in tax credit-aided rehabilitation respectively. The highlights of the major economic consequences are described below.

Economic Impacts of Cumulative State Historic Tax Credit-Aided Rehabilitation Investment in Kansas (FY 2002-2009)

What is the overall economic and tax impact of the Kansas state historic tax credits? The short answer is *quite substantial*. Between FY 2002 and 2009, an estimated cumulative total of $271 million of historic rehabilitation was aided by the Kansas state historic tax credit. The total economic impacts to the nation from the $271 million in cumulative historic rehabilitation spending include 5,939 jobs generating an additional $503 million in output, $190 million in income, $263 million in gross domestic product (GDP), and $152 million in taxes. At the state of Kansas level, the cumulative $271 million in historic rehabilitation spending translates to 4,443 jobs generating $323 million in output, $142 million in labor income, $183 million in gross state product (GSP) and $56 million in taxes ($41 million federal, $8 million state, and $7 million local). The in-state wealth (GSP minus federal taxes) resulting from rehabilitation expenditures amounts to $142 million, indicating a high 78 percent retention rate (Summary Exhibit 5).

The benefits that accrue to Kansas from the cumulative investment in tax credit-aided historic rehabilitation projects are extensive (Summary Exhibit 7). Almost all sectors of the state's economy see their payrolls and production increased. Just under half of the Kansas-based jobs from the cumulative ($271 million) tax credit-aided rehabilitation investment (2,003 of 4,443 jobs) and Kansas gross state product ($84.8 million of $182.9 million GSP) created by historic rehabilitation within Kansas accrue to the state's construction industry; this is as one would expect, given the share of such projects that require the employment of building contractors. Other Kansas major beneficiaries are services (832 jobs, $27.6 million in GSP) as well as the retail trade (605 jobs, $14.4 million GSP) and manufacturing (500 jobs, $26.1 million GSP) sectors. As a result of the interconnectedness of a state's economy and because both direct and multiplier effects are considered, other sectors of the economy not immediately associated with historic rehabilitation are affected as well, such as agriculture, mining and transportation and public utilities. (See Summary Exhibit 7 for details).

The input-output model provides further detail as to the economic effect, from the $271 million cumulative state historic tax credit-aided rehabilitation investment. For instance, of the 2,003 construction jobs, 1,281 jobs are found among general building contractors, 519 jobs among heavy construction contractors, and 203 jobs among special trade contractors. Job creation can be specified by occupation as well as by the above-described industrial breakdown. For example, of the 4,443 total jobs, 1,249 are found in precision production, craft, and repair occupations (e.g., carpenters and electricians) and 533 are found in executive, administrative, and managerial occupations.[4]

4 All the tallies in this paragraph should be interpreted as an order of magnitude distribution.

Roosevelt Lincoln Junior High School - Post-Rehabilitation

Roosevelt Lincoln Junior High School - Pre-Rehabilitation

Economic Impacts of Annual Average State Historic Tax Credit-Aided Rehabilitation Investment in Kansas (FY 2002-2009)

As noted earlier, the average annual state historic tax credit-aided rehabilitation investment in Kansas over FY 2002-2009 is $34 million. The total national economic impacts of this include 745 jobs generating $63.0 million in output, $32.9 million in GDP, $23.8 million in income and $19.1 million in total taxes (federal, state, and local). At the state of Kansas level, the annual average $34 million in Kansas state tax credit-aided historic rehabilitation translates to 557 jobs, an additional $40.5 million in Kansas output, $22.9 million in state GSP, $17.8 million in income, and $7.1 million in taxes ($5.2 million federal, $1.0 million state, and $0.9 million local). The in-state wealth deriving from the historic rehabilitation (GSP less federal taxes) amounts to almost $18 million (see Summary Exhibit 6).

As with the cumulative rehabilitation effects, the annual investment in historic rehabilitation accrues benefits across the Kansas economy (Summary Exhibit 8). For instance, of the $22.9 million in state GSP, $10.6 million, $3.5 million, and $3.3 million is found among the following three economic sectors respectively: construction, services, and manufacturing. GSP gains of about $1.5 million to $1.8 million apiece are realized by the retail trade industry and as well as the finance, insurance, and real estate industry. A GSP addition of about $0.8 million apiece is realized by the wholesale sector and transportation and public utilities industry. (See Summary Exhibit 8 for further details).

Relative Economic Effects of Tax Credit-Aided Historic Rehabilitation

How does tax credit-aided historic rehabilitation fare as an economic pump-primer vis-à-vis other non-preservation investments? The short answer is *quite well*. Summary Exhibit 9 shows, in side-by-side fashion, the relative economic effects of the historic rehabilitation of commercial buildings vis-à-vis new construction of different types of buildings, including commercial new construction. It further shows, for comparative purposes, the economic effects of new highway construction—a classic infrastructure investment. The economic impacts include total (direct and indirect/induced) income, wealth, and tax consequences per fixed increment of investment ($1 million in Kansas) at both the national and in-state levels.

The side-by-side comparisons in Summary Exhibit 9 reveal that across building and investment types, historic rehabilitation is a reasonably comparable, if not superior, economic pump-primer vis-à-vis new construction. At the national level (i.e. effects to the entire United States), the economic impacts of historic rehabilitation versus new construction is roughly comparable on some measures (job creation) and somewhat different on other measures (e.g., historic rehabilitation has the edge with respect to taxes generated, but has a somewhat less effect with respect to income—see the upper portion of Summary Exhibit 9). At the in-state level (i.e. effects to Kansas), historic rehabilitation has a markedly superior benefit (see the lower portion of Summary Exhibit 9). *A $1 million investment in historic rehabilitation in Kansas realizes a markedly better economic effect to Kansas with respect to employment, income, GSP, and state-local taxes compared to a similar increment of investment (i.e. $1 million) in an array of residential and non-residential new construction in Kansas as well as new infrastructure investment (e.g., building highways) in the state.*

One other consideration of what comprises a "good investment" is the relative comparison of historic rehabilitation investment versus investment in such sectors of the economy as manufacturing, agriculture, and services. On this basis, historic rehabilitation typically has economic advantages per fixed increment of investment ($1 million), as illustrated in Summary Exhibit 10, which contains business activities important in Kansas, such as manufacturing (e.g., electrical machinery and automobile), agriculture (wheat farming), and services (telecommunication). The national economic impacts of the investment in commercial historic rehabilitation generally outpace those of the alternative investments just cited (see the upper portion of Summary Exhibit 10). The in-state benefit of commercial historic rehabilitation is far superior. *A $1 million investment in historic rehabilitation in Kansas realizes a markedly better economic effect to Kansas with respect to employment, income, GSP, and state/local taxes compared to a $1 million investment in economic activities notable in Kansas such as agriculture, manufacturing, and services*. (See the lower portion of Summary Exhibit 10 for details).

It is important to view these findings in a holistic fashion. A healthy economy will include all the activities noted above, such as new construction as well as rehabilitation of the historic stock and historic rehabilitation as well as a broad array of agriculture, manufacturing, services, and other pursuits. So, it is not a question of historic rehabilitation as *opposed* to other pursuits, but rather

historic rehabilitation *joining* the many activities of the broader economy so as to realize the commendable strong economic "bang for the buck" offered by that rehabilitation.

Qualitative Impacts of the Rehabilitation Aided by the Kansas State Historic Tax Credit (KHTC)

Thus far the analysis has quantified the economic impacts of the KHTC as estimated by the Rutgers Input-Output model (PEIM). We get a further perspective on the KHTC's impacts through qualitative case study analysis. The latter describe what transpired on a case by case basis and provide not only the local economic impacts, but additionally what the rehabilitation aided by the KHTC has meant to the local community.

As part of the current investigation, five case studies were conducted and these are summarized in Summary Exhibits 11 through 15. The five cases involved the rehabilitation of the:

- Leavenworth County Courthouse (Leavenworth, Leavenworth County)
- Eagle's Lodge #132 (Wichita, Sedgwick County)
- Philip Hardware Store (Hays, Ellis County)
- Roosevelt-Lincoln Junior High School (Salina, Salina County)
- Wolcott House (Hutchinson, Reno County)

All five cases demonstrate the invaluable aid offered by the KHTC to making the rehabilitation possible. For instance, an observer of the Philip Hardware Store rehabilitation concluded that the rehabilitation of the store and other projects in Hays "would not have been possible to date without the tax credit programs. The funds associated with redevelopment cost exceed the amounts that can be satisfied or borrowed, so the tax credits provide the necessary incentive to continue with the projects."

The cases have also sprouted local economic "shoots." For example, in the Eagle's Lodge project, almost all the $800,000 spent to rehabilitate the building occurred in Wichita or environs; all of the contractors and suppliers of mate-

Fire Station #9, Kansas City, Kansas

rial were from Wichita or nearby towns. The property owner is now paying more than five times as much property tax as he was before the rehabilitation.

The case studies also point to how the KHTC (as well as other allied programs) have helped foster the stabilization-revitalization of older yet important neighborhoods in Kansas and have encouraged adaptive reuse, sometimes with the added bonus of providing affordable housing. To illustrate, the Roosevelt-Lincoln project converted a recently vacated public school in downtown Salina into 61 low-income senior apartments; a property once described by the local newspaper as having the potential to become a "conspicuous downtown eyesore" is now an architectural gem in the center of the community. Concerning the Eagle's Lodge rehabilitation and other KHTC efforts in Wichita, the city's senior planner concluded that "the historic tax credits are an invaluable tool for relocating businesses in the downtown area." A Leavenworth County commissioner described the renovated county courthouse as a "masterpiece" and noted that the refurbished building has been very popular with the general public.

Frank and Dora Wolcott House, Hutchinson, Kansas

The Economic Cost-Benefit of the KHTC: A Final Look

It is instructive to recap some of the key economic figures regarding the KHTC and we focus here on the cumulative program to date with all dollars expressed in inflation-adjusted 2009 terms.

A state tax credit of $69 million has helped to realize $271 million in rehabilitation project costs: an approximately 4 to 1 ratio (reflecting the typical 25 percent KHTC). The $69 million also benefited from an additional $35 in federal historic tax credits (Summary Exhibit 2).

The $271 million in investment has realized extensive total (direct and multiplier) economic impacts to Kansas including about 4,400 jobs, $323 million in output, $183 million in gross state product, and $142 million in income. All this Kansas based economic activity has further generated about $56 million in taxes, comprised of approximately $41 million in federal taxes and $15 million in local-state taxes (about $8 million in Kansas state taxes and $7 million in local taxes). (The economic and tax impacts to the nation—Kansas and all other states—is yet larger, but we shall not recap that here).

We also find that $1 million invested in historic rehabilitation generates a superior economic impact in-state to Kansas gain across multiple dimensions (employment, income, output, and Gross State Product) relative to a similar investment in other construction endeavors (new construction of different types and infrastructure [highway] improvements) as well as other forms of economic activity in Kansas (agriculture, manufacturing,

and services). Thus, adding historic rehabilitation to a menu of other construction investments and other economic activities makes for a holistically stronger overall Kansas economy.

Finally, the KHTC case studies point to many qualitative benefits of the state tax credit, including providing affordable housing, fostering, downtown economic development and encouraging adaptive reuse.

So is the KHTC a "good" investment for Kansas? Clearly that is a decision for Kansas legislators and the public to make considering the many demands on the public purse. The data assembled in this study will hopefully inform the discourse of where public dollars should be spent.

On the plus side, a $69 million state tax credit to date has encouraged about a four times greater amount of historic rehabilitation ($271 million) which, in turn, has supported thousands of jobs (about 4,400) and hundreds of millions of dollars of total (direct and secondary) economic gains in Kansas involving output ($323 million), gross state product ($183 million), and income ($142 million). The KHTC leverage and multiplier benefits give support to the argument that the KHTC is a "good" investment.

A "good" investment is not without cost. This is true with respect to other state HTCs (e.g., the state cost of the Missouri HTC outstrips the return to Missouri public taxes—not taking into account the larger job creation and other economic benefits) and is true in Kansas as well. There is no "free lunch." The KHTC has to date involved a state outlay of about $69 million (for the state tax credits) as against a state tax return of about $8 million, with an additional $7 million in local Kansas taxes. In making this comparison it is important to realize that our estimate of economic benefits from the KHTC and the ensuing state and local tax revenue is *understated* for various reasons:

- Significant economic benefits (and again state and local taxes) that accrue from the KHTC that have not been quantified by Rutgers University because they went beyond the scope of the current investigation. The latter focused solely on the economic effects from the KHTC-associated *construction*—a one-time investment. In fact, there are recurring economic returns from the KHTC that involve important segments of the Kansas economy, most notably tourism.
- Tourism is an important economic activity in Kansas. According to data from the Kansas Department of Commerce, domestic travelers to Kansas spent $3.7 billion in 2002 and, in turn, heritage and cultural travelers were a growing share of this tourism. Arguably, the enhancement to the Kansas historic stock realized by the KHTC encourages heritage and cultural visitation to Kansas and thus benefits the multi-billion dollar tourism activity in this state. We are not capturing this year-by-year recurring benefit of the KHTC to the Kansas tourism sector and this is likely quite significant—on the order of many millions of dollars annually with ensuing gains to the state and local tax coffers.
- In a related fashion, we are not capturing how the enhanced "quality of life" (QOL) realized by the KHTC furthers the state economy and state tax generation. The case studies show how the KHTC improved the QOL in Leavenworth, Wichita, Hays, Salina, and Hutchinson, and that is repeated writ large (542 cases) across Kansas by the full state tax program. An enhanced QOL, in turn, realizes economic and state tax gains from attracting-retaining the "creative class" and more generally from enhanced worker efficiency, reduced medical expenses, and the like. This increment of recurring gain from the KHTC has likewise not been captured by the current investigation which has focused solely on the one-time KHTC-related construction.
- The KHTC investment can be expected to appreciate property values on the KHTC-aided buildings. The case studies in this study show numerous instances of public property taxes increasing after the KHTC investment. The KHTC-abetted property tax gain represents an annual and recurring increase to the property tax coffers and this considerable benefit is not reflected in our tally of KHTC economic and tax consequences.
- In short, the previously specified multi-million economic and tax gains from the KHTC is a considerable understatement of the larger recurring economic activity associated with the KHTC—from enhanced tourism, property appreciation, and QOL—and with it, multiple rounds of added revenue to the state and local tax coffers.

SUMMARY EXHIBIT 1
Comparison of Federal and Kansas Rehabilitation Tax Credits

	Characteristic	Federal Credit	Kansas Credit
a.	Credit percentage (%)	20	25 (30 for non-profit[a])
b.	Commercial buildings	Qualify	Qualify
c.	Residences	Do not qualify	Qualify
d.	Eligible building	"Certified/qualified" historic structure[b]	"Certified/qualified" historic structure[c]
e.	Eligible project cost (to which credit percentage is applied)	"Qualified cost"[d]	"Qualified cost"[d]
f.	Minimum investment	"Substantial"—greater of $5,000 or adjusted basise	"Substantial"—must exceed $5,000
g.	Project expense cap	None	None
h.	Program expense cap	None	Annual cap of $3.750 million recently (2009) adopted
i.	Historic preservation standard	"Secretary of Interior Standards for Rehabilitation"[f]	Same as federal[f]
j.	Transferable	No	Yes
k.	Non-profit utilization	Limited	Yes
l.	Carry-forward period	20 years	10 years
m.	Application process	"Part 1, Part 2 and Part 3"[g]	"Part 1, Part 2, and Part 3"[g]

a Certified 501(c)(3) organizations (non-profit entities) receive credits equal to 30% of the qualifying expenses as of January 1, 2007.

b A building listed on the National Register of Historic Places or located in and "contributing" to the historic significance of the National Register District. A state or local district may also qualify.

c Buildings must be listed on the Kansas State or National Register or be a "contributor" to a state or national listed historic district.

d Costs incurred in the rehabilitation of a certified historic structure pursuant to a ratified rehabilitation plan. Examples of "qualified costs" include outlays for rehabilitation (walls, doors, windows, floors, etc.) construction-period interest and taxes, and architect fees. Examples of "non-qualified" or "unqualified costs" include acquisition costs, leasing expenses, financing fees, and various other outlays (e.g., for appliances, fencing, cabinets, sidewalks, signage, and landscaping).

e Property acquisition cost (less land expense) plus improvements (less depreciation)

f These standards (which consist of both preservation goals and "recommended" and "not recommended" actions) are designed to assist in the long-term preservation of an historic property's significance through the preservation of the historic materials and features.

g "Part 1"—Qualified Historic Structure Certification (see note b above)
"Part 2"—Qualified Rehabilitation Certification (see note f above)
"Part 3"—Rehabilitation Completion Certification (submitted when all work is complete)

SUMMARY EXHIBIT 2
Kansas State Historic Tax Credit (KHTC) Total and Component Project Costs and Tax Credits (FY 2002-2009)

Real Dollars (2009$)

Year[c]	State-Alone[a] (1)			State-and-Federal-Combined[b] (2)				Total KHTC (1)+(2)			
	Qualified Project Costs	Estimated Total Project Costs	State Tax Credits	Qualified Project Costs	Estimated Total Project Costs	State Tax Credits	Federal Tax Credits	Qualified Project Costs	Estimated Total Project Costs	State Tax Credits	Federal Tax Credits
2002	$49,808	$52,429	$12,452	$3,926,150	$4,730,302	$981,538	$785,230	$3,975,958	$4,782,731	$993,990	$785,230
2003	$6,829,198	$7,188,629	$1,707,299	$8,905,407	$10,729,406	$2,226,352	$1,781,081	$15,734,605	$17,918,035	$3,933,651	$1,781,081
2004	$2,949,689	$3,104,936	$737,422	$27,750,202	$33,433,979	$6,937,551	$5,550,040	$30,699,892	$36,538,915	$7,674,973	$5,550,040
2005	$6,335,192	$6,668,623	$1,583,798	$21,543,717	$25,956,285	$5,385,929	$4,308,743	$27,878,909	$32,624,908	$6,969,727	$4,308,743
2006	$17,639,809	$18,568,220	$4,409,952	$21,982,416	$26,484,839	$5,495,604	$4,396,483	$39,622,225	$45,053,059	$9,905,556	$4,396,483
2007	$6,988,657	$7,356,481	$12,554,107	$12,371,463	$14,905,378	$3,092,866	$2,474,293	$19,360,121	$22,261,859	$15,646,973	$2,474,293
2008	$7,121,186	$7,495,985	$1,820,399	$33,064,796	$39,837,104	$8,511,759	$6,612,959	$40,185,982	$47,333,089	$10,332,158	$6,612,959
2009	$11,926,402	$12,554,107	$3,088,503	$43,070,803	$51,892,533	$10,767,701	$8,614,161	$54,997,204	$64,446,640	$13,856,203	$8,614,161
Total	$59,839,941	$62,989,411	$25,913,933	$172,614,955	$207,969,825	$43,399,299	$34,522,991	$232,454,895	$270,959,236	$69,313,232	$34,522,991
Annual Average	$7,479,993	$7,873,676	$3,239,242	$21,576,869	$25,996,228	$5,424,912	$4,315,374	$29,056,862	$33,869,905	$8,664,154	$4,315,374

Nominal Dollars (Indicated Year $)

2002	$33,622	$35,391	$8,405	$2,650,272	$3,193,099	$662,568	$530,054	$2,683,894	$3,228,490	$670,973	$530,054
2003	$4,741,768	$4,991,334	$1,185,442	$6,183,357	$7,449,828	$1,545,839	$1,236,671	$10,925,125	$12,441,162	$2,731,281	$1,236,671
2004	$2,188,054	$2,303,215	$547,014	$20,584,862	$24,801,038	$5,146,215	$4,116,972	$22,772,916	$27,104,253	$5,693,229	$4,116,972
2005	$5,253,817	$5,530,334	$1,313,454	$17,866,350	$21,525,722	$4,466,587	$3,573,270	$23,120,167	$27,056,057	$5,780,042	$3,573,270
2006	$16,430,129	$17,294,873	$4,107,532	$20,474,935	$24,668,596	$5,118,734	$4,094,987	$36,905,064	$41,963,469	$9,226,266	$4,094,987
2007	$6,759,789	$7,115,568	$1,701,887	$11,966,317	$14,417,249	$2,991,579	$2,393,263	$18,726,106	$21,532,817	$4,693,466	$2,393,263
2008	$7,111,138	$7,485,408	$1,817,831	$33,018,140	$39,780,892	$8,499,749	$6,603,628	$40,129,278	$47,266,300	$10,317,579	$6,603,628
2009	$11,926,402	$12,554,107	$3,088,503	$43,070,803	$51,892,533	$10,767,701	$8,614,161	$54,997,204	$64,446,640	$13,856,203	$8,614,161
Total	$54,444,719	$57,310,231	$13,770,068	$155,815,035	$187,728,958	$39,198,972	$31,163,007	$210,259,755	$245,039,189	$52,969,040	$31,163,007
Annual Average	$6,805,590	$7,163,779	$1,721,258	$19,476,879	$23,466,120	$4,899,872	$3,895,376	$26,282,469	$30,629,899	$6,621,130	$3,895,376

a "State-alone" projects - These projects use only the Kansas state tax credit. Examples are private residences (and therefore ineligible for the federal historic tax credit (HTC) or income producing properties that meet the minimum investment for Kansas historic tax credit (KHTC) purposes but not for the federal HTC. These projects are eligible for the 25 percent KHTC; they do not utilize the 20 percent federal HTC.

b "State-and-Federal-Combined Projects - These projects meet both state and federal HTC requirements and elect to take the 25 percent KHTC and the 20 percent federal HTC for a combined 45 percent investment tax credit.

c Kansas state fiscal year.

Source: Rutgers University compilation of data provided by the Kansas Historic Preservation Office,.

SUMMARY EXHIBIT 3

Kansas State Historic Tax Credit (KHTC) Total and Component Number of Completed Projects (FY 2002-2009)

Year[c]	State-Alone[a] (1)	State-and-Federal-Combined[b] (2)	Total KHTC (1)+(2)
2002	3	3	6
2003	26	8	34
2004	44	11	55
2005	50	26	76
2006	73	15	88
2007	79	18	97
2008	75	22	97
2009	69	20	89
Total	**419**	**123**	**542**
Annual Average	**52.4**	**15.4**	**67.8**

a "State-alone" projects - These projects use only the Kansas state tax credit. Examples are private residences (and therefore ineligible for the federal historic tax credit (HTC) or income producing properties that meet the minimum investment for Kansas historic tax credit (KHTC) purposes but not for the federal HTC. These projects are eligible for the 25 percent KHTC; they do not utilize the 20 percent federal HTC.

b "State-and-Federal-Combined Projects - These projects meet both state and federal HTC requirements and elect to take the 25 percent KHTC and the 20 percent federal HTC for a combined 45 percent investment tax credit.

c Kansas state fiscal year.

Source: Rutgers University compilation of data provided by the Kansas Historic Preservation Office.

SUMMARY EXHIBIT 4
Profile and Utilization of Historic Tax Credits in Kansas Before (FY 1981-2001) and After (FY 2002-2009) Implementation of the Kansas Historic Tax Credit (KHTC)

		After KHTC			Before KHTC
		Kansas State Historic Tax Credit Projects (2002-2009)			*Federal Historic Tax Credit (HTC) Projects Alone (1981-2001)*
		State-Alone[a] (1)	State-and-Federal-Combined[b] (2)	Total KHTC (8 Years) (1) + (2)	Total Federal HTC (21 Years)
1.	**Number of Rehabilitation Projects** Total	419	123	542	50
	Annual Average	52.4	15.4	67.8	2.4
2.	**Rehabilitation Project Costs (Nominal $ Millions)** Total	$57.3	$187.7	$245.0	$49.8
	Annual Average	7.2	$23.5	$30.7	$2.4
3.	**Rehabilitation Project Costs (Real $ Millions)** Total	$63.0	$208.0	$271.0	$113.7
	Annual Average	$7.9	$26.0	$33.9	$5.4
4.	**State Tax Credits (Nominal $ Millions)** Total	$13.8	$39.2	$53.0	NA
	Annual Average	$1.7	$4.9	$6.6	NA
5.	**State Tax Credits (Real $ Millions)** Total	$25.9	$43.4	$69.3	NA
	Annual Average	$3.2	$5.4	$8.7	NA
6.	**Federal Tax Credits (Nominal $ Millions)** Total	NA	$31.2	$31.2	$9.3
	Annual Average	NA	$3.9	$3.9	$0.4
7.	**Federal Tax Credits (Real $ Millions)** Total	NA	$34.5	$34.5	$21.5
	Annual Average	NA	$4.3	$4.3	$1.0

a "State-alone" projects - These projects use only the Kansas state tax credit. Examples are private residences (and therefore ineligible for the federal historic tax credit (HTC) or income producing properties that meet the minimum investment for Kansas historic tax credit (KHTC) purposes but not for the federal HTC. These projects are eligible for the 25 percent KHTC; they do not utilize the 20 percent federal HTC.

b "State-and-Federal-Combined Projects - These projects meet both state and federal HTC requirements and elect to take the 25 percent KHTC and the 20 percent federal HTC for a combined 45 percent investment tax credit.

c Kansas state fiscal year.

Source: Rutgers University compilation of data provided by the Kansas Historic Preservation Office.

SUMMARY EXHIBIT 5

Summary of the Cumulative (FY 2002 through 2009) Economic Impacts of Kansas Historic Rehabilitation Projects ($271.0 million) Using Kansas State Historic Tax Credits (KHTC) (State-Alone or State-and-Federal-Combined Credits)

		I	II	III
KANSAS DIRECT EFFECTS		***Rehabilitation Using State-Alone Tax Credits***	***Using State-and-Federal-Combined Tax Credits***	***Rehabilitation Using Total KHTC***
		$63.0 million cumulative historic rehabilitation expenditures results in:	$208.0 million cumulative historic rehabilitation expenditures results in:	$271.0 million (I+II) cumulative historic rehabilitation expenditures results in:
↓		**National Total (Direct and Multiplier) Impacts**		
NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)	Jobs (person-years)	1,381	4,559	5,939
	Income ($ million)	44.1	145.5	189.6
	Output ($ million)	116.8	385.6	502.5
	GDP* ($ million)	61.0	201.5	262.5
	Taxes ($ million)	35.4	116.7	152.1
	Federal ($ million)	10.1	33.5	43.6
	Local/State ($ million)	25.3	83.2	108.5
	State-alone ($ million)	10.3	34.2	44.5
↓		**In-State Kansas Total (Direct and Multiplier) Impacts**		
KANSAS PORTION OF NATIONAL TOTAL IMPACTS	Jobs (person-years)	1,033	3,410	4,443
	Income ($ million)	32.9	108.7	141.6
	Output ($ million)	75.1	248.1	323.2
	GSP* ($ million)	42.5	140.4	182.9
	Taxes ($ million)	13.1	43.1	56.2
	Federal ($ million)	9.6	31.8	41.4
	Local/State ($ million)	3.5	11.3	14.8
	State-alone ($ million)	1.8	6.0	7.8
	In-state wealth* ($ million)	32.9	108.6	141.5

*GDP = Gross Domestic Product; GSP = Gross State Product; In-state wealth = GSP less federal taxes

Note: Totals may differ from indicated subtotals because of rounding

Source: Rutgers University, Center for Urban Policy Research, 2009

SUMMARY EXHIBIT 6

Summary of the Annual Average (2002 through 2009) Economic Impacts of Kansas Historic Rehabilitation Projects ($34.0 million) using Kansas State Historic Tax Credits (KHTC) (State-Alone or State-and-Federal-Combined Credits)

		I	II	III
KANSAS DIRECT EFFECTS		***Rehabilitation Using State-Alone Tax Credits***	***Using State-and-Federal-Combined Tax Credits***	***Rehabilitation Using Total KHTC***
		$7.9 million annual average historic rehabilitation expenditures results in:	$26.1 million annual average historic rehabilitation expenditures results in:	$34.0 million (I+II) cumulative historic rehabilitation expenditures results in:
↓		**National Total (Direct and Multiplier) Impacts**		
NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)	Jobs (person-years)	173	572	745
	Income ($ million)	5.5	18.3	23.8
	Output ($ million)	14.6	48.4	63.0
	GDP* ($ million)	7.7	25.3	32.9
	Federal ($ million)	4.4	14.6	19.1
	Local/State ($ million)	1.3	4.2	5.5
	State-alone ($ million)	3.2	10.4	13.6
	State-alone ($ million)	1.3	4.3	5.6
↓		**In-State Kansas Total (Direct and Multiplier) Impacts**		
KANSAS PORTION OF NATIONAL TOTAL IMPACTS	Jobs (person-years)	129	428	557
	Income ($ million)	4.1	13.6	17.8
	Output ($ million)	9.4	31.1	40.5
	GSP* ($ million)	5.3	17.6	22.9
	Taxes ($ million)	1.6	5.4	7.1
	Federal ($ million)	1.2	4.0	5.2
	Local/State ($ million)	0.4	1.4	1.9
	State-alone ($ million)	0.2	0.8	1.0
	In-state wealth* ($ million)	4.1	13.6	17.7

*GDP = Gross Domestic Product; GSP = Gross State Product; In-state wealth = GSP less federal taxes

Note: Totals may differ from indicated subtotals because of rounding

Source: Rutgers University, Center for Urban Policy Research, 2009

SUMMARY EXHIBIT 7

Cumulative In-State (to Kansas) Economic and Tax Impacts of Cumulative Total Rehabilitation Projects Using Kansas State Historic Tax Credits (State-Alone or State-Federal-Combined Credits, $271.0 Million)

	Economic Component			
	Output (thousands$)	**Employment** (jobs)	**Income** (thousands$)	**GDP** (thousands$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
1. Agriculture	705.8	5	34.9	174.4
2. Agri. Serv., Forestry, & Fish	1,200.8	35	624.7	1,075.5
3. Mining	4,414.2	44	1,282.2	3,251.3
4. Construction	116,603.4	2,003	69,902.1	84,804.4
5. Manufacturing	69,183.1	500	17,441.5	26,068.1
6. Transport. & Public Utilities	13,486.1	91	3,402.4	6,500.8
7. Wholesale	14,158.7	125	5,757.7	6,277.7
8. Retail Trade	23,460.9	605	8,661.3	14,382.5
9. Finance, Ins., & Real Estate	19,953.7	188	6,704.1	12,071.9
10. Services	58,492.5	832	27,307.3	27,554.8
11. Government	1,541.2	15	464.3	716.5
Total Effects (Private and Public)	323,200.5	4,443	141,582.4	182,877.9
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	209,684.0	2,892	104,362.9	125,462.7
2. Indirect and Induced Effects	113,516.6	1,551	37,219.6	57,415.2
3. Total Effects	323,200.5	4,443	141,582.4	182,877.9
4. Multipliers (3/1)	1.541	1.536	1.357	1.458
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages—Net of Taxes				120,614.7
2. Taxes				27,868.6
a. Local				4,074.3
b. State				4,208.3
c. Federal				19,586.0
General				4,406.1
Social Security				15,179.9
3. Profits, dividends, rents, and other				34,394.7
4. Total Gross State Product (1+2+3)				182,877.9
IV. TAX ACCOUNTS	**Business** (thousands$)		**Household** (thousands$)	**Total** (thousands$)
1. Income—Net of Taxes	120,614.7		141,582.4	---------
2. Taxes	27,868.6		28,310.6	56,179.1
a. Local	4,074.3		2,879.4	6,953.6
b. State	4,208.3		3,609.2	7,817.6
c. Federal	19,586.0		21,822.0	41,408.0
General	4,406.1		21,822.0	26,228.1
Social Security	15,179.9		0.0	15,179.9
V. EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				**($)**
Employment (Jobs)				16.4
Income				522,444.3
State Taxes				28,847.1
Local Taxes				25,659.1
Gross State Product				674,826.2
INITIAL EXPENDITURE IN DOLLARS				271,000,000.0

Note: Detail may not sum to totals due to rounding.

*Terms: Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

SUMMARY EXHIBIT 8

Annual Average In-State (to Kansas) Economic and Tax Impacts of Annual Average Rehabilitation Projects Using Kansas State Historic Tax Credits (State-Alone or Federal-and-State-Combined Credits, $34.0 Million)

	Economic Component			
	Output (thousands$)	**Employment** (jobs)	**Income** (thousands$)	**GDP** (thousands$)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
1. Agriculture	88.5	1	4.4	21.9
2. Agri. Serv., Forestry, & Fish	150.7	4	78.4	134.9
3. Mining	553.8	6	160.9	407.9
4. Construction	14,629.2	251	8,770.0	10,639.7
5. Manufacturing	8,679.8	63	2,188.2	3,270.5
6. Transport. & Public Utilities	1,692.0	11	426.9	815.6
7. Wholesale	1,776.4	16	722.4	787.6
8. Retail Trade	2,943.4	76	1,086.7	1,804.4
9. Finance, Ins., & Real Estate	2,503.4	24	841.1	1,514.6
10. Services	7,338.5	104	3,426.0	3,457.1
11. Government	193.4	2	58.3	89.9
Total Effects (Private and Public)	40,549.1	557	17,763.1	22,944.1
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	26,307.2	363	13,093.5	15,740.7
2. Indirect and Induced Effects	14,241.9	195	4,669.6	7,203.4
3. Total Effects	40,549.1	557	17,763.1	22,944.1
4. Multipliers (3/1)	1.541	1.536	1.357	1.458
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages—Net of Taxes				15,132.5
2. Taxes				3,496.4
a. Local				511.2
b. State				528.0
c. Federal				2,457.3
General				552.8
Social Security				1,904.5
3. Profits, dividends, rents, and other				4,315.2
4. Total Gross State Product (1+2+3)				22,944.1
IV. TAX ACCOUNTS	**Business** (thousands$)		**Household** (thousands$)	**Total** (thousands$)
1. Income—Net of Taxes	15,132.5		17,763.1	---------
2. Taxes	3,496.4		3,551.9	7,048.3
a. Local	511.2		361.2	872.4
b. State	528.0		452.8	980.8
c. Federal	2,457.3		2,737.8	5,195.1
General	552.8		2,737.8	3,290.6
Social Security	1,904.5		0.0	1,904.5
V. EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				**($)**
Employment (Jobs)				16.4
Income				522,444.3
State Taxes				28,847.1
Local Taxes				25,659.1
Gross State Product				674,826.2
INITIAL EXPENDITURE IN DOLLARS				34,000,000.0

Note: Detail may not sum to totals due to rounding.

*Terms: Direct Effects --the proportion of direct spending on goods and services produced in the specified region.

Indirect Effects--the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects--the value of goods and services needed by households that provide the direct and indirect labor.

SUMMARY EXHIBIT 9

Relative Economic Effects of Historic Rehabilitation Versus New Construction per Million Dollars Spent in Kansas

(National and In-State [Kansas] Impacts)

		Effects Per Million Dollars of Initial Expenditure					
		Commercial Historic Rehabilitation	*New Construction*				
	Economic Effect		**Single-Family**	**Multifamily**	**Nonresidential**	**Highway**	**Civic/Institutional**
National Effects	Employment (jobs)	21.9	19.8	19.7	20.4	17.5	20.1
	Income ($000)	$700	$810	$813	$859	$782	$844
	GDP ($000)	$969	$1,111	$1,113	$1,159	$1,064	$1,134
	State-Local Taxes ($000)	$175	$92	$92	$94	$86	$92
In-State Effects (to Kansas)	Employment (jobs)	16.4	11.0	11.0	11.7	9.9	11.3
	Income ($000)	$522	$454	$453	$495	$466	$480
	GSP ($000)	$674	$570	$568	$609	$590	$586
	State-Local Taxes ($000)	$39	$23	$23	$22	$22	$21

Notes: GDP = Gross Domestic Product, GSP = Gross State Product

Source: Rutgers University, Center for Urban Policy Research, 2009

SUMMARY EXHIBIT 10

Relative Economic Impacts of Historic Rehabilitation Versus Other Economic Activities per Million Dollars Spent in Kansas
(National and In-State [Kansas] Impacts)

	Economic Effect	Commercial Historic Rehabilitation	Electrical Machinery	Wheat Farming	Auto Manufacturing	Telecommunication Services	Civic/Institutional
National Effects	Employment (jobs)	21.9	19.8	19.7	20.4	17.5	20.1
	Income ($000)	$700	$810	$813	$859	$782	$844
	GDP ($000)	$969	$1,111	$1,113	$1,159	$1,064	$1,134
	State-Local Taxes ($000)	$175	$92	$92	$94	$86	$92
In-State Effects (to Kansas)	Employment (jobs)	16.4	11.0	11.0	11.7	9.9	11.3
	Income ($000)	$522	$454	$453	$495	$466	$480
	GSP ($000)	$674	$570	$568	$609	$590	$586
	State-Local Taxes ($000)	$39	$23	$23	$22	$22	$21

Notes: GDP = Gross Domestic Product, GSP = Gross State Product

Source: Rutgers University, Center for Urban Policy Research, 2009

Leavenworth County Courthouse

300 Walnut St.,
Leavenworth, Leavenworth County, Kansas

Construction Date:	1911
Total Project Costs:	$5,047,103
State Historic Tax Credits:	$862,754
Incentives Used:	State Historic Tax Credits Heritage Trust Fund Grants

The rehabilitation of the Leavenworth County Courthouse, built in 1911, updated and improved what had become a greatly underutilized public building. Without historic preservation tax credits to offset a portion of the costs, the county would not have been able to do the project.

Useable space and overall efficiency were dramatically increased throughout the building, and the rehabilitated courthouse once again reflects its important role as the seat of county government. The availability of historic preservation tax credits prevented county officials from having to increase the mill levy to fund the project, and allowed them to undertake a comprehensive rather than piecemeal approach to updating the courthouse. After three years of work, the public areas of the building were restored to their original early 20th century appearance, while offices and secondary spaces were modernized to meet 21st century needs.

The project injected more than $5 million into the local and regional economy. Construction wages alone have been estimated at more than $2.5 million, and most of that went to Kansas construction workers. (That number conservatively assumes just 50% labor costs.) Although the maximum amount of historic tax credits are 25% of all project costs, the Leavenworth County Courthouse used just 17% of the project total. Each $1 of state tax credits awarded generated $5.80 of construction activity.

County Commissioner Clyde Graeber described the rehabilitation project as a "masterpiece," and noted that the refurbished building has been very popular with the general public. According to Keyta Kelly, attorney for the county who handled the paperwork for the project, "The historic tax credits offered by the State of Kansas allowed the sitting Leavenworth County Board of County Commissioners to repair, preserve and renovate the courthouse for those citizens who take pride in their history and property while still keeping the price tag palatable… I truly enjoy the looks of awe on the faces of those entering the Leavenworth County Courthouse for the first time since its renovation."

Eagle's Lodge #132

200-202 S. Emporia
Wichita, Sedgwick County, Kansas

Construction Date:	ca. 1916-1921
Original Use:	Meeting Hall and Mortuary
New Use:	Retail
Qualified Project Costs:	$1,185,379
State Historic Tax Credits:	$296,344
Federal Historic Tax Credits:	$237,075
Incentives Used:	State and Federal Historic Tax Credits

Built in 1916, the Eagle's Lodge #132 was slated for demolition to make way for the new Sedgwick County Arena. The building had been abandoned for years and various owners struggled to maintain the property and keep it fully occupied. In part due to the Kansas State historic tax credit, this architectural gem instead saw a major rehabilitation, and today anchors a prominent corner near the new development. The rehabilitated building enlivens the streetscape and provides a visual link between old and new in downtown Wichita.

Without state and federal historic tax credits, the project would not have been financially feasible. From owner Jerry White: "If not for the historic tax credits I would not have renovated the building…It would not have been economically viable to do it." The project resulted in more than $1 million of private investment in a formerly derelict property adjacent to the new arena. As is common for historic rehabs, labor costs were high, and almost everything required a specialized solution. More than 95% of the rehabilitation costs went to local contractors and workers, and the availability of the Federal Tax Credits meant than more than $230,000 stayed in Kansas instead of being paid out in federal taxes.

Had the rehab not been feasible, the city would have lost not only the building, but a long-time downtown business as well. Mr. White had operated his business in another historic building for years, and when that property was lost to the arena project, he considered simply dissolving the business. Instead, county coffers will benefit from the project for years to come; the owner is now paying more than five times as much property tax as he was before the rehab project.

The historic tax credit program has spurred significant investment in historic downtown Wichita. The Eagle's Lodge project is one of at least twenty historic tax credit projects in or near downtown. Those commercial and multi-family housing projects are providing up-to-date spaces for businesses and residents. According to Kathy L. Morgan, Senior Planner for the City of Wichita, "the historic tax credits are an invaluable tool for relocating businesses in the downtown area."

CASE STUDY

Philip Hardware Store

719 Main St.
Hays, Ellis County, Kansas

Construction Date:	1874
Original Use:	Hardware Store
New Use:	Retail/Residential
Total Project Costs:	$424,932
Qualified Project Costs:	$304,480
State Historic Tax Credits:	$76,119
Federal Historic Tax Credits:	$60,896
Incentives Used:	State and Federal Historic Tax Credits Property Tax Abatement Heritage Trust Fund Grant

The rehabilitation of the Philip Hardware Store was the first of many historic preservation projects in downtown Hays undertaken by the Liberty Group, a recently formed development company. The Group's belief that historic preservation plays a critical role in economic development is evident in their track record; they have completed 11 commercial rehabilitation projects in Hays, and have another 8 in the works. Most are located in the Chestnut Street Historic District, which is listed in the National Register of Historic Places.

Liberty Group owner Charles G. Comeau wrote of his company's decision to invest in the community, "Across the U.S. the words on the street are 'Preservation and Revitalization'. Downtown city blocks where shoppers' feet no longer tread and smart money would never invest are now among the most exciting retail development projects in the world…. Hays has all the components necessary to bring about the successful renaissance of its downtown corridor and we are deeply committed as developers to bring our vision to reality."

The redevelopment project has already had a remarkable impact upon the local economy. Since 2002, appraised value of buildings and land in the downtown district has increased by 122.5%. From 2001–2008, over $5 million has been invested in Downtown Hays, creating 25 net new businesses. In that same time period, sales tax collections increased 135%. More than 130 new full time and 186 new part time jobs were created. The historic Chestnut Street District now boasts of some 1,425 employees; an impressive number for a town of just over 20,000.

Historic tax credits have become increasingly important in the redevelopment effort in Hays, as the more viable buildings have been completed and the development partners turn to those that will take more creative development plans to be workable. According to Kelli Hansen with Liberty Group, the rehab of the Philip Hardware and many other projects in Hays "would not have been possible to date without the tax credit programs. The funds associated with redevelopment costs exceed the amounts that can be justified or borrowed, so the tax credits provide the necessary incentive to continue with the projects."

CASE STUDY

Roosevelt-Lincoln Jr. High School

210 W. Mulberry St.
Salina, Saline County, Kansas

Current Name:	Pioneer President's Place
Construction date:	1915-1925
New Use:	Low-Income Senior Housing
Total Project Costs:	$8,639,603
State Historic Tax Credits:	$2,042,886
Housing Units:	61 (Rents start at $275/month.)
Incentives:	State and Federal Historic Tax Credits Low Income Tax Credits Property Tax Rebate for 10 years

The Roosevelt Lincoln Junior High School campus covers most of a city block in downtown Salina. It served as an education facility for nearly 90 years, but despite expansion efforts, student enrollment outstripped its capacity. The Pioneer Group of Topeka purchased the vacated complex which, according to the local newspaper, had the potential to become a "conspicuous downtown eyesore," and converted it into low-income senior apartments. The 61-unit complex routinely boasts a 100% occupancy rate.

Pioneer Group assembled an expert team of Kansas-based architects and contractors and secured financing from a Salina bank. Just over $3.5 million was paid in construction wages, and another $2.3 million went to Kansas suppliers of building materials. In addition to following the many requirements associated with Low Income and Historic Tax Credits, the team met nationally recognized LEED green building standards.

The rehabilitation not only saved the historic building and created clean, safe, senior housing, it also injected more than $8 million directly into the Kansas economy. A variety of funding sources were needed to make it work. The project qualified for state and federal historic tax credits, as well as low income housing tax credits. Without any one of them, the buildings could well be empty yet today.

This project already is breathing more life into Salina's downtown, supporting existing businesses and encouraging new business creation. The restored auditorium at Lincoln School, open to both residents and the general public, is developing into a favorite community gathering space. It has given a boost to the owners of surrounding rental properties, who have enjoyed an improved overall rental market due to the presence of this large, well-maintained complex.

Ross Freeman, President of Pioneer Group, noted, "This was a wonderful economic development project for Kansas. It employed a huge number of Kansans, and generated a lot of economic excitement in and around Salina. It also utilized existing infrastructure and has brought more people to live in the downtown area, helping further revitalize downtown businesses. We would not have even considered the project if the historic tax credits were not available."

Frank and Dora Wolcott House

100 West 20th Ave.
Hutchinson, Reno County, Kansas

Current Name:	Doug McGovern House
Construction Date:	ca. 1919
Total Project Costs:	$147,726
State Historic Tax Credits:	$ 29,545
Incentives Used:	State Historic Tax Credits

This 90-year old house is located near the center of Hutchinson and was one of the first houses built in Hyde Park, one of the more economically stable older neighborhoods in town. In part due to the availability of the Kansas historic tax credit, owner Doug McGovern spent the last several years taking care of everything from deferred maintenance to structural repairs. He has modified the home to accommodate his octogenarian mother, rebuilt the front porch, repaired windows, replaced the roof, and installed a new HVAC system. All work done on the house was locally contracted. For each $1 of Kansas tax credits awarded for this project, the owner spent approximately $4, all of which stayed in Hutchinson.

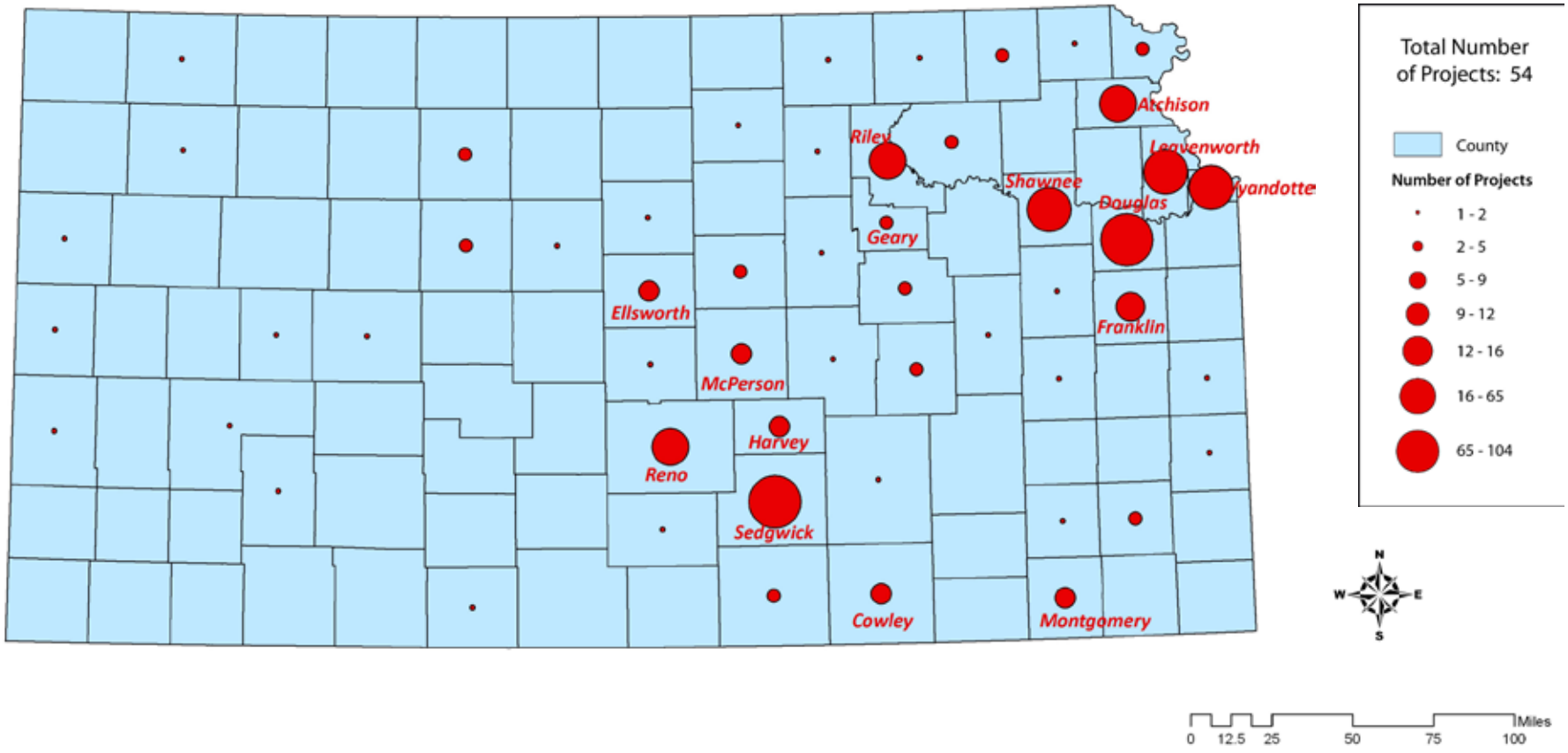
Today, the house is a neighborhood showpiece. The rehabilitation standards ensured a high-quality finished product that enhances neighborhood property values. It is a stop on the annual holiday tour. Recently McGovern hosted the wedding of the Wolcott's great-granddaughter, who said that getting married there "was like a gathering of the ancestors." It was also featured in the Fall 2009 issue of Hutchinson Magazine, as well as the September/October 2009 edition of Kansas Preservation magazine.

The availability of the historic preservation tax credits encouraged a higher level of investment in this historic home than otherwise would have taken place. The incentive also accelerated the rate at which the homeowner invested in major repairs, and helped maintain what the Hutchinson Magazine called a house that is "more accurately described as a 'presence' than simply a structure."

Making the historic tax credit available to homeowners encourages investment in the oldest parts of the community, and, since homeowners almost always patronize local contractors, it helps keep local dollars local. That investment is good for communities; low-density residential use preserves core neighborhoods, uses existing infrastructure, and stabilizes property taxes.

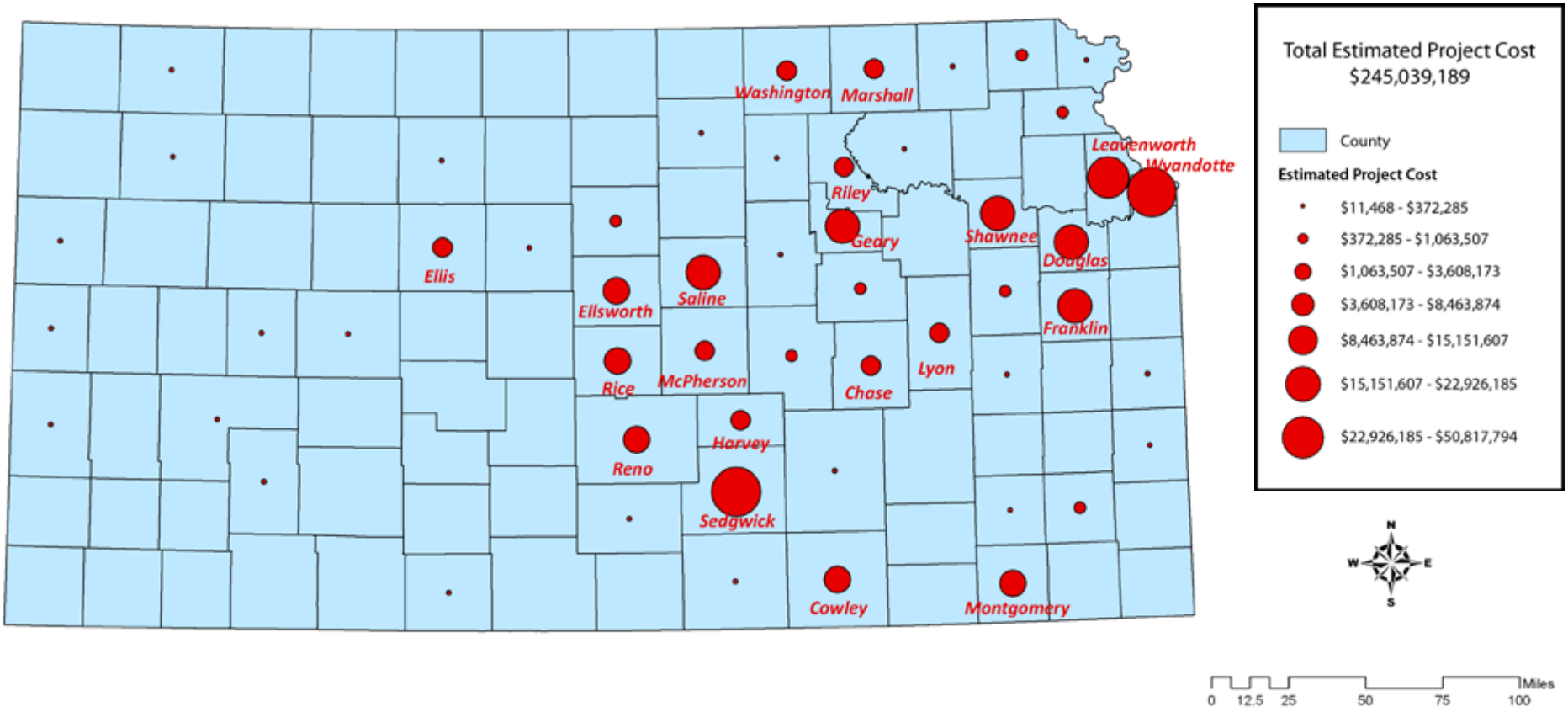
Hundreds of Kansas families have used state historic tax credits to leverage investment in their homes. Although residential projects represent a small percentage of the credits awarded in dollar value--less than 5%, they make up a large number of projects. To date, there have been more than 350 historic tax credit projects for residential properties, in 30 different Kansas cities.

Summary Figure 1
Kansas County Map of Number of Projects Receiving State Tax Credits



Data Source: U.S. Census 2009 TIGER/Line; Historic Preservation Office of the Kansas State Historical Society

Summary Figure 2
Kansas County Map of Costs of Projects Receiving State Tax Credits



Data Source: U.S. Census 2009 TIGER/Line; Historic Preservation Office of the Kansas State Historical Society

Summary Figure 3
Selected Census Data for Overall State of Kansas and Areas with Kansas State Historic Tax Credits (KHTC)
(Zip Codes and 2000 Census Data)

	Population							*Housing Units*			
	Population Density (per sq. miles)	**% Urban**	**% White**	**% Minorities (Non-White and Hispanic)**	**Median Household Income**	**% Poverty**	**% Unemployed**	**% Renter Occupied Housing**	**Median Housing Values (All Owner-Occupied)**	**Pay more than 30% of income for owner-occupied housing**	**Pay more than 30% of income for rental housing**
Total Kansas											
Average of all zip codes in Kansas	254.8	20.3	92.3	7.7	$37,338	10.3	3.4	31.8	$60,534	13.7	25.5
KHTC Locations											
Average of all zip codes with KHTC historic rehabilitation projects	532.8	52.4	85.3	14.7	$34,085	12.8	5.3	30.4	$60,128	14.0	29.9
Average of top 10 zip codes with KHTC historic rehabilitation projects	800.0	81.2	70.7	29.3	$31,656	17.3	8.7	37.4	$61,020	15.9	36.6

Source: Kansas Historic Tax Credit Database and Rutgers University analysis of Kansas Census (2000) data by zip code

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