

Historic Rehabilitation Tax Credits

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State Historic Preservation Officer



MONTANA
HISTORICAL SOCIETY

State Historic
Preservation Office

Program Basics

- Fed. Credit = 20% of QREs
- State Credit = 25% of federal credit amount
- Combined credit = 25% of QREs
- Income Producing Buildings
- National Register Listing
- Rehab must be “substantial”
- Secretary of the Interior’s Standards for Rehabilitation



Qualified Rehab Costs

Hard Costs:

- Physical building repairs
- Architecturally compatible modifications
- Work within building footprint

Qualified Rehab Costs

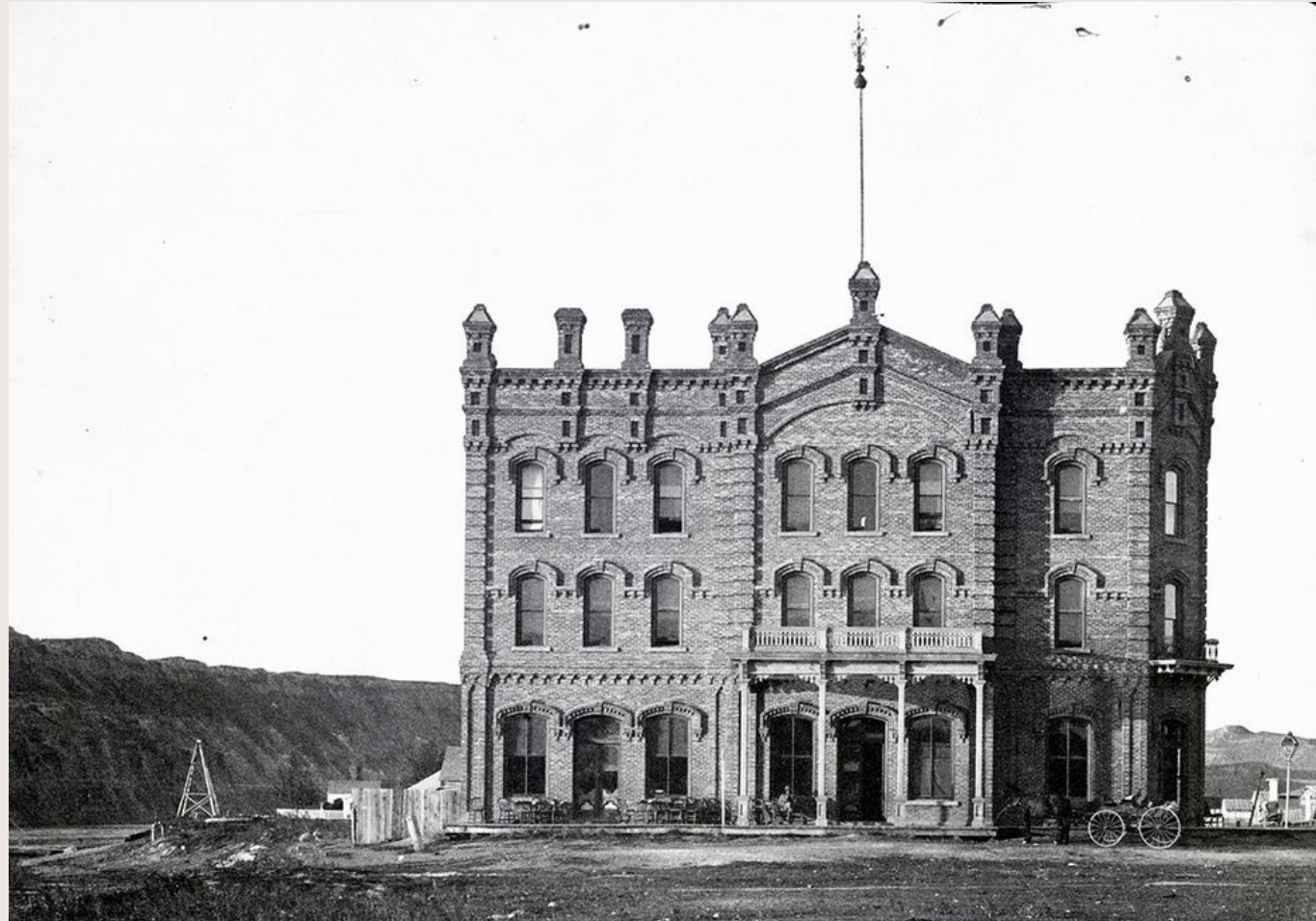
Hard Costs:

- Physical building repairs
- Architecturally compatible modifications
- Work within building footprint

Soft Costs:

- Planning & management costs
- Construction period interest
- Construction period real estate taxes

Income Producing



National Register Listing



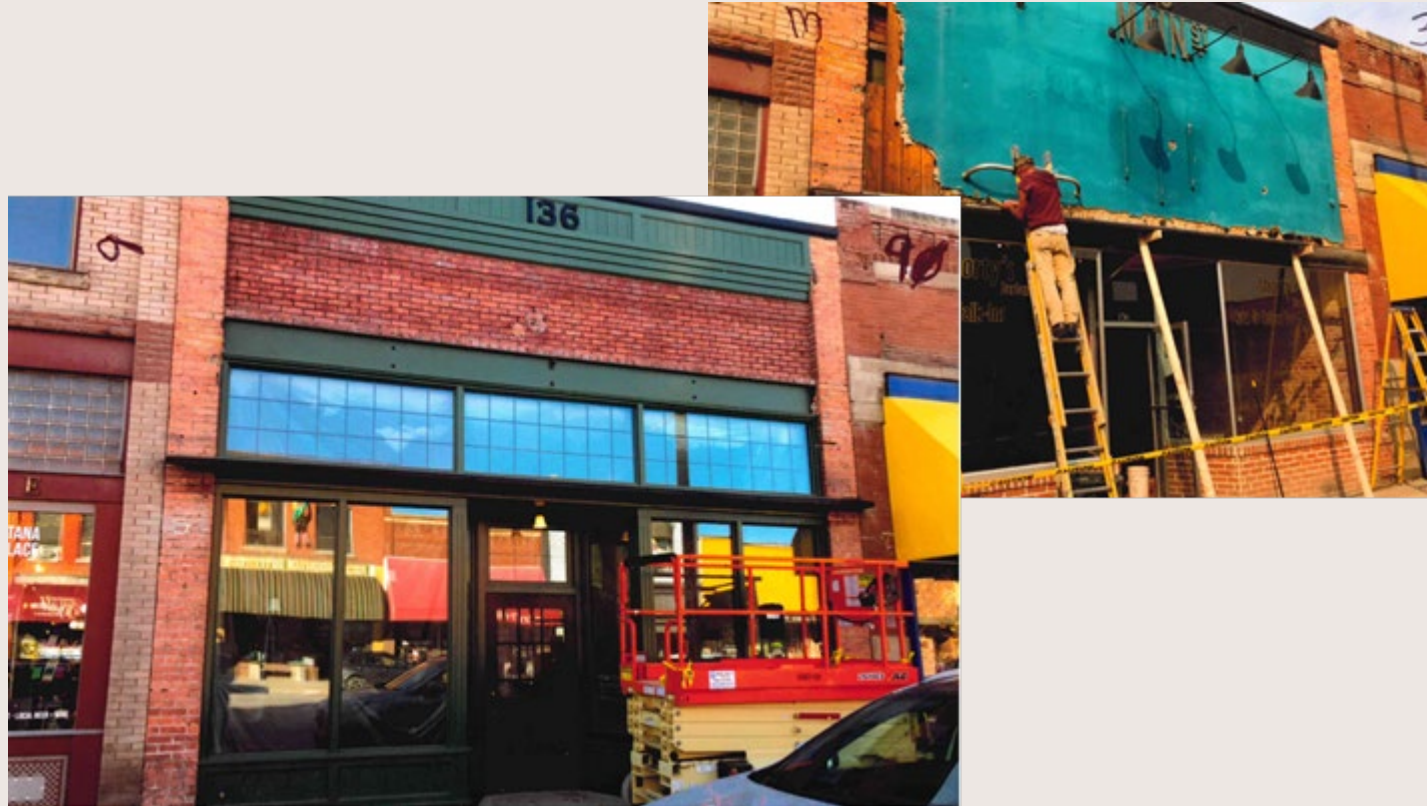
- NR nomination identifies historic and architectural attributes that inform project planning & NPS review

Substantial Rehab Test

Cost of Building
+ Capital Improvements
-- Depreciation
-- Cost of Land

QREs must exceed this amount
(or \$5,000, whichever is greater)

Secretary of the Interior's Standards for Rehabilitation



Rehabilitation – making historic buildings function to meet modern needs while retaining historic character.



INVESTING IN MONTANA

MONTANA'S HISTORIC
PRESERVATION TAX CREDIT





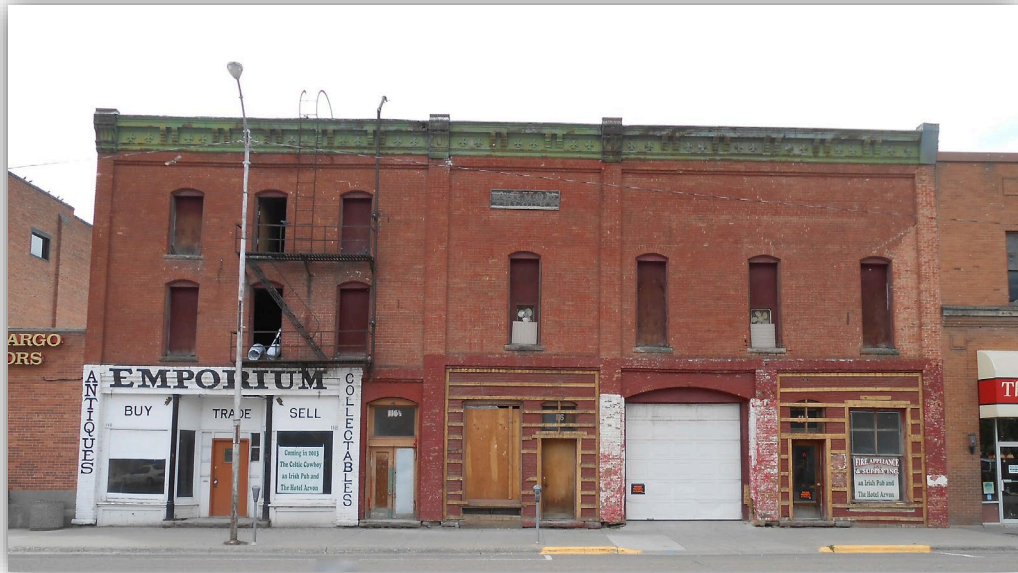
Investing in Montana: Montana's Historic Preservation Tax Credit



May 2024

Investing in historic buildings means investing in the economic growth and stability of cities and small towns across Montana, and the people who live and do business there.



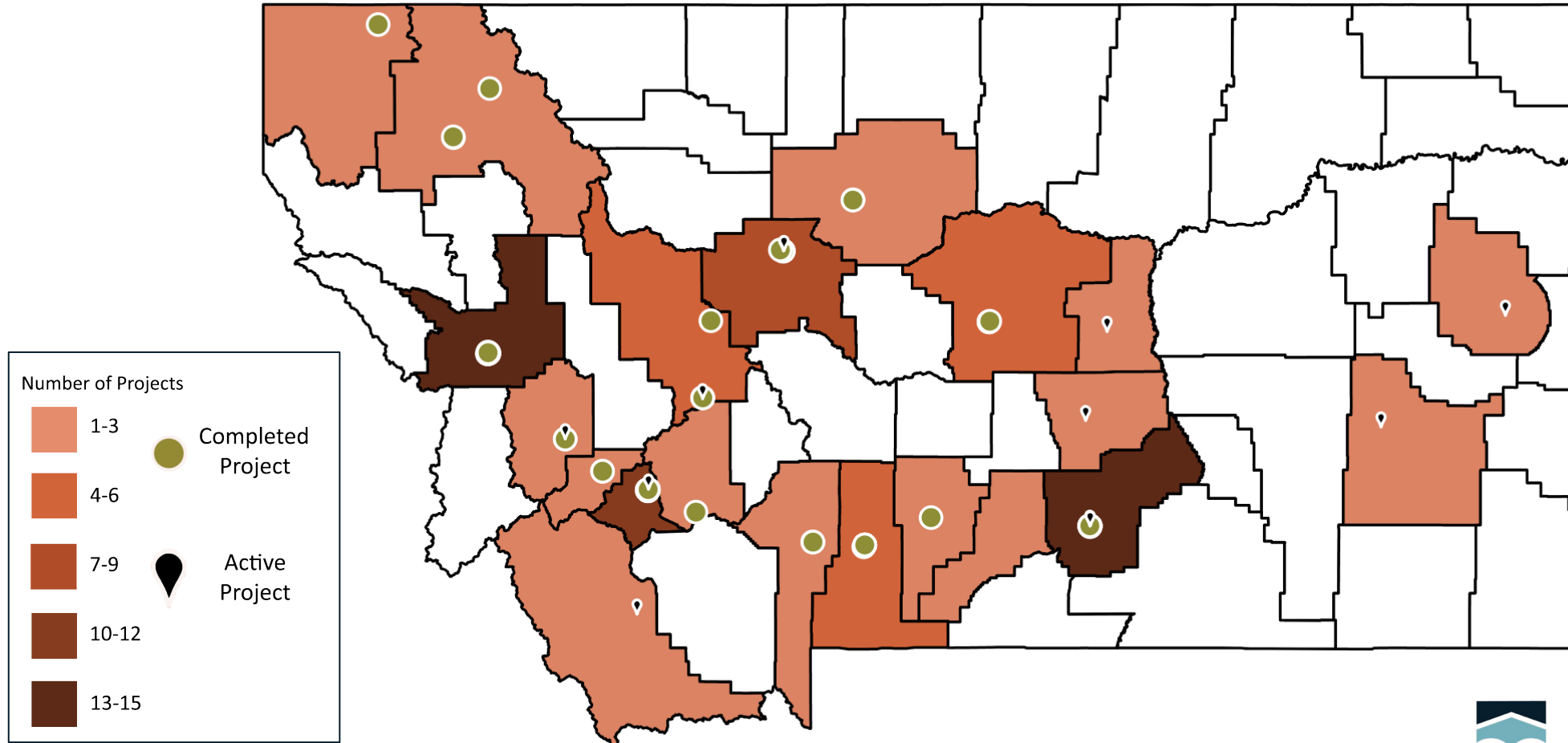


Arvon Block, Great Falls | Before and After Rehabilitation

Since the MHTC was established in 1997, an estimated \$7.2 million in state historic tax credits and \$28.7 million in federal historic tax credits have leveraged \$144 million in private investment for 69 projects in 18 Montana communities.



Location of completed and active historic tax credit projects, 1997-2024



Stakeholder Feedback on Tax Credit Impact

The Montana Historic Tax Credit:

- Makes historic rehabilitation projects financially feasible
- Creates local jobs and increases much-needed housing units
- Brings new life to dilapidated historic buildings that create vibrant, revitalized neighborhoods and downtowns and boost civic morale
- Invests in and improves upon existing infrastructure
- Retains the unique cultural heritage of Montana's communities



Eureka Community Hall, Eureka | After Rehabilitation

Comparison to Other State Tax Credits

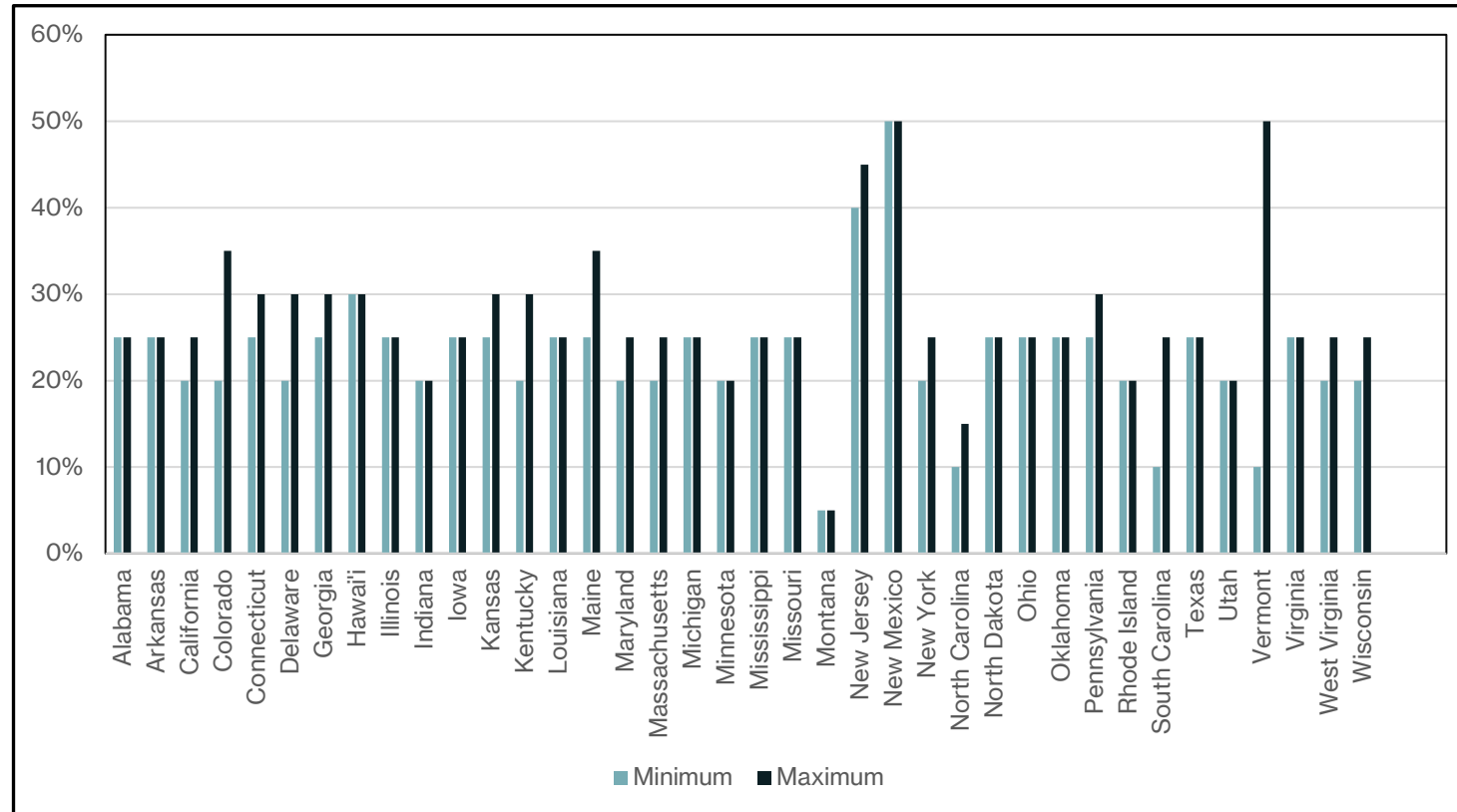
The Montana Historic Tax Credit:

- 4th oldest state historic tax credit program in the country
- Lowest tax credit rate
- No annual or per project cap on the dollar amount of credits
- No transferability
- Projects must be certified for the federal historic tax credit



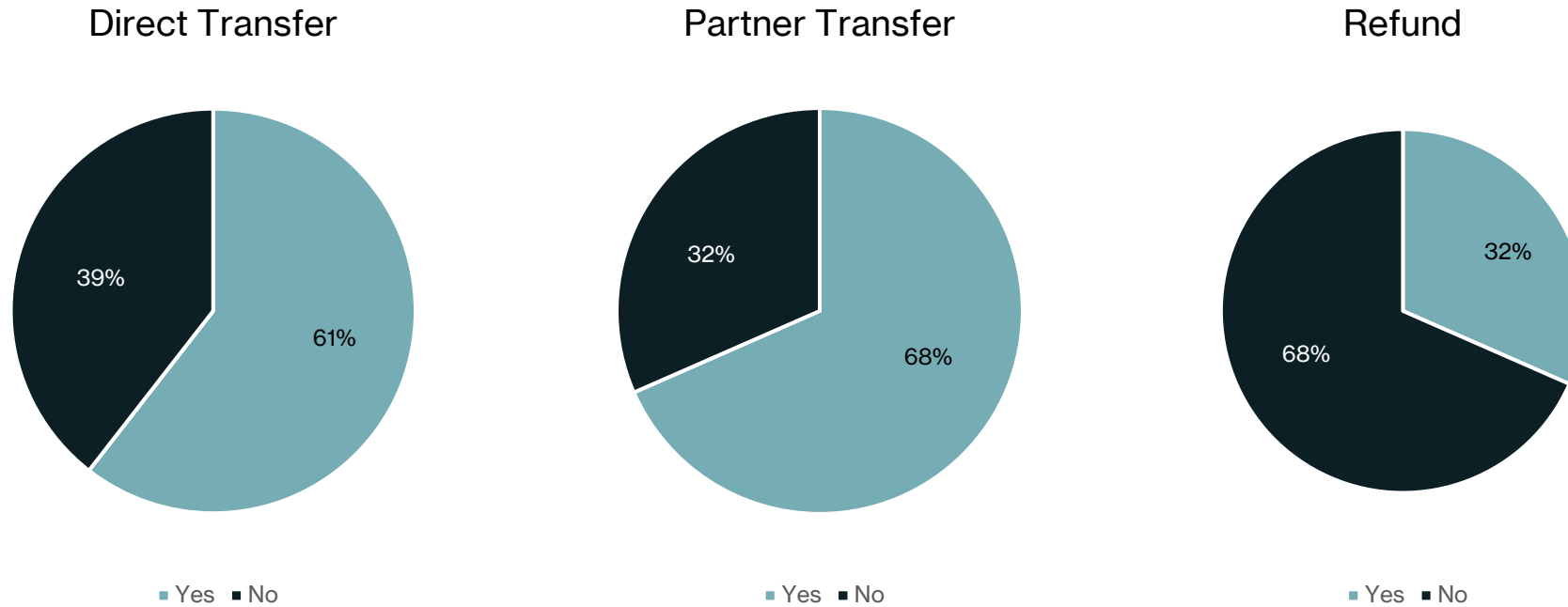
*Fort Harrison Officer's Quarters, Helena |
After Rehabilitation*

Opportunity One: Increase Credit Percentage



Comparison of state historic tax credit rates

Opportunity Two: Allow Tax Credit Transferability



Percentage of states with historic tax credits and tax credit transferability options

“[The MHTC] incentivized building renovations and made the projects feasible financially when otherwise they would not have been.” – *Ron Yates, Jr., financial expert and historic tax credit consultant*



“The Historic Tax Credit provides new life to historic structures, makes our communities better places, brings in revenue, and adds to our identity, and should be encouraged by state and local governments” – *Mac Smith, property owner/developer*



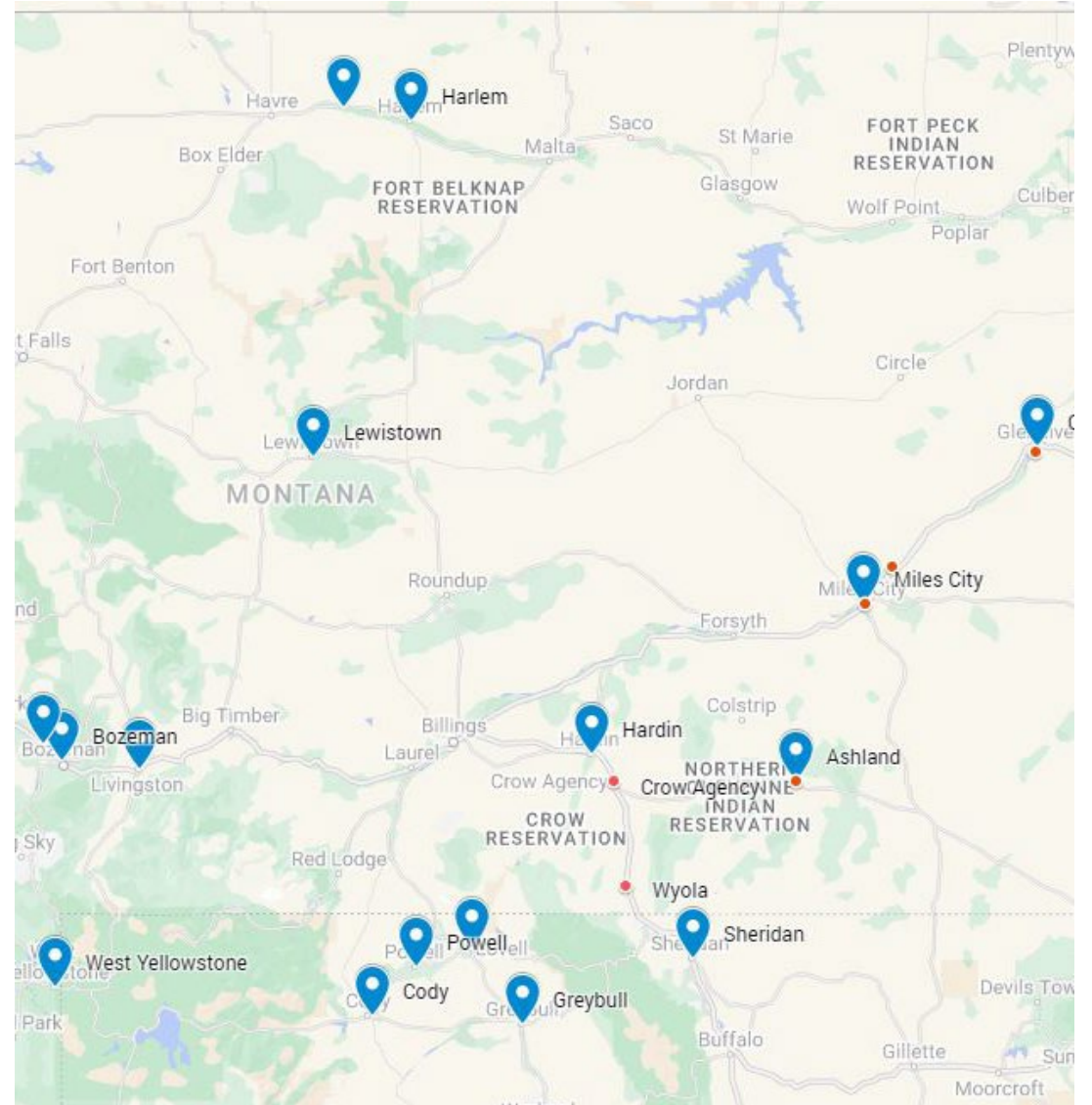
“Historic buildings have a sense of rooting a community, keeping alive the history of our predecessors. Historic reference doesn’t stifle advancement, it gives it a base from which to grow. New and flashy just doesn’t have the same depth and strength.” – *Anonymous, property developer and historic tax credit investor*



one
HEALTH

- FQHC
- 24,000 patients
- 450 staff
- \$55 mm budget

*Improve the wellbeing
of everyone by
providing accessible,
quality healthcare for
the whole community*



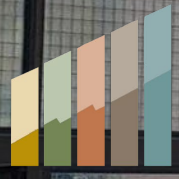
Crowley Building, Lewistown

- Historic downtown building
- Create medical, BH, dental, pharmacy
- Housing upper two floors (Homeward)
- Opened doors in 8/22



\$12.2 mm budget

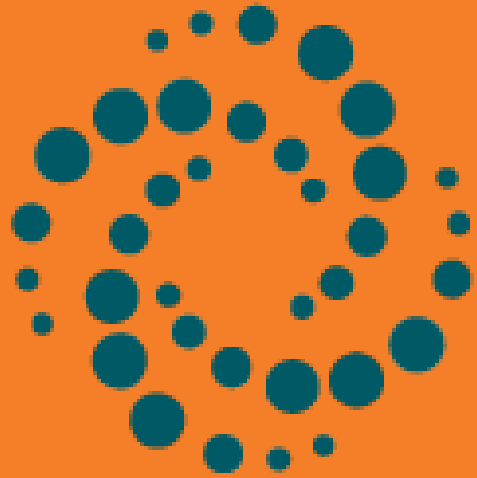
- MT HTC ~3.5% total
- Job creation: 54.7 FTE
- 14,500 visits to 2,900 patients (50% low income)
- Catalyzed additional investment in downtown.



Milligan Building, Miles City

- 30,000 SF
- \$18.5 million
- MT HTC ~4%





one
HEALTH

*Caring for our communities,
one person at a time.*

THANK YOU.

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Borden Hotel Redevelopment



Before



Before



After



After

Location: Whitehall, MT
Project Cost: \$1.6 million
State Historic Tax Credits: \$80,000
Federal Historic Tax Credits: \$320,000
Program: (9) apartments
7,000 SF commercial

Petroleum County Courthouse



Existing



Planned



Existing Second Floor



Location: Winnett, MT
Project Cost: \$1.6 million
State Historic Tax Credits: \$80,000
Federal Historic Tax Credits: \$320,000
Program: (4) added apartments
(6) added offices

Central School Lofts



Existing



Existing

Location: Roundup, MT

Project Cost: \$4.7 million

State Historic Tax Credits: \$271,000

Federal Historic Tax Credits: \$1.1 million

C-PACE: \$1 million

Program: (21) apartments

(4) commercial offices



Old Billings Hardware Lofts



Existing



Existing



Planned



Planned

Location: Billings, MT

Project Cost: \$7.9 million

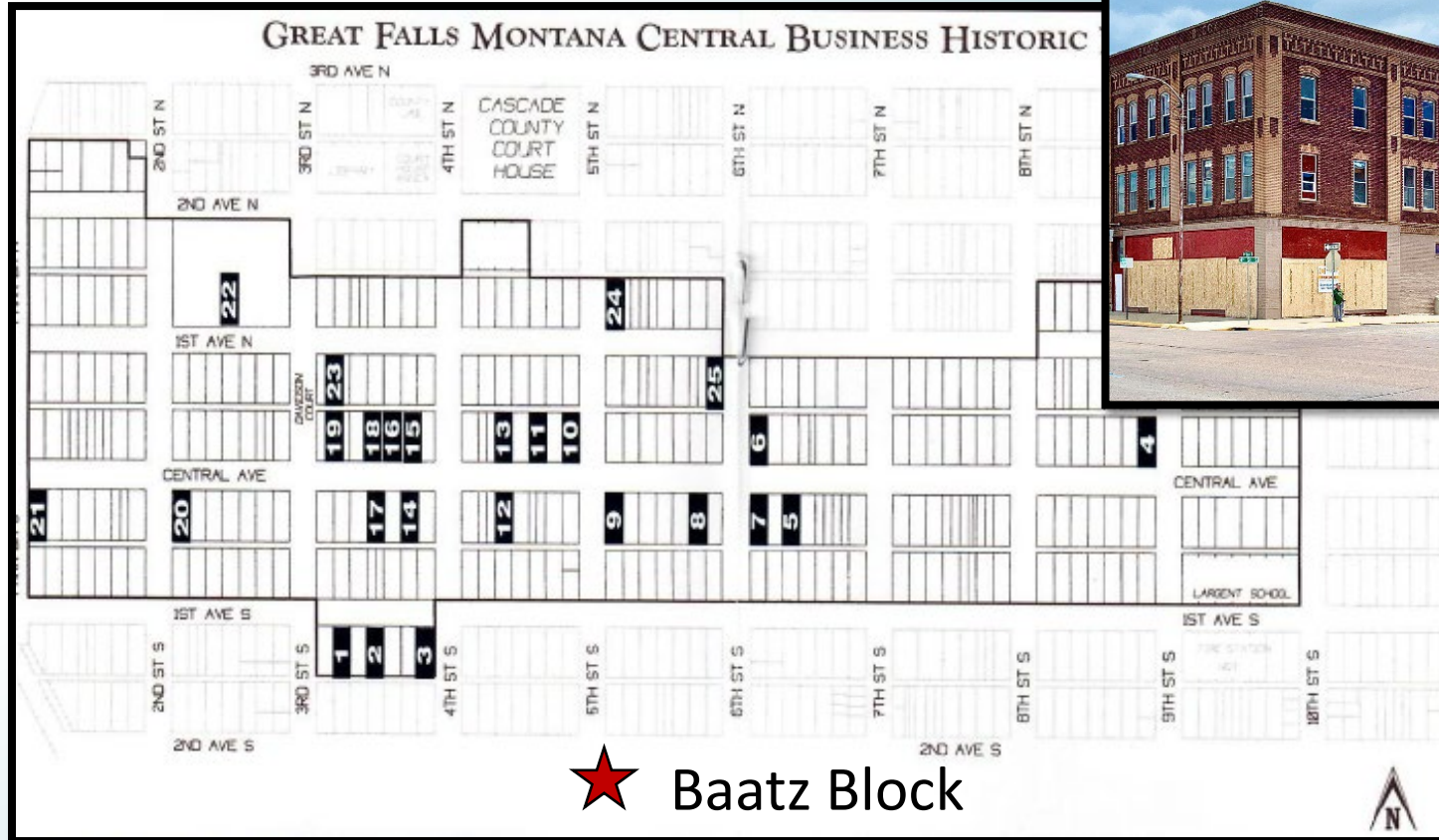
State Historic Tax Credits: \$395,000

Federal Historic Tax Credits: \$1.58 million

Program: (25) apartments

20,000 SF commercial

Baatz Block Building



Baatz Block Apartments

- 3 Story History building, built 1913
- Adaptive Re-Use, 25 Permanent Supportive Homes, Main Floor for Supportive Services



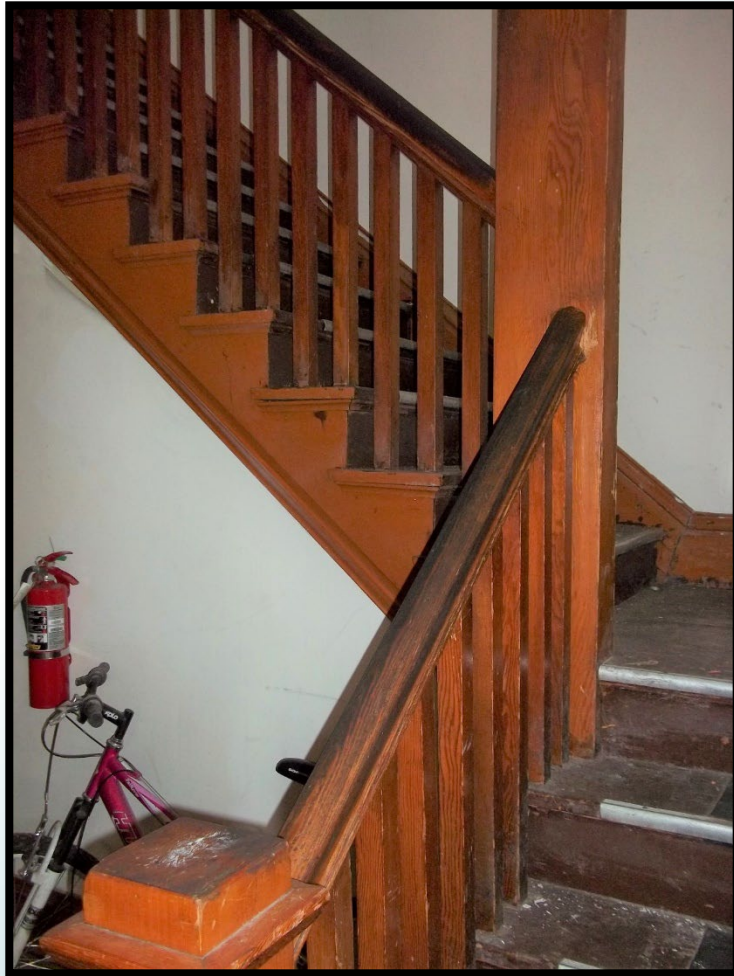
Baatz Block Apartments



Baatz Block Resident Services



Baatz Block Homes





Permanent Supportive Housing

Permanent Supportive Housing (PSH) is a proven solution to homelessness for the most vulnerable chronically homeless people. It pairs housing with case management and supportive services.

What Is Permanent Supportive Housing?

- Permanent supportive housing is an intervention that combines affordable housing assistance with voluntary support services to address the needs of chronically homeless people. The services are designed to build independent living and tenancy skills and connect people with community-based health care, treatment and employment services.

Leveraged Funding

“Alphabet Soup”

- Federal Historic Tax Credits (FHTC)
- State Historic Tax Credits (SHTC)
- Housing Tax Credits (LIHTC)
- Neighborhood Stabilization Program Proceeds (NSP)
- MDOC Housing Trust Funds (HTF), HOME Investment Partnerships Program
- Cascade County ARPA
- City of Great Falls HOME & HOME-ARP Funding
- City of Great Falls Tax Increment Financing (TIF)
- Federal Home Loan Bank - Affordable Housing Program (AHP)
- Montana Healthcare Foundation





Montana Investment

BAATZ BLOCK APARTMENTS
25 rental homes available early 2025

A DEVELOPMENT BY
NEIGHBORWORKS GREAT FALLS & HOMEWORD

NeighborWorks GREAT FALLS
Homeword Sustainable Communities for All

DESIGN & CONSTRUCTION

GTBACCO CONSTRUCTION **ESPARK ARCHITECTURE** **TD&H Engineering**
WITH Cognitive Design® **ECLIPSE ENGINEERING**

PROJECT FUNDING

GREAT FALLS HOUSING AUTHORITY **CITY OF GREAT FALLS MONTANA** **MONTANA HOUSING**
MONTANA DEPARTMENT OF COMMERCE **MONTANA HEALTHCARE FOUNDATION**
MONTANA RURAL SERVICES **Great Falls DEVELOPMENT ALLIANCE MONTANA ECONOMIC DEVELOPMENT CDFI** **FHLB DES MOINES** **MOUNTAIN PLAINS REALTY GROUP**
CITY OF LAUREL STATE OF MONTANA **UNITED STATES AGENCY FOR ENVIRONMENTAL PROTECTION**
NEF NATIONAL EQUITY FUND **GLACIER BANK** **EQUAL HOUSING OPPORTUNITY**

\$12,000,000 invested in Montana





Bluebunch Flats

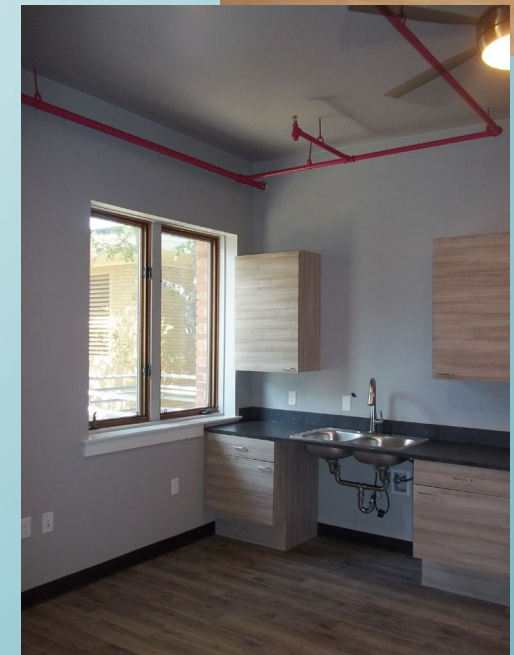
Livingston, MT



37 New Rental Homes



\$9,000,000
invested in
Montana





Crowley Flats

Lewistown, MT



16 New Rental Homes
\$5,000,000 invested in
Montana

Thank You

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