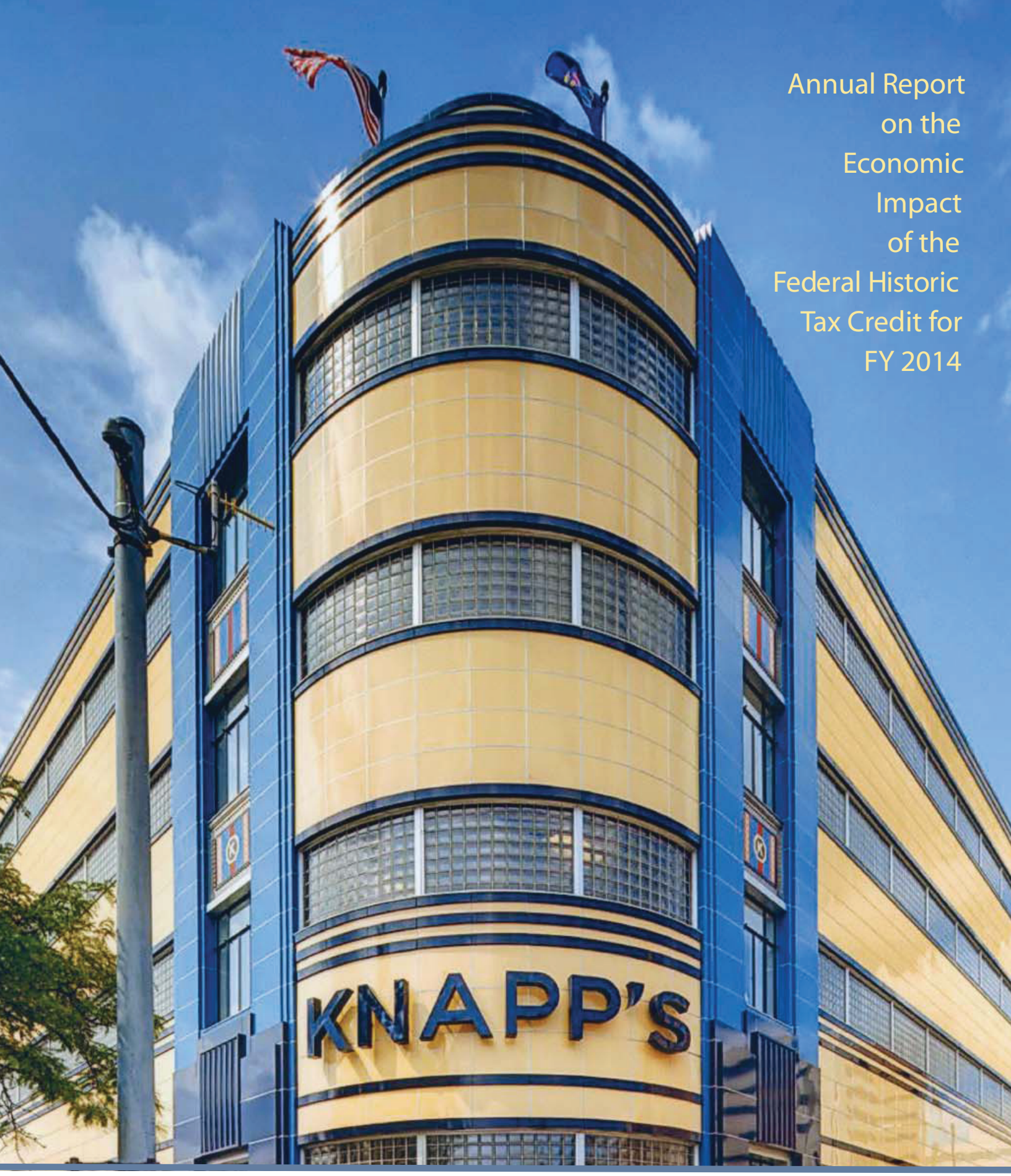

Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2014

RUTGERS
Edward J. Bloustein School
of Planning and Public Policy

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

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

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

September, 2015

Cover photo: Knapp's Centre, Lansing, MI, James Haefner Photography

A Message from the National Park Service

Beyond the National Park System, the National Park Service through its Cultural Resources, Partnerships, and Science Programs is part of a national preservation partnership working to promote the preservation of historic resources in communities small and large throughout the country. For the past 37 years, the National Park Service, in partnership with the State Historic Preservation Offices, has administered the Federal Historic Preservation Tax Incentives Program.

Commonly referred to as the Federal Historic Tax Credit (HTC), the HTC is designed to not only preserve and rehabilitate historic buildings, but to also promote the economic revitalization of older communities in the nation's cities and towns, along Main Streets, and in rural areas. Targeted to income-producing buildings, the HTC program is the largest and most effective Federal program specifically supporting historic preservation. Since the program's inception in 1976, the National Park Service has certified the rehabilitation of more than 40,380 historic properties throughout the United States.

In Fiscal Year (FY) 2014, 762 completed historic rehabilitation projects were certified by the National Park Service, representing $4.32 billion in estimated rehabilitation costs that qualify for a 20% Federal tax credit. (Another 1,156 proposed projects were also approved in FY 2014.) Many of these projects involved buildings that were abandoned or underutilized, and in need of substantial rehabilitation to return them to, or for their continued, economic viability. The HTC program also is an important tool in helping to revitalize older, economically depressed communities. Based on project data provided by the National Park Service, PolicyMap has determined that nearly 60% of the certified rehabilitation projects in FY 2014 were located in low and moderate income census tracks.

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

For FY 2014, the National Park Service also turned to the Rutgers University Center for Urban Policy Research, through a cooperative agreement, to undertake and report on the economic impacts of the HTC for the fiscal year ending September 30, 2014. This report highlights its main findings. An economic model previously developed by the Center under a series of grants from the National Park Service was utilized in the preparation of this report. The economic model was utilized by the Center for their five prior reports on the Federal HTC, as well as for a number of other economic reports for state governments and others.

As the Center's report identifies, the level and breadth of economic impacts resulting from the Federal HTCs in FY 2014 are quite impressive. In addition, the report includes information on the cumulative economic impact of the Federal Historic Preservation Tax Incentives Program for the past 37 years, starting in 1977-78 with the first completed rehabilitation project to be certified by the National Park Service under the program. The program remains one of the Federal government's most successful and cost-effective community revitalization programs.

Technical Preservation Services

Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2014: Executive Summary

Overview of the Rutgers Economic Analysis

The federal historic tax credit (HTC) is a federal income tax credit that promotes the rehabilitation of income-producing historic properties. This study examines the economic impacts of the HTC (currently at 20 percent) by analyzing the economic consequences of the project it supports. This analyses focuses on the economic effects of these projects during construction, quantifying the total economic impacts (i.e., direct as well as multiplier, or secondary, economic consequences) for the fiscal year ending September 30, 2014, and for the period since the program's inception. The study utilizes the Preservation Economic Impact Model (PEIM), a comprehensive economic model development by Rutgers University for the National Park Service.

The current analysis applies the PEIM to both cumulative (FY 1978 through FY 2014) HTC-related historic rehabilitation investment (about $117.6 billion in inflation-adjusted 2014 dollars) and single-year (FY 2014) HTC-related rehabilitation investment (about $4.8 billion). It considers the effects of the cumulative $117.6 billion rehabilitation investment as if it applied to one year (2014), rather than backdating the PEIM for each of the 37 years in the study period. It also considers the full rehabilitation investment associated with the HTC (e.g., $4.8 billion in FY 2014), and not the somewhat lower amount reported by the National Park Service based on estimated qualified rehabilitation costs indicated by property owners requesting certification of rehabilitation for purposes of the tax credit (e.g., $4.3 billion in FY 2014). [1]

The Arcade, Providence, RI

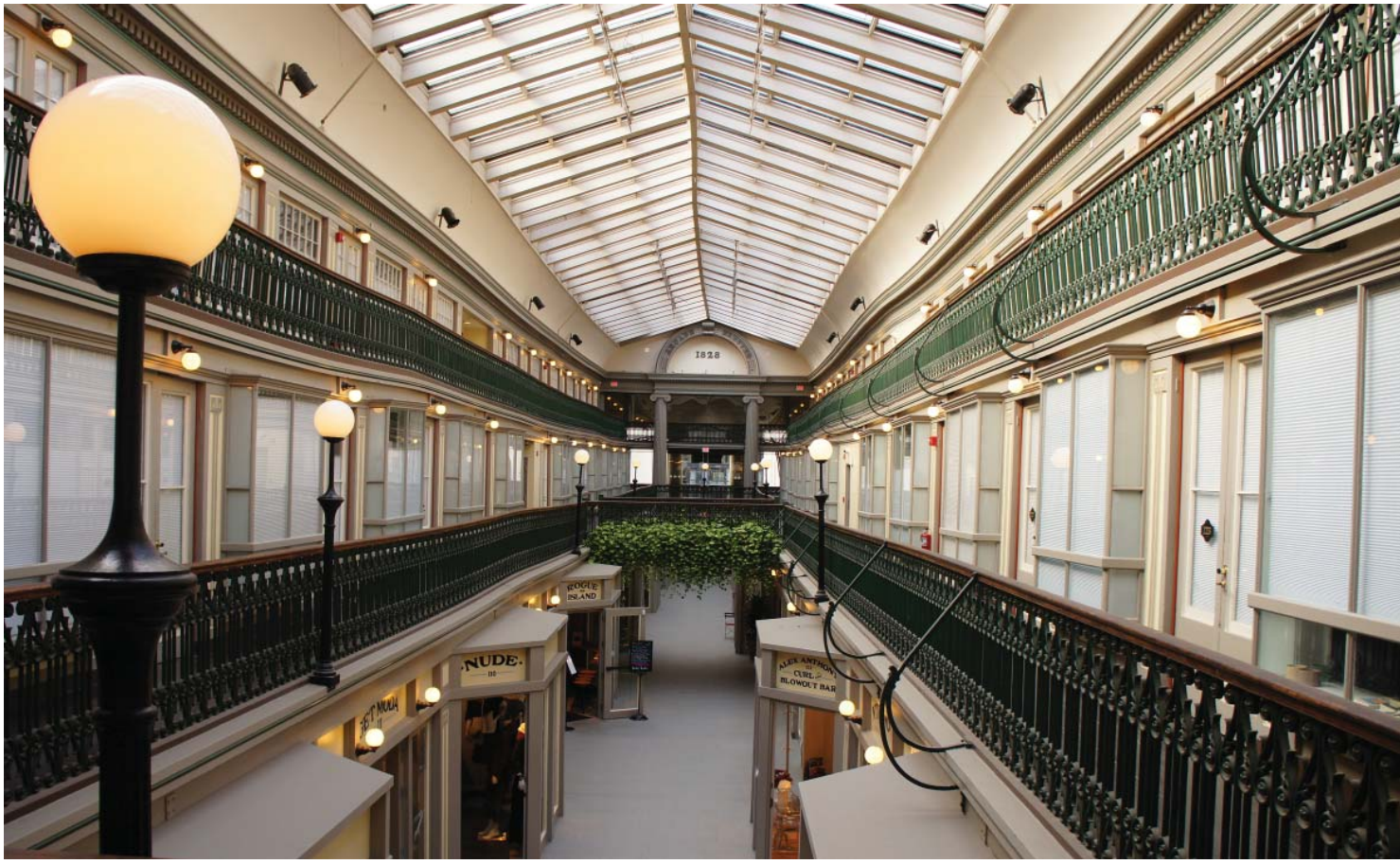
The Arcade in Providence, Rhode Island, was built in 1828 and is regarded as the nation's "first enclosed shopping mall." Declared a National Historic Landmark in 1976, the three-story structure is notable for its classical Greek Revival architecture, with giant Ionic columns and a large central atrium lit from above by a vaulted glass ceiling. Inside, the third floor steps back from the second, and both are secured by mahogany handrails and ornate scrolled-iron balustrades. Throughout its history, shoppers have been invited to browse three floors of shops—however, few were willing to climb the stairs to the second and third floors, creating frequent shop closures and a history of economic hardship. A 1980 renovation only postponed its ultimate closing.

In 2005, the building was purchased by developer Evan Granoff, who in collaboration with Northeast Collaborative Architects, began planning for a $8.9 million rehabilitation to convert the building into a mixed retail-residential use. Work began in 2012 with special care taken to respect the arcade's historic features, design, and use. Thirteen small, locally-owned boutique shops and three restaurants would be located on the first floor; former shop spaces on the upper two floors were converted into 38 "micro-lofts"—small rental units ranging from 225 to 450 square feet. The rehabilitation work met the Secretary of the Interiors Standards for Rehabilitation for purposes of the Federal historic tax credits and, in FY 2014, the National Park Service declared the project a certified rehabilitation.

[1]The HTC has a multistep application process, encompassing Part 1 (evaluation of the historic significance of the property), Part 2 (description of the proposed rehabilitation work), and Part 3 (request for certification of completed work). Both Part 2 and Part 3 rehabilitation statistics include only costs considered "eligible" or "qualified" for the tax credit under the Internal Revenue Code (Qualified Rehabilitation Expenditures, or QREs), as opposed to "ineligible" or "nonqualified" costs. While the ineligible/nonqualified expenses do not count for tax credit purposes, they are a component of the total rehabilitation investment or cost borne by the HTC developer. In practical terms, the total rehabilitation investment, including ineligible/nonqualified costs, helps pump-prime the economy. For example, in FY 2014, the Part 3 certified investment amounted to about $4.3 billion, while the total rehabilitation outlay associated with the HTC was about $4.8 billion.

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

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



The Arcade, Providence, RI, photo by Kaaren Staveteig

The following table summarizes the impacts of the HTC in inflation-adjusted 2014 dollars for each of these economic measures for the cumulative period FY 1978-2014 and for FY 2014.

National Economic Impacts

Federal HTC-assisted Rehabilitation

	$117.6 billion CUMULATIVE (FY 1978-2014) historic rehabilitation expenditures (adjusted for inflation) result in:	$4.8 billion ANNUAL FY 2014 historic expenditures results in:
Jobs (person-years, in thousands)	2,493.0	78.0
Income ($ billion)	98.6	3.4
Output ($ billion)	271.4	9.1
GDP ($ billion)	134.1	4.6
Taxes ($ billion)	39.3	1.2
Federal ($ billion)	28.6	0.8
State ($ billion)	5.4	0.2
Local ($ billion)	5.3	0.2

The benefits of investment in HTC-related historic rehabilitation projects are extensive, increasing payrolls and production in nearly all sectors of the nation's economy. The cumulative effects for the period of FY 1978 through FY 2014 are illustrative. During that period, $117.6 billion in HTC-related rehabilitation investment created 2,493,000 jobs and $134.1 billion in GDP, nearly 30 percent of which (738,000 jobs and $38.0 billion in GDP) was in the construction sector. This is as one would expect, given the share of such projects that require the employment of building contractors and trades. Other major beneficiaries were the service sector (443,000 jobs, $17.7 billion in GDP), the manufacturing sector (510,000 jobs, $34.5 billion in GDP), and the retail trade sector (364,000 jobs, $10.0 billion in GDP). As a result of both direct and multiplier effects, and due to the interconnectedness of the national economy, sectors not immediately associated with historic rehabilitation, such as agriculture, mining, transportation, and public utilities, benefit as well. (Summary Exhibit 1).

The most recent economic benefits of the federal HTC are also most impressive. In FY 2014, HTC-related investments generated approximately 78,000 jobs, including 27,000 in construction and 18,000 in manufacturing, and were responsible for $4.6 billion in GDP, including $1.5 billion in construction and $1.3 billion in manufacturing. HTC-related activity in FY 2014 generated $3.4 billion in income, with construction ($1.2 billion) and manufacturing ($799 million) reaping major shares. (See Summary Exhibit 2 for more details.) These benefits were especially welcome in 2014, as the nation continued its economic recovery.

The HTC National Economic Impacts

HTC-related historic rehabilitation benefits state economies as well as the national economy. For example, in Illinois in FY 2014, federal HTC-related rehabilitation activity totaled about $807 million. The national impacts of that investment included 11,903 jobs, an additional $1,577 million in output, $588 million in income, $759 million in GDP, $141 million in federal taxes, and $190 million in total taxes. In Illinois alone, the same $807 million in HTC-related spending resulted in 6,369 jobs, $807 million in output, $359 million in income, $424 million in gross state product (GSP), and $96 million in total taxes.

HTC Impacts Compared with Those of Nonpreservation Investments and Housing Contributions

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

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

About half of all HTC transactions include housing. Often used in combination with programs such as the Low Income Housing Tax Credit (LIHTC), the HTC has produced powerful and very beneficial results in this area. From FY 1978 through FY 2014, the HTC has been involved in the creation of a reported 510,953 housing units. Of that total, 261,342, or 51 percent, were existing housing units that were rehabilitated; 249,611 or 49 percent, were newly creating housing units (e.g. housing resulting from the adaptive reuse of commercial space). In addition, 141,557, or 28 percent of the total housing units produced (510,953), were affordable to low- and/or moderate, income (LMI) families. In FY 2014, 6,540 LMI units were produced under the federal HTC. The federal HTC’s influence on housing, largely invisible to the general public, deserves much greater attention, given its production of housing in general and LMI housing units in particular.

The Cost of the HTC

The HTC is a tax expenditure and has a public cost. In the simplest terms, the federal cost of the HTC is equal to the credit percent (20 percent since 1986) applied to the Part 3 ("qualified for tax credit") estimated investment.[2] Applying that calculation, the federal HTC costs the U.S. Treasury approximately $22.6 billion (in inflation-adjusted 2014 dollars) over the period of FY 1978 through FY 2014, while the cost for projects certified by the National Park Service in FY 2014 alone was about $865 million.[3] Weighing against these costs are the significant economic impacts (i.e., jobs, income, GDP, and output) and tax revenue (federal, state, and local) generated by HTC-aided rehabilitations and documented in this study. An important finding is that the HTC yields a net benefit to the U.S. Treasury, generating $28.6 billion in federal tax receipts over the life of the program, compared with $22.6 billion in credits allocated.

Summary of HTC Impacts

In short, the federal HTC is a good investment for local communities, individual states, and the nation. The cumulative impacts of the program to date (FY 1978 through FY 2014) support this conclusion.

- An inflation-adjusted (2014 dollars) $22.6 billion in HTC cost encouraged a five times greater amount of historic rehabilitation ($117.6 billion).
- This rehabilitation investment generated about 2.5 million new jobs and billions of dollars in total (direct and secondary) economic gains.
- The cumulative positive impacts on the national economy included $271.4 billion in output, $134.1 billion in GDP, $98.6 billion in income, and $39.3 billion in taxes, including $28.6 billion in federal tax receipts.
- The leverage and multiplier effects noted above support the argument that the federal HTC is a strategic investment that works.

[2] See footnote 1.
[3] These estimates are based on full utilization of the credits in cases of certified rehabilitations. For various reasons, not all completed projects certified by the National Park Service ultimately utilize the credit. Their economic impact, nevertheless, remains.

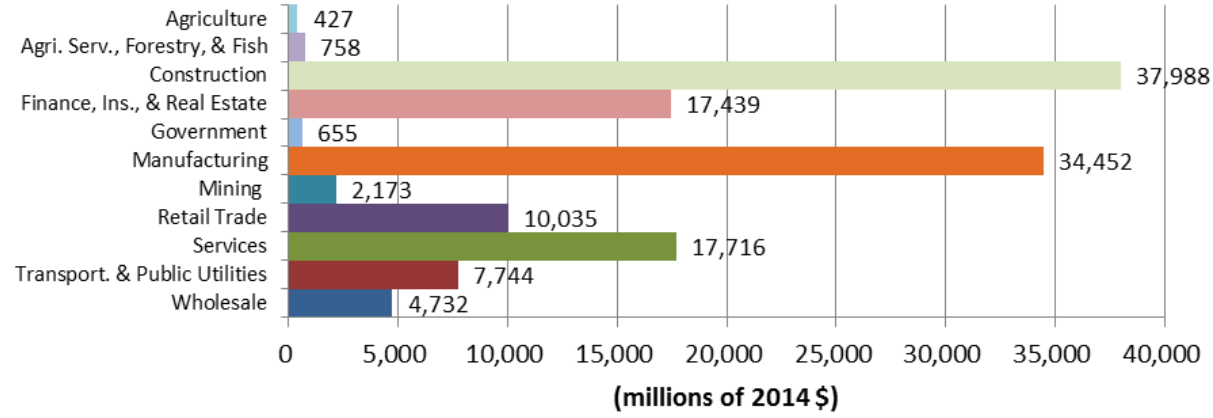
National Economic and Tax Impacts of Federal HTC-related Investment by State, Fiscal Year 2014

State	Total Rehabilitation Costs (in 2014 $ millions)	National Economic Impacts				Tax Impacts			
		Employment (jobs)	(in 2014 $ millions)			(in 2014 $ thousands)			
			Income	GDP	Output	Local	State	Federal	Total
Alabama	$12.7	234	$8.0	$15.1	$20.8	$225	$335	$1,936	$2,496
Alaska	$0.0	0	$0.0	$0.0	$0.0	$0	$0	$0	$0
Arizona	$13.3	230	$7.9	$10.2	$25.7	$12,638	$8,161	$2,230	$23,029
Arkansas	$20.5	424	$14.3	$21.3	$37.9	$406	$742	$3,432	$4,581
California	$226.8	3,382	$164.4	$214.7	$443.7	$5,722	$9,150	$41,655	$56,527
Colorado	$1.7	106	$1.2	$1.6	$3.1	$42	$54	$276	$372
Connecticut	$15.0	215	$10.5	$14.5	$27.5	$791	$671	$2,407	$3,868
Delaware	$0.0	1	$0.0	$0.0	$0.1	$2	$2	$7	$11
Dist. of Columbia	$20.6	299	$13.9	$18.7	$36.2	$1,382	$554	$2,809	$4,746
Florida	$86.1	1,502	$60.8	$82.4	$161.3	$4,454	$2,692	$14,533	$21,679
Georgia	$33.7	666	$23.4	$34.4	$61.8	$1,591	$1,545	$5,706	$8,841
Hawaii	$0.0	0	$0.0	$0.0	$0.0	$0	$0	$0	$0
Idaho	$0.0	0	$0.0	$0.0	$0.0	$0	$0	$0	$0
Illinois	$807.4	11,903	$587.7	$758.5	$1,576.7	$25,585	$23,223	$141,396	$190,203
Indiana	$30.3	531	$21.6	$29.1	$57.8	$9,976	$6,647	$5,146	$21,769
Iowa	$84.4	1,526	$57.2	$85.3	$148.5	$2,827	$2,515	$13,242	$18,584
Kansas	$35.9	653	$25.1	$34.8	$66.6	$8,481	$5,900	$5,783	$20,164
Kentucky	$33.0	631	$22.8	$32.2	$60.4	$3,297	$2,626	$5,255	$11,178
Louisiana	$253.6	4,480	$180.8	$236.8	$480.4	$8,848	$9,217	$41,606	$59,671
Maine	$65.6	994	$38.5	$57.9	$125.7	$2,975	$2,766	$10,387	$16,128
Maryland	$295.9	4,571	$207.8	$279.4	$549.0	$9,602	$8,688	$47,378	$65,668
Massachusetts	$331.5	4,308	$232.6	$312.1	$617.3	$8,845	$10,671	$53,507	$73,023
Michigan	$80.0	1,272	$56.7	$76.0	$151.0	$2,372	$2,885	$13,222	$18,479
Minnesota	$133.0	2,094	$93.4	$125.8	$248.3	$4,669	$5,282	$21,443	$31,395
Mississippi	$22.4	466	$15.6	$22.1	$41.2	$1,691	$1,347	$3,617	$6,655
Missouri	$172.3	2,952	$122.9	$162.8	$327.6	$4,759	$5,443	$28,533	$38,735
Montana	$2.6	50	$1.8	$2.5	$4.8	$96	$89	$405	$591
Nebraska	$48.9	936	$33.4	$48.3	$87.4	$10,091	$6,895	$7,561	$24,547
Nevada	$0.0	0	$0.0	$0.0	$0.0	$0	$0	$0	$0
New Hampshire	$34.2	525	$23.8	$33.1	$63.2	$1,334	$474	$5,445	$7,253
New Jersey	$32.1	460	$22.7	$29.9	$60.9	$629	$947	$5,244	$6,820
New Mexico	$21.6	415	$15.3	$21.0	$40.8	$929	$917	$3,547	$5,394
New York	$425.3	7,035	$303.0	$404.7	$800.3	$27,559	$23,350	$73,102	$124,011
North Carolina	$62.4	1,169	$44.0	$62.5	$116.9	$1,509	$2,183	$10,678	$14,370
North Dakota	$0.0	0	$0.0	$0.0	$0.0	$0	$0	$0	$0
Ohio	$231.0	4,150	$164.5	$227.6	$438.7	$10,030	$8,451	$40,067	$58,548
Oklahoma	$50.1	988	$35.7	$50.1	$95.7	$1,207	$1,742	$8,599	$11,548
Oregon	$47.7	844	$34.6	$45.4	$92.9	$1,241	$1,673	$8,320	$11,234
Pennsylvania	$478.5	7,777	$347.3	$460.4	$933.0	$15,948	$13,525	$84,245	$113,718
Rhode Island	$98.5	1,502	$67.1	$100.8	$177.1	$3,561	$3,114	$15,383	$22,058
South Carolina	$37.4	700	$26.0	$38.0	$68.4	$1,072	$1,201	$6,222	$8,496
South Dakota	$6.9	139	$4.9	$6.3	$12.9	$223	$130	$1,039	$1,393
Tennesse	$34.3	608	$24.1	$33.3	$64.0	$970	$736	$5,601	$7,307
Texas	$78.5	1,268	$56.9	$74.4	$153.8	$2,712	$1,558	$14,014	$18,284
Utah	$16.3	302	$11.4	$16.0	$30.3	$430	$544	$2,686	$3,660
Vermont	$22.8	405	$16.5	$21.7	$43.8	$894	$1,126	$3,718	$5,737
Virginia	$231.7	3,899	$165.8	$224.0	$441.4	$6,003	$7,781	$39,673	$53,456
Washington	$28.6	459	$20.5	$27.8	$55.0	$1,321	$1,035	$4,940	$7,297
West Virginia	$7.0	133	$4.8	$7.0	$12.7	$211	$244	$1,119	$1,574
Wisconsin	$32.1	559	$22.7	$31.3	$60.3	$1,133	$1,293	$5,415	$7,840
Wyoming	$0.0	0	$0.0	$0.0	$0.0	$0	$0	$0	$0
Totals	$4,804.2	77,762	$3,414.1	$4,592.2	$9,122.7	$210,285	$190,125	$812,526	$1,212,936

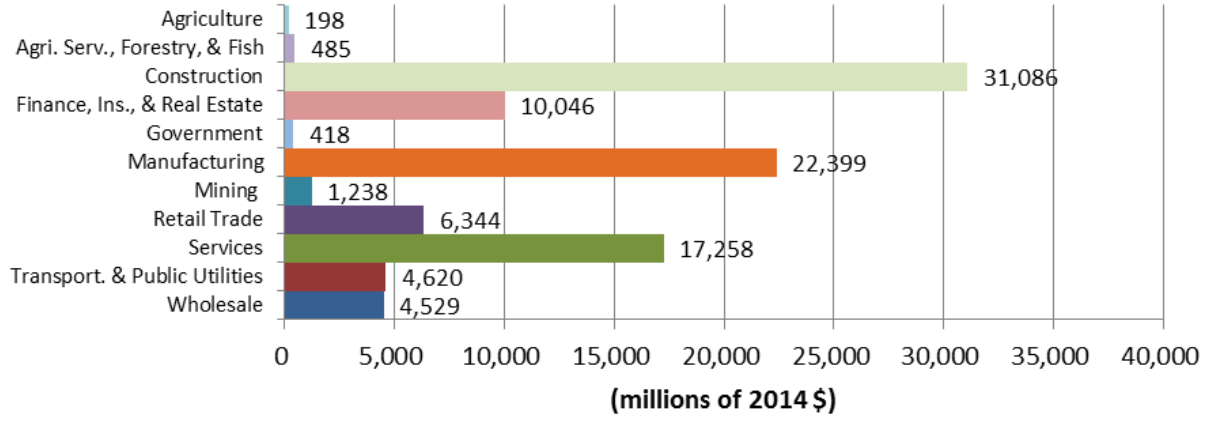
Sources: Department of the Interior, National Park Service, Technical Preservation Services; National Council of State Historic Preservation Offices; and calculations by Rutgers University

SUMMARY EXHIBIT 1
National Economic and Tax Impacts of Federal HTC-related Activity
FY 1978 through FY 2014 (HTC Investment: $117.6 billion in 2014 dollars)

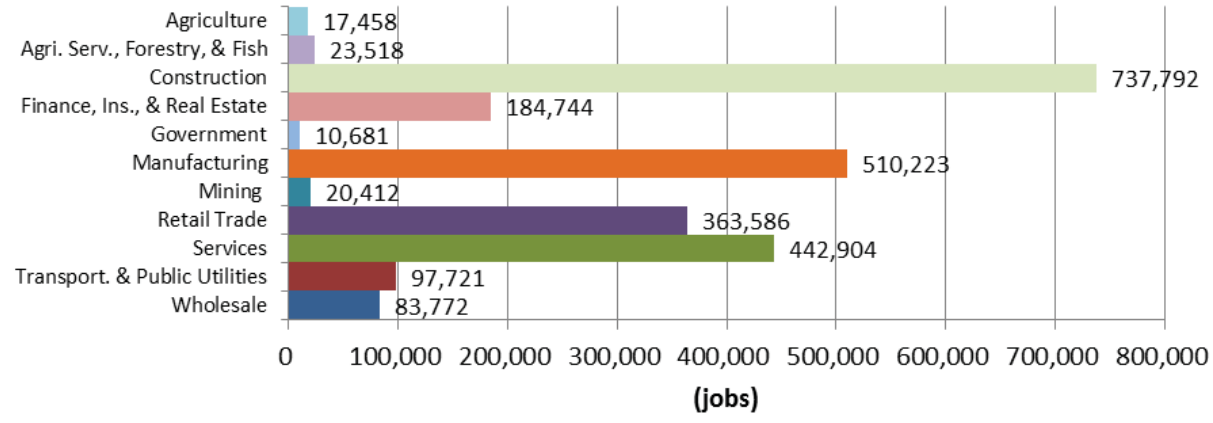
Gross Domestic Product by Sector from Federal Historic Preservation Investment ($134,117 million cumulative, FY 1978-2014)



Income Created by Sector from Federal Historic Preservation Investment
($98,663 million cumulative, FY 1978-2014)

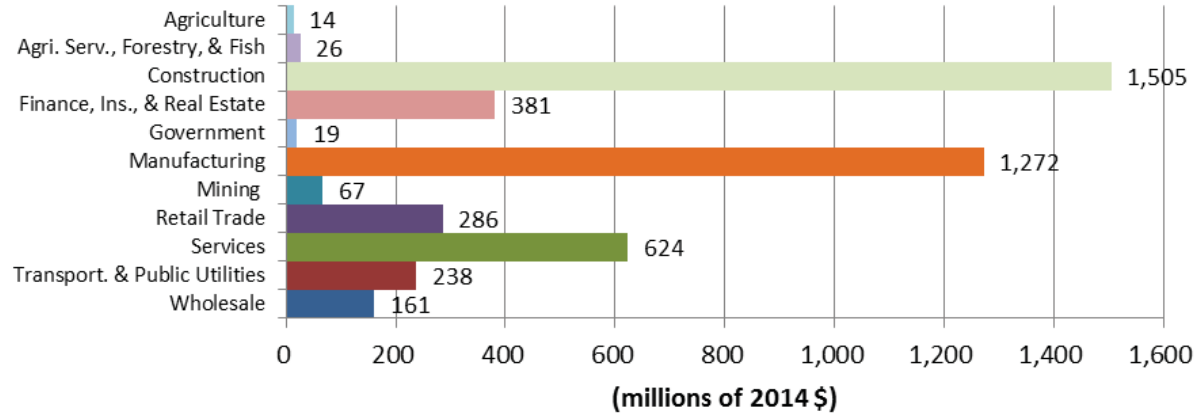


Jobs Created by Sector from Federal Historic Preservation Investment
(2,492,811 jobs cumulative, FY 1978-2014)

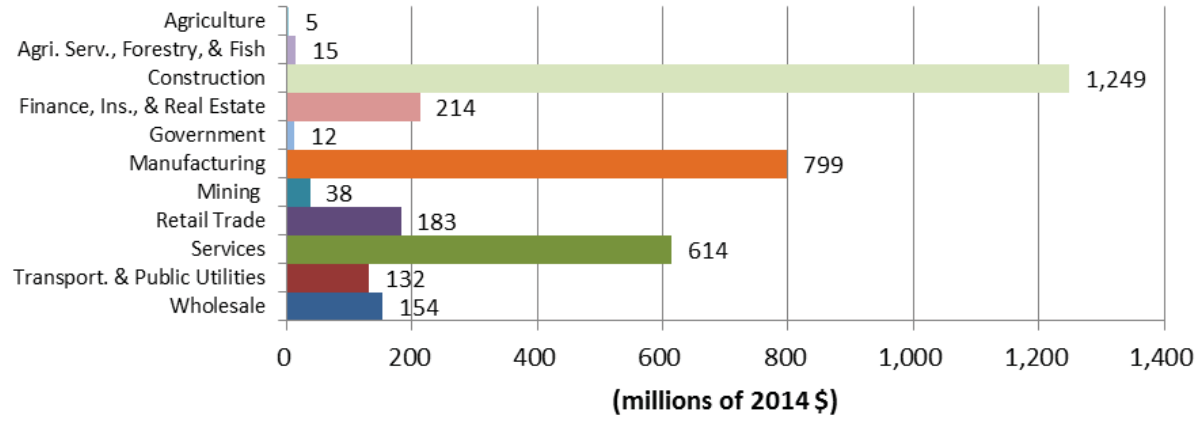


SUMMARY EXHIBIT 2
National Economic and Tax Impacts of Federal HTC-related Activity
FY 2014 (HTC Investment: $4.8 billion)

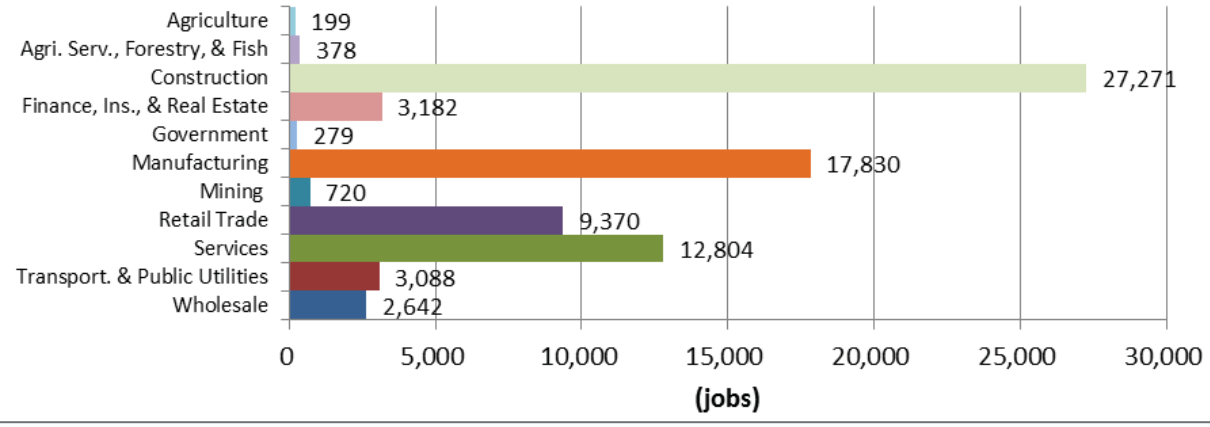
Gross Domestic Product by Sector from Federal Historic Preservation Investment ($4,592 million, FY 2014)



Income Created by Sector from Federal Historic Preservation Investment
($3,414 million, FY 2014)

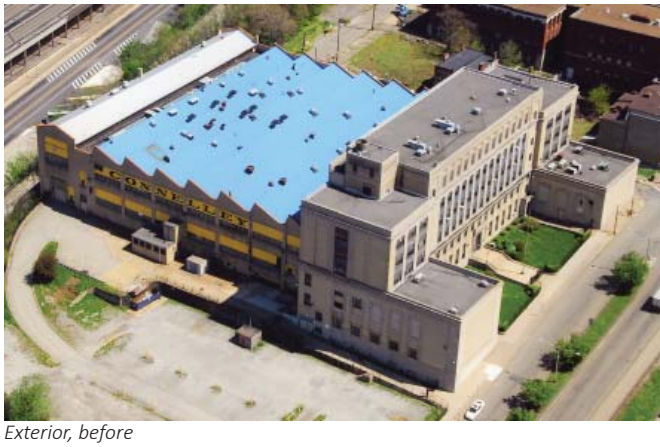


Jobs Created by Sector from Federal Historic Preservation Investment
(77,762 jobs, FY 2014)

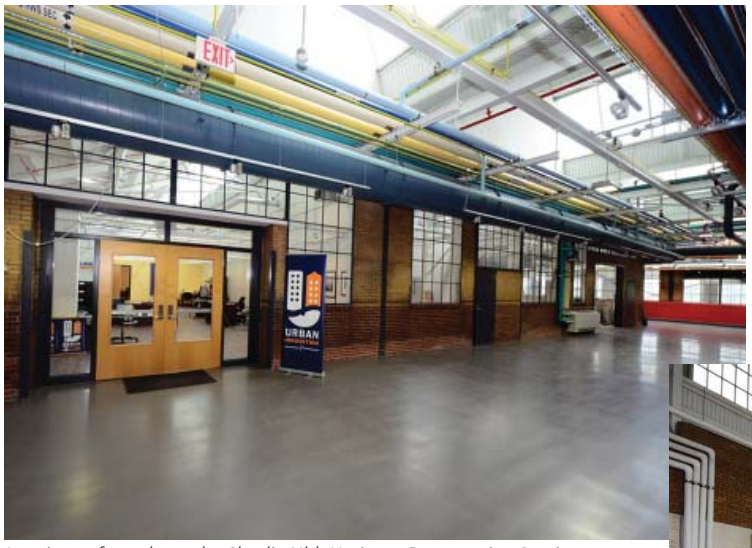


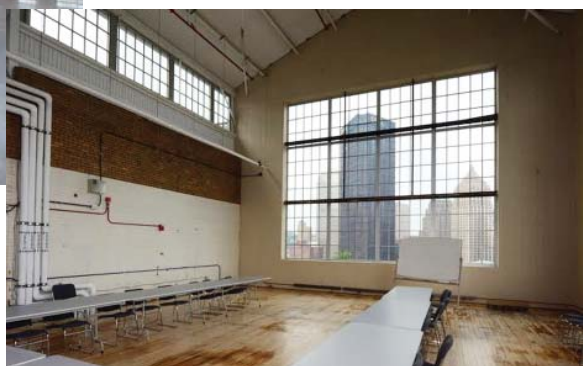
Energy Innovation Center

1501 Bedford Avenue, Pittsburgh, PA 15219



Exterior, before





Interiors, after; photos by Charlie Uhl, Heritage Preservation Services

Project Profile

Historic Name:	Clifford B. Connelley Trade School
Original Construction Year:	1933
Rehabilitation Years:	2013-2016
Original Use:	Vocational training school
New Use:	Research space for companies in the energy industry
Estimated Total Project Cost:	$49,850,000
Federal Historic Tax Credit (HTC) Equity:	$8,500,000
Other Financial Incentives:	$16,600,000 of New Markets Tax Credit (NMTC) Loans

Property and Project Details

Energy Innovation Center (EIC), historically known as the Connelley Trade School (Connelley School), was constructed in 1933 on Bedford Avenue in Pittsburgh's historic Hill District. The school consisted of a six-story academic block with a large shop facility located behind. The school was built in accordance with the Smith-Hughes Act of 1917, which was intended to separate vocational training from strictly academic learning and focus on preparation for jobs and employment. As such, it served as an exemplary high school for decades, and prepared thousands of graduates for well-paying jobs throughout the western Pennsylvania region.

The rehabilitation of the 160,000 square-foot school is being undertaken in two phases. Substantial work has been completed under the first phase which involved the former shop facility and the first-floor level of the academic block. These spaces are designed as office space for research, development, and job training in the energy industry. The distinctive "circular roadway" in the shop has been retained; a new roof installed; non-historic windows having been replaced in the shop; and utilities modernized, including installation of an extraordinarily complex and expensive HVAC system in the shop facility. The shop area is designed as space for training in the energy-efficiency, construction, and alternative-energy industries and an area for offices, labs, and classrooms.

The project is creating workforce development and job training programs for permanent employees and will be providing services to the local community such as job-readiness skill preparation for the unemployed, skill enhancement for operating engineers, programs to prepare women and minorities for construction training, and continuing education for apprentice operating engineers.

Since its opening in 2014, the Center is becoming a place for collaborative university-industry projects, proof-of-concept energy technology demonstration laboratories, an early-stage business incubator, and targeted workforce training programs. Expected corporate partners, such as Penn State, University of Pittsburgh, and Carnegie Mellon, will be showcasing new products and deploy advanced energy management systems. As the EIC becomes fully operational, it is also expected to be a catalyst for development in the surrounding Hill District.

Project Budget

Sources of Funds	Amount
Federal HTC Equity	$8,500,000
NTCIC NMTC Loans	$8,000,000
North Side Community Development NMTC Loans	$3,800,000
Pittsburgh Urban Initiatives NMTC Loans	$4,800,000
State and Local Grants	$10,200,000
Managing Member Property Value Contribution	$8,350,000
Other Sources	$6,200,000
Total	$49,850,000

Uses of Funds	Amount
Acquisition Costs	$8,550,000
Hard Costs	$34,120,000
Soft Costs	$5,150,000
Reserves	$2,030,000
Total	$49,850,000

Community Benefits

Permanent Jobs:	364
Construction Jobs:	270
State & Local Taxes:	$2.1 million
Gross State Product:	$30.2 million

Knapp's Centre

300 South Washington Square, Lansing, MI 48933

Before, photo by Quinn Evans Architects

After, photo by James Haefner Photography

Project Profile

Historic Name:	J.W. Knapp's Company
Original Construction Year:	1937-38
Rehabilitation Years:	2012-2014
Original Use:	Department store
New Use:	Mixed-use for small business incubators, offices, retail, and mixed-income apartments
Total Project Cost:	$35,738,773
Federal Historic Tax Credit (HTC) Equity:	$6.2 million
Other Financial Incentives:	$8 million of New Markets Tax Credit (NMTC) loans and $8.5 million in State HTC equity

Property and Project Details

One of the finest examples of streamlined Art Moderne-style commercial architecture in the Midwest, the J.C. Knapp Company store opened in 1938 and operated as a major downtown Lansing department store until its closure in 1980. Individually listed in the National Register of Historic Places, the building was constructed of glass block, yellow brick, and blue-enameled steel and cast-in-place concrete composite panels known as "Maul Macotta," after the company that manufactured it. Subsequently used as government offices until 2003, the building remained vacant until its recent rehabilitation by the Eyde Company, a Michigan real estate firm headquartered in Lansing.

Rehabilitation work included both common and innovative solutions. Historic storefronts were rehabilitated; the glass block was replaced with new glass bock due to seal failures of the original units; and the blue-enameled steel panels, which had begun to rust through, were replaced with a new metal panel system matching the original's brilliantly blue historic appearance. On the interior, energy-efficient lighting and mechanical systems were installed, an atrium was created to bring natural light into the building, and the historic main stairs in the former retail space was retained and preserved.

The Eyde Company rehabilitated the five-story, 175,000 square-foot Knapp's building into space for small business incubators, offices, retail, and residential space. Besides the Eyde Company, which relocated its headquarters to the building, commercial tenants include The Runway, a fashion incubator and retail showroom which also uses some of the historic store windows for display of apparel; Dewpoint, a leading IT systems integrator and technology consulting firm and Draper Eyewear, an eye care practice that has operated in downtown Lansing for over 46 years. The fifth floor and penthouse levels were converted into 23 residential units, covering 23,233 square-feet, with both market-rate units and units targeted to households with incomes at 80% or less than the area median income.

In 2014, the newly renovated and renamed Knapp's Centre was offically opened. It joined other employers in the downtown area to enhance the pedestrian experience. As a result, they have generated greater demand for restaurants and entertainment establishments as well as for other services that support them. Its prominent corner location is adjacent to Thomas Cooley Law School Library and within walking distance to the State Capitol, Davenport University, and Lansing Community College. The Knapp's Centre is also on track to a green-building certification by The Society of Environmentally Responsible Facilities (SERF).

Project Budget

Sources of Funds	Amount
Federal HTC Equity	$6,243,177
NMTC Loans	$8,000,000
Managing Member Equity	$7,843,947
Other Sources	$13,651,649
Total	$35,738,773

Uses of Funds	Amount
Acquisition Costs	$2,700,000
Hard Costs	$23,466,455
Soft Costs	$8,884,718
Reserves	$687,600
Total	$35,738,773

Community Benefits

Permanent Jobs:	279
Construction Jobs:	198
State & Local Taxes:	$1.9 million
Gross State Product:	$24.2 million

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