



**Historic Preservation Commission Meeting Minutes
Indian Trail Meeting Hall
April 5, 2023
4:00 P.M.**

Members Present: Charles Drew, Rick Pukenas, Jim McKee, Joanne Wesson, Josh Cline McGee, Bonner Herring, and Bonnie Bray.

Members Absent: Alexis Gore Graves and Tal West

Staff Present: Travis Henley, Director of Development Services
Maureen Meehan, City Planner

Board of Aldermen Robert Carroll
Liaison:

- A. Chairman Charles Drew called the meeting to order at 4:00 p.m.
- B. The Invocation was given by Chairman Drew.
- C. The Pledge of Allegiance was led by Chairman Drew.
- D. In the absence of Ms. Graves, a Motion was made to vote Ms. Bray in as a voting member by Ms. Wesson and seconded by Mr. Pukenas. ***Unanimous vote; Motion carried.***
- E. Mr. McKee Motioned to approve the Agenda and was seconded by Ms. Bray. ***Unanimous vote; Motion carried.***
- F. A Motion was made to approve the March 1, 2023, Minutes by Mr. Pukenas and was seconded by Mr. McKee. ***Unanimous vote; Motion carried.***
- G. **Public Comment:** None
- H. **New Business:**
 - 1. **Secretary of the Interior’s Standards for Rehabilitation Presentation – Jeff Adolphsen, Senior Restoration Specialist, NC State Historic Preservation Office.**

Mr. Adolphsen first gave a PowerPoint Presentation on Historic Rehabilitation Tax Credits. The slides provided information on how tax credits work for Historic Rehabilitation. Some of the highlights are as follows:

Federal Income-Producing Historic Rehabilitation Tax Credits

- The federal historic rehabilitation tax credit program began in 1976.
- The latest changes were signed into law on December 22, 2017.
- The credit equals 20% of qualified rehabilitation expenditures.
- The credit is available to owners and long-term lessees.

To Qualify:

1. The project must be a certified historic structure
2. The project must be income-producing, and the building must be depreciated;
3. Qualified rehabilitation expenditures (QREs) must exceed the adjusted basis = (purchase price – land value + capital improvements – depreciation); and
4. The work must meet the *Secretary of the Interior's Standards for Rehabilitation*.

Certified Historic Structure:

- A building that is listed individually in the National Register of Historic Places; or
 - A building that is certified as contributing to a National Register Historic District.
- Qualified Rehabilitation Expenditures (QREs) -
- QREs include eligible “hard costs” and “soft costs”
 - Not include acquisition, landscaping, furnishings, and expansion of volume of building
- The *Secretary of the Interior's Standards for Rehabilitation* –
- Are ten principles developed by the Secretary of the Interior to guide work on historic properties;
 - Are used to judge the appropriateness of the proposed work to the historic property by our office and the National Park Service

Applicant can undertake a non-phased or phased project.

➤ Non-phased

- Adjusted basis must be spent within a 24-month period.

➤ Phased

- Adjusted basis must be spent with a 60-month period where the rehabilitation is to be completed in two or more distinct phases of development. This is available when:
 - A set of architectural plans and specifications outlines all rehabilitation phases.
 - The plans are completed before the physical rehabilitation work begins.
 - It can be reasonably be expected that all phases will be completed.
 - The credit must be taken over a five-year period.
 - Credit must be taken in the year the building is placed in service.
 - The credit may be carried back one year and forward twenty years.
 - Taxpayer can undertake a historic rehabilitation tax credit project as often as possible as long as they exceed the adjusted basis of the building.
 - Federal credit may be transferred with the property so long as the transfer of property occurs before it is placed in service.

- The National Park Service (NPS) administers the historic preservation certification side of the income-producing program, in partnership with the State Historic Preservation Offices (SHPO).
 - The SHPO administers the program at the state level, with final authority resting with NPS.
 - The IRS and NC Department of Revenue administer the tax and finance side of the income-producing programs.
 - Taxpayers should consult a professional tax advisor, the IRS, or the NC Department of Revenue for help in determining the tax or other financial implications of any matter discussed here.
- State credit piggybacks onto the federal historic rehabilitation tax credit.
 - The sunset expires for rehabilitation expenses incurred on or after January 1, 2030.
 - Qualified rehabilitation expenditures incurred prior to January 1, 2030, expire for property not placed in service by January 1, 2032.
 - Placed in service – Generally means that work has been completed, which allows for the occupancy of the entire building or some identifiable portion of the building.
 - This current tax credit programs provide for Historic Preservation Tax Credits benefiting both income-producing (105-129.105) and non-income-producing (105-129.106) historic buildings.

State Non-Income-Producing (Homeowner's) Historic Rehabilitation Tax Credits

Personal residences and ancillary buildings that do not generate an income, such as:

- Houses, Multi-family residential condominiums; and
 - garages, outbuildings, and other ancillary buildings.
 - State credit may be taken in the year the building is placed in service.
 - The credit may be taken in one year.
 - The credit may be carried forward an additional nine years.
 - Taxpayer is allowed to claim a credit “...no more than once in a five-year period...” per property.
 - State credit may be transferred with property so long as transfer of property occurs before it is placed in service.
- 15% state credit against qualified rehabilitation expenditures (QREs).
 - Project cap limits eligible rehabilitation expenses to \$150,000 — for a maximum credit of \$22,500.
 - Project minimum threshold is \$10,000 of qualified rehabilitation expenses.
 - Eligible rehabilitation expenses must be incurred within any 24-month period.
 - The sunset expires for rehabilitation expenses incurred on or after January 1, 2030.
 - Qualified rehabilitation expenditures incurred prior to January 1, 2030, expire for property not placed in service by January 1, 2032.
 - The work must meet the *Secretary of the Interior's Standards for Rehabilitation*.

Mr. McKee mentioned a Pilot Program that could help with the revitalization and rehabilitation of historic properties. He said getting assistance with managing the historic designations would be beneficial. Mr. Adolphsen said that would be a great idea and discussed the NC Main Street and Rural Center, which is tasked to provide technical assistance to NC communities. The NC Main Street & Rural Planning Center is North Carolina's state coordinating program for Main Street America. It is a nonprofit National Main Street Center program, a subsidiary of the National Trust for Historic Preservation. The National Main Street Center leads a movement committed to strengthening communities through preservation-based economic development in older and historic downtowns and neighborhood commercial districts.

Mr. Adolphsen said that it would be a good idea to look at the comparable Town of Aberdeen, NC as a model to refer to for their Historic Preservation Commission.

City Planner Meehan said that Ms. Julie Smith, National Register and Survey Specialist at the North Carolina State Historic Preservation Office, would be the contact person for helping with registering with the National Register of Historic Districts.

Mr. Adolphsen continues with a PowerPoint presentation on The Secretary of the Interior's Standards for Rehabilitation.

Terminology and Treatments for Historic Properties

1. Preservation
2. Rehabilitation
3. Restoration
4. Reconstruction

Preservation is defined as “the process of applying measures necessary to sustain the existing form, integrity, and materials of a historic property. Work ...generally focuses on the ongoing maintenance and repair of historic materials and features rather than extensive replacement and new construction. New exterior additions are not within the scope of this treatment; however, the limited and sensitive upgrading of mechanical, electrical, and plumbing systems and other code-required work to make properties functional is appropriate within a preservation project.

Rehabilitation is defined as “the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historical, architectural, and cultural value.”

Restoration is defined as “the process of accurately depicting the form, features, and character of a property as it appeared at a particular period of time by means of the removal of features from other periods in its history and reconstruction of missing features from the restoration period. The limited and sensitive upgrading of mechanical, electrical, and plumbing systems and other code-required work to make properties functional is appropriate within a restoration project.

Reconstruction is the process of depicting, by means of new construction, the form, features, and detailing of a non-surviving site, landscape, building, structure, or object for the purpose of replicating its appearance at a specific period of time and in its historic location.

Summary of the Standards for Each Treatment

Preservation results in the retention of the greatest amount of historic fabric, along with the resource's historical form, features, and detailing as they have evolved over time.

Rehabilitation acknowledges the need to alter or add to a historic resource to meet continuing or new uses while retaining the resource's historic character.

Restoration allows for the depiction of a building at a particular time in its history by preserving materials from the period of significance and removing materials from other periods.

Reconstruction establishes a framework for re-creating a vanished or non-surviving resource with new materials, primarily for interpretive purposes

The Secretary of the Interior's Standards and Guidelines for Rehabilitation

- The Standards are ten principles developed by the Secretary of the Interior to guide work on historic properties.
- The Standards are used to judge the appropriateness of the proposed work to the historic property.
- The Standards and the accompanying Guidelines are used by architects, property owners/managers, and developers when developing rehabilitation projects and by the State Historic Preservation Office, the National Park Service, and historic preservation commissions when reviewing proposed work to a historic property.

Mr. Adolphsen went over the ten principles.

Guidelines for Rehabilitating Historic Buildings

- **Identify, Retain and Preserve** - Forms and detailing of architectural materials and features that are important in *defining the historic character* should be identified, retained, and preserved.
- **Protect and Maintain** – Protection involves the least degree of intervention and is preparatory to other work, including maintenance.
- **Repair** – Repairing of historical materials begins with the least degree of intervention but can also include limited replacement in kind or with compatible substitute materials.

Guidelines for Rehabilitating Historic Buildings

- **Replace** – Replace materials and features only if they are too deteriorated to be repaired. New materials should be in kind or with compatible substitute materials.
- **Design for Missing Features** – When an entire interior or exterior feature is missing, it no longer plays a role in physically defining the character of the building unless it can be accurately recovered in form and detailing through the process of carefully documenting the historical appearance.
- **Alterations/Additions** – It is important that alterations do not radically change, obscure, or destroy character-defining spaces, materials, features, or finishes.

I. Old Business:

1. Inventory Update and Discussion

Director Henley stated that the Board will each get an email that will allow access to a SharePoint so that Members will be able to review and share information. This will enable Members to upload photos of the inventory collected. Mr. Henley said that if it would be easier for the Board to send the photos and information to Ms. Meehan or himself, that would work too. There was discussion on how to access SharePoint and then create a file for the photos and documentation. Planner Meehan said that they will be working with everyone to ensure that they can access the site and enter the data.

Chair Drew asked how close is the Inventory List from being completed. Planner Meehan said that we are very close.

Mr. McGee noted that he thinks SharePoint is a great idea. He said having the Board able to collaborate and have discussions will help determine whether it is contributing or non-contributing.

J. **Other Business:** None

J. **Announcements:**

Ms. Bray questioned the proposed Legislative Local Government changes and asked if this would affect the Historic Preservation Commission Standards. Director Henley that it shouldn't. He explained that the proposed bill is designated for workforce housing development.

Adjourn:

There being no further business or concerns, a Motion to adjourn was made by Mr. Pukenas and seconded by Ms. Wesson. ***Unanimous vote; motion carried.***

The meeting adjourned at approximately 5:50 p.m.

Chair, Charles Drew

Deputy Clerk, Tanya Shannon