Disaster Recovery Assistance for Historic Properties

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Disaster Recovery Assistance Programs for Historic Properties

**OBJECTIVE:** To educate local government, tribal, private not-for-profit and individual owners of historic properties in Florida on available financial programs to assist in disaster recovery.

**PURPOSE:** To provide economic and technical assistance for recovery from disaster related damages to qualifying Florida historic properties in the form of state and federal funding programs and professional guidance for preservation, mitigation and restoration efforts.

**BENEFITS:** A means of funding recovery work by:
- State and federal grant funding
- Low interest loans
- Federal income tax credits
Disaster Recovery Assistance Programs for Historic Properties - Eligibility

1. Buildings must be Certified Historic Structures

A building is classified as a Certified Historic Structure by the National Park Service, and eligible to be listed on the National Register of Historic Places, either individually or contributing to a registered historic district. Individual listings must meet the following three requirements:

1. **Age** – The building must be at least 50 years old (with exceptions)

2. **Significance** – The building must meet one or more of the NPS Criteria for Evaluation
   A. It is associated with events that have made a significant contribution to history
   B. It is associated with the lives of significant persons in our past
   C. It embodies the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction
   D. It has yielded or may be likely to yield, information important in history or prehistory

3. **Integrity** – The building must retain enough of the historic fabric in its present state

Further information on National Register requirements can be found at:
nps.gov/nr/publications/bulletins/nrb15 or by contacting the Division of Historical Resources Survey and Registration Section at 850.245.6333

Key West - 1909 Hurricane
Tallahassee -1913 Hurricane
Disaster Recovery Assistance Programs for Historic Properties - Eligibility

2. All work to be performed must comply with the Secretary of the Interior’s Standards for Rehabilitation.

What are the Secretary of the Interior’s Standards?

They are 10 Standards based on 3 basic principles:
- Retain the historic character, even if use changes
- Retain and repair historic materials, features, spaces to the greatest extent possible
- Design compatible additions, alterations and new construction

Scope of the Standards include:
- Exterior work on the historic building, including new construction
- Interior work on the principal public spaces and major circulation features
- Building site work, including historic landscapes and archaeological features
Federal Disaster Recovery Programs through FEMA

- Individual Assistance Programs
- Public Assistance Grant Program

*This should be the first option considered, as it is the most broad ranging program and is geared toward expedited assistance, including emergency protective measures

Federal Historic Preservation Tax Credit Programs

- 10% Rehabilitation Tax Credit
- 20% Rehabilitation Tax Credit

State Historic Preservation Grant Programs

- Small Matching Grants
- Special Category Grants
Miami - 1926 “Great Miami” Hurricane

Federal Disaster Recovery Programs
Federal Disaster Recovery Programs

Recovery assistance is administered by the State of Florida Division of Emergency Management on behalf of FEMA

Advantages:

- Faster funding process (within 60 days for immediate needs)
- Can include reimbursements for completed disaster-related work
- May cover costs for hazard mitigation
- Immediate assistance with scope of work formulation, cost estimating and environmental / historical compliance issues
- More eligible expenses to be covered (Sitework, roads, furnishings, recovery cost reimbursements, personal property, etc.)

Disadvantages:

- Eligible work is limited to disaster related recovery or hazard mitigation
- Requires undergoing a Section 106 Review (alternative process)
- Shorter completion time requirements (between 6 and 18 months)
- Requires reductions of funding to account for insurance claim proceeds
- Insurance coverage of repaired elements is mandatory
**Federal Disaster Recovery Programs**

**Individual Assistance Programs – Individuals and Households**

- Available to individuals and households under the Individuals and Households Program (IHP) for homes damaged by a major disaster
- Provides up to $31,900 in funds and direct services for limited restoration to a safe functioning condition of owner-occupied private residences that lack insurance
- Full restoration to pre-disaster condition can be funded up to $200,000 by a home disaster loan from the Small Business Administration with an additional 20% for hazard mitigation
- Other Needs Assistance (ONA) provides assistance for temporary housing, essential household items, utilities, residential infrastructure and debris removal
- Assistance Limit: Annually adjusted amount based on the Consumer Price Index

Program information:
- [floridadisaster.org/Recovery/IndividualAssistance/Index.htm](http://floridadisaster.org/Recovery/IndividualAssistance/Index.htm)
Federal Disaster Recovery Programs

Individual Assistance Programs – Businesses and Not-For Profits

- Available to all businesses and not-for profit entities under the Small Business Administration (SBA), which provides low-interest loans
- Covers full restoration to pre-disaster conditions of damaged real property, fixtures, machinery, equipment, lost inventory and other business assets damaged by a major disaster
- Allows for 20% increase in approved real estate damage loan amount for hazard mitigation
- SBA can assist historic property owners by refinancing an existing mortgage
- Assistance Limit: $2,000,000 (with exceptions)

Program information:
- disasterassistance.gov/get-assistance/forms-of-assistance/4479/0/D05
- floridadisaster.org/Recovery/IndividualAssistance/Index.htm
- sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs/disaster-loans/types-disaster-loans/business-physical-disaster-loans

Miami - 1926 “Great Miami” Hurricane
Federal Disaster Recovery Programs

Public Assistance Grant Program - Overview

- Administered by the Florida Division of Emergency Management (FDEM) on behalf of FEMA
- Available to state, local and tribal publicly owned facilities and private not-for-profit critical facilities and non-critical community service facilities
- Critical facilities include schools, utilities, communications, medical care and emergency services
- Non-critical community service facilities, such as community centers, educational facilities, museums and libraries, must first apply for a Small Business Administration (SBA) loan. Recovery costs beyond the loan amount or if the loan is denied are eligible for Public Assistance Grant Program funding

*Applications for Public Assistance Grant funding must be submitted within 30 days of the project location being designated in the disaster declaration*
Federal Disaster Recovery Programs

Public Assistance Grant Program – General Information

• Grant funding covers costs of restoration to pre-disaster condition and associated expenses such as debris removal costs, infrastructure repairs, emergency protective measures and eligible hazard mitigation measures (less insurance reimbursements)

• Must be a public facility or private nonprofit critical services facility damaged by a major disaster and located within a declared disaster area

• Minimum project cost thresholds and maximum grant funding vary with each fiscal year

• A federal share of the cost at a minimum of 75% with the remaining 25% match split between the State and the local government

• Waivers and deferrals for the match grant funding may be available

• Time limits for project completion begin on the disaster declaration date
  - Emergency work must be completed within 6 months
  - Permanent work must be completed within 18 months

*Program rules and procedures are extensive and sometimes complex. The applicant must familiarize themselves with program rules or contact FDEM for guidance.
Federal Disaster Recovery Programs

Public Assistance Grant Program – Historic Properties

- The Applicant is responsible for obtaining all required Environmental and Historic Preservation (EHP) permits from the appropriate agencies before proceeding with Emergency Work
- If the facility meets the criteria to be listed on the National Register of Historic Places, costs associated with work to comply with The Secretary of the Interior’s Standards are eligible, including repair costs that exceed replacement value
- FEMA is the lead agency responsible for granting EHP permits and reviewing projects for National Historic Preservation Act Section 106 compliance for adverse effects on historic properties

*If the Applicant starts construction prior to FEMA's completion of this review, it will jeopardize Public Assistance funding for the entire project

Program information:
- fema.gov/public-assistance-local-state-tribal-and-non-profit
- floridadisaster.org/Recovery/PublicAssistance/Index.htm
- floridapa.org/site/paInfo.cfm
- sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs/disaster-loans/types-disaster-loans/business-physical-disaster-loans
**Federal Disaster Recovery Programs**

**Public Assistance Program Process**

1. **PRE-DECLARATION**
   - Preliminary Damage Assessment
   - State/Territory/ Tribe submits Declaration request (within 30 days of incident)
   - Presidential Declaration

2. **APPLICANT COLLABORATION**
   - Recipient conducts Applicant Briefings
   - Applicants submit Requests for Public Assistance (within 30 days of Declaration)
   - FEMA approves Applicant RPAs
   - FEMA conducts Kickoff Meeting (within 21 days of RPA approval)

3. **SUBAWARD FORMULATION**
   - Applicant identifies and reports all damage (within 60 days of Kickoff Meeting)
   - Develop project Scope of Work and costs
   - FEMA and Recipient conduct Exit Briefing

4. **SUBAWARD FUNDING**
   - FEMA obligates funds to Recipient
   - Subrecipient completes work and requests Closeout of its project(s)
   - Recipient certifies completion (within 180 days of project completion) and FEMA closes project(s)
   - FEMA closes the Applicant
   - FEMA closes the Disaster PA Program Award
Federal Historic Preservation Tax Credit Programs

Key West 1935 “Labor Day” Hurricane
Federal Historic Preservation Tax Credit Programs

What Is a Tax Credit? A tax credit lowers the amount of tax owed, where a dollar of tax credit reduces the amount of income tax owed by one dollar.

Who is Eligible? Individuals or entities who hold title to a depreciable (income producing) certified historic building.

10% Rehabilitation Tax Credit allows a 10% tax credit to the building owner for qualified expenses related to the rehabilitation of a non-historic building placed in service before 1936 that will be rehabilitated for non-residential uses.

- Covers qualified expenses of a building rehabilitation or restoration

20% Rehabilitation Tax Credit allows a 20% tax credit to the building owner for qualified expenses related to the Certified Rehabilitation of an income producing Certified Historic building.

- Covers qualified expenses of a building rehabilitation or restoration
- Program information: nps.gov/tps/tax-incentives/before-you-apply.htm
Advantages:

- Has the benefit of financial and technical oversight by the Division of Historical Resources (DHR) and the National Park Service (NPS)
- May be employed for non-disaster related work, including additions, new construction and rehabilitation for adaptive re-use

Disadvantages:

- Funding is by reimbursement via income tax credits
- Multiple applications and levels of review and approval required
- Restrictive covenants employed
- Cannot include reimbursements for completed work
- Must maintain ownership of the property for 5 years
The 10% tax credit is available for the rehabilitation of non-historic buildings placed in service before 1936.

The building must be depreciable and rehabilitated for non-residential use.

The rehabilitation must meet all 3 criteria:

1. At least 50% of the existing external walls must remain in place as external walls
2. At least 75% of the existing external walls must remain in place as either external or internal walls
3. At least 75% of the internal structural framework must remain in place

The rehabilitation must be substantial, exceeding either $5,000 or the adjusted basis of the property, whichever is greater.

There is no formal review process for rehabilitations of non-historic buildings, but compliance with the Secretary of the Interior’s Standards is required.

The tax credit must be claimed for the tax year in which the building is placed back in service.

*Buildings listed or contributing to a district listed on the National Register of Historic Places, or was moved after 1935 are not eligible.*
20% Rehabilitation Tax Credit - Basics

- The rehabilitation tax credit is available to the entity who holds title to the property.
- *Personal property does not qualify for the credit.*
- The amount of credit available under this program equals 20% of the *qualifying expenses* of your rehabilitation.

*It is critical that owners apply for the rehabilitation tax credit before completing work and placing the building in service, and preferably, well in advance of beginning work.*

St. Augustine - 1944 “Cuba-Florida” Hurricane
The four qualifications necessary for 20% tax credit program eligibility:

1. The subject building is required to be a Certified Historic Structure by the National Park Service.
2. The building must be depreciable (used for a business or other income-producing purpose) for at least five (5) years after rehabilitation.
3. The building must undergo a substantial rehabilitation, meaning the qualified expenses spent rehabilitating the historic building must exceed the greater of $5,000 or the building’s adjusted basis, where:
   
   \[ A - B - C + D = \text{adjusted basis} \]

   - \( A \) = purchase price of the property
   - \( B \) = the part of the purchase price attributed to the land cost
   - \( C \) = depreciation taken for an income-producing property
   - \( D \) = cost of any capital improvements made since purchase

4. Certified Rehabilitation work has to meet all of the Secretary of the Interior’s Standards for Rehabilitation.
20% Tax Credit — Qualified Expenses

Costs associated with these items are “Qualified Expenses”

- Professional design services
- Hazardous materials abatement
- Permitting fees
- Interior and exterior walls
- Structural components
- Roofs
- Partitions
- Floors
- Ceilings
- Permanent finishes
- Windows and doors
- Plumbing and fixtures
- Wiring and lighting fixtures
- Chimneys
- Stairs, escalators and elevators
- Fire escapes, alarms and sprinklers
- Other operational components
- Code required upgrades

Costs associated with these items are not “Qualified Expenses”

GENERAL EXPENSES
- Acquisition costs
- Leasing expenses
- Moving a building
- Building removal
- Feasibility studies
- Financing fees

BUILDING INTERIOR
- Appliances
- Cabinets
- Carpeting
- Furniture
- Window treatments

BUILDING EXTERIOR
- Non-Historic decks
- Building enlargement
- Non-Historic porches
- Conjectural Features

SITE WORK
- Remote outdoor lighting
- Parking lots and paving
- Planters and landscaping
- Retaining walls / Fences
- Sidewalks
- Signage
- Storm sewer construction
20% Tax Credit – Entities Involved

1. State Historic Preservation Officer (SHPO)
   - Serves as the point of contact for property owners for Tax Credit Projects, administers the program for the National Park Service and provides guidance on regulations, appropriate treatments and technical assistance

   *Applicants are strongly advised to contact the SHPO Office for guidance prior to planning work on any historic structure*

2. National Park Service (NPS)
   - Publishes program regulations, reviews applications for conformance with the Secretary of the Interior’s Standards for Rehabilitation, issues certification decisions and transmits to the IRS

3. Internal Revenue Service (IRS)
   - Publishes regulations on all financial matters concerning the 20% tax credit, audits taxpayers to ensure compliance and answers frequently asked questions regarding financial aspects of the program

   - The IRS code and regulations dealing with the rehabilitation tax credit online at: nps.gov/tps/tax-incentives/before-apply/irs.htm
20% Tax Credit - Process

Federal Historic Preservation 20% Tax Credit Program Process

The applicant completes each of the 3-part application and submits it to the State Historic Preservation Officer (SHPO) for review

The SHPO reviews for completeness of the application and requests clarifications or additional information from the applicant if necessary. The applicant responds via clarification letter or Application Amendment as appropriate

The SHPO reviews the final scope proposed work for compliance with the Standards and forwards each application with their endorsement to NPS for approval, conditional approval or denial

NPS reviews the application and requests clarifications or additional information from the applicant if necessary. The applicant responds via clarification letter or Application Amendment as appropriate

NPS makes final certification decisions and transmits outcome to the IRS

Florida Keys - 1960 Hurricane “Donna”
20% Tax Credit - 3 Part Applications

**PART 1** Evaluation of Significance determines if your building qualifies as a "certified historic structure" per the National Park Service requirements.

**PART 2** Description of Rehabilitation documents the existing condition of the building and the planned rehabilitation work.

**PART 3** Certification of Completed Work confirms that the project was completed per the Part 2 Application, and is therefore a "certified rehabilitation".

All certification applications must be on the 2014 forms provided at: [nps.gov/tps/tax-incentives/application.htm](http://nps.gov/tps/tax-incentives/application.htm)

FAQs and instructions for completing Applications: [nps.gov/tps/tax-incentives/taxdocs/hpca-instructions.pdf](http://nps.gov/tps/tax-incentives/taxdocs/hpca-instructions.pdf)
State Historic Preservation
Grant Programs

Jacksonville Beach - 1964 Hurricane “Dora”
**State Historic Preservation Grants**

**Advantages:**
- Limited funding can be provided up front for emergency protective measures after grant approval
- Has the benefit of financial and technical oversight by DHR
- May be employed for non-disaster related work, including additions, new construction and rehabilitation for adaptive re-use

**Disadvantages:**
- Longer wait for funding
- Funding not guaranteed (multiple levels of approval required)
- Restrictive covenants are employed
- Time limit for work completion (12 month or 24 month)
- A funding match is usually required
- Cannot include reimbursements for completed work
State Historic Preservation Grants

Small Matching Grants

- Available to non-profit organizations, state agencies (including universities) and local and tribal governments
- Covers emergency protective measures, restoration, rehabilitation, hazard mitigation and relocation work on Certified Historic Buildings and preservation of archaeological sites
- Small Matching Grants are funded up to $50,000 and require a 100% match of the requested grant funds (with exceptions)
- Projects funded by this grant program must serve the public interest, and be accessible to the public
- Small Matching Grants require completion within one year

Program information:
- Flheritage.com/grants/small-matching-grants
**State Historic Preservation Grants**

**Special Category Grants**

- Available to non-profit organizations, state agencies (including universities) and local and tribal governments
- Covers emergency protective measures, restoration, rehabilitation, hazard mitigation and relocation work on Certified Historic Buildings and preservation of archaeological sites
- Special Category Grants are funded for between $50,000 and $500,000, and require the higher of $50,000 or 50% match of the requested grant funds (with exceptions)
- Projects funded by this grant program must serve the public interest, and be accessible to the public
- Small Matching Grants require completion within two years

Program information:
- [Flheritage.com/grants/special-category-grants](http://Flheritage.com/grants/special-category-grants)
State Historic Preservation Grants program Process

The applicant completes an online application and submits it to the Division of Historical Resources (DHR) for review.

DHR staff reviews for completeness of the application, appropriateness of the proposed work and requests clarifications or additional information as necessary and completes a report for each project that provides an assessment and recommendations.

The Florida Historical Commission convenes to evaluate each application and develop rankings based on priority with recommended funding levels and submits them to via DHR to the Secretary of State for review and approval.

The Secretary of State submits the approved projects to the Florida Legislature for funding. Funding for state Special Category Grants is contingent on an annual appropriation.

All grant awards which have been approved are formalized in a Grant Award Agreement by which the grantee enters into a contract with the State of Florida and proceeds with the approved work.

DHR Staff monitors project progress, provides technical preservation support, approves payment of expenditures for reimbursement and conducts final project review upon completion of the work.
Federal Recovery Programs through FEMA

*FEMA Disaster Assistance Improvement Program:*
- Individual property owners: disasterassistance.gov

*Florida Division of Emergency Management, Recovery Section:*
floridadisaster.org/Recovery/index.htm or by calling the Recovery Section at 850.413.9968

Federal Historic Preservation Tax Credit Programs

*The National Park Service, Technical Preservation Services:*
nps.gov/tps/tax-incentives.htm or by calling Technical Preservation Services at 202.513.7270

*Florida Department of State Division of Historical Resources, Architectural Preservation Services:*
flheritage.com/historical/preservation/architectural-preservation-services or by calling 850.245.6333

Historic Preservation Grant Programs

*Florida Department of State Division of Historical Resources, Historic Preservation Grants Program:*
flheritage.com/historical/grants or by calling the Bureau of Historic Preservation at 850.245.6333
Recovery and Mitigation Resources

Please refer to the Department of State Division of Historical Resources webpage for the following guidance documents:

- FDEM - Disaster Planning for Florida’s Historic Resources
- FDEM - Disaster Mitigation for Historic Structures: Protection Strategies
- FEMA Floodplain Management Bulletin – Variances and the National Flood Insurance Program
- FDEM - The Florida Greenbook of Environmental and Historic Preservation Compliance
- GSA - Guidelines for Salvaging Historic Building Materials in the Event of a Disaster
- National Trust for Historic Preservation - Treatment of Flood Damaged Older and Historic Buildings
- National Park Service - Protecting Your Historic Home from Natural Disasters

These documents are available at flheritage.com/historical/preservation/architectural-preservation-services/guidance-for-disaster-mitigation/
“A house pulled down is half rebuilt”
- French Proverb