

NEW YORK STATE REHABILITATION TAX CREDITS COMMERCIAL CASE STUDY

MEGINNISS BUILDING

370 Broadway, Albany
Albany County

Rehabilitation Project:

New heritage museum and upper floor housing combine to attract visitors and residents to downtown Albany.

Qualified Rehabilitation
Expenditure: \$2,067,714

Gross Historic Tax Credit:
20% Federal: \$413,542.00
20% New York State: \$413,542.00

Economic Impact Data:*

- 19 direct and indirect/induced jobs created
- \$1.1 million generated in household income
- \$70,700 generated in state tax revenue
- \$73,000 generated in local tax revenue
- \$1.4 million generated in total gross state product

* during the construction period

Project Consultants:

Owner/Developer:

LBK Land Development Co., Latham



Historic Albany Foundation



TOURISTS AND RESIDENTS ATTRACTED TO FORMER MERCANTILE BUILDING

Built for mercantile use in the mid-1800s, the 16,000 sq. ft. four-story building has been utilized by a match maker, tobacconist, clothier, tire company, and from 1927 to 1992 was home to Meginniss Electric Supplies, Inc.

Abandoned between 2005 and 2007, the building was purchased after a feasibility study collaboratively undertaken by the Albany Local Development Corporation (now known as the Capitalize Albany Corporation) and the Downtown Albany Business Improvement District showed encouraging results in support of development of vacant downtown properties. The Irish-American Heritage Museum now occupies the rehabilitated ground floor, and six market rate apartments were created on the upper three floors.

The comprehensive rehabilitation project included cleaning and repointing of brownstone window trim and exterior brick, installation of a new roof, installation of new utilities, and removal of the freight elevator and repair of the existing passenger elevator. Original wood and steel windows were repaired or replicated.

Many features of the original building were retained during the rehabilitation including the ground-floor storefront, a fire bell on the front of the building, the lobby stair with decorative metal balusters, and the exterior 'Meginniss Electric' advertisement painted on the rear elevation of the building.

JOBS GENERATED

19 jobs were created or supported by the project, broken down into direct, indirect and induced jobs.

- 12 Direct Jobs were created or supported specifically for the project including engineers, managers, general building contractors, heavy construction contractors and specialty trade contractors.
- 7 Indirect/Induced Jobs were created or supported in industries which produce items purchased for the project, and by household expenditures of workers involved with the project.

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THE TAX CREDIT STORY

The Meginniss Building was eligible for federal and state rehabilitation tax credits due to its architectural contribution to the 2004 Albany Downtown Historic District, and to its inclusion in a low-income census tract.

The property owner, LBK Land Development Co., retained 14% of the federal and state rehabilitation tax credits and created a small, in-state real-estate investment partnership to receive the remaining 86% of the tax credits. An early attempt by Michael Hannah, president of LBK Land Development Co., to find investors led him to a national clearing house for tax-credit investors, but he found his \$2 million project was too small to attract large investors. Mr. Hannah notes that obtaining professional legal and accounting advice is crucial to successful application of the rehabilitation tax credits.

COMMUNITY REVITALIZATION WORK

In 1983 the City of Albany created the Historic Resources Commission (HRC), charged with preserving and protecting “places, sites, buildings, structures.” To support the mission of the HRC and in an effort to integrate historic resources into planning efforts, a state and federally-approved preservation ordinance was adopted by the City of Albany in 1988 with the goal of protecting and preserving its historic properties. The HRC administers the provisions of the historic preservation ordinance, reviews proposed rehabilitation work, and provides certificates of appropriateness for work on historic properties.

The Downtown Albany Business Improvement District was created in 1995 by the City of Albany, with the following goals excerpted from their mission statement:

- To maintain the character and viability of downtown Albany
- Promote education about Downtown history and historic landmarks within a framework of revitalization.
- Encouraging persons or small businesses to remain within the district.

The City of Albany’s 2012 comprehensive plan, “Albany 2030,” includes the following goals:

- Improve Albany’s image and quality of life - historic and architectural character of neighborhoods must be preserved and restored.
- Develop a city-wide marketing strategy – including historic architecture – to draw visitors, new residents, and businesses.

With over \$2 million invested in this project, the newly converted building will assist in the city’s collaborative efforts to revitalize its downtown business district.

INFORMATION ON THE REHABILITATION TAX CREDIT PROGRAM

The rehabilitation tax credit program utilized for the Meginniss Building has been administered since 1976 by the National Park Service in partnership with New York State’s Office of Parks, Recreation, and Historic Preservation and with the Internal Revenue Service.

Owners of income-producing, certified historic structures may be eligible for a 20% federal income tax credit. New York State offers an additional 20% state income tax credit for the substantial rehabilitation of historic properties located in distressed areas. The final dollar amount of the tax credit is based on the cost of the rehabilitation. The work performed (both interior and exterior) must meet the Secretary of the Interior’s Standards for Rehabilitation and be approved by the National Park Service and the NYS Historic Preservation Office.

For more information, please contact:

New York State Historic Preservation Office . <http://nysparks.com/shpo/tax-credit-programs> . (518) 237-8643
The Preservation League of New York State . www.preservenys.org . (518) 462-5658