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Keeping Your Credits: Tips for Window Restoration, Replacement

By Jennifer Dockery, Staff Writer, Novogradac & Company LLP

Funding a historic building renovation with historic tax credits (HTCs) can be an uncertain undertaking. The HTCs are not awarded until after the National Park Service (NPS) certifies the building, and the NPS does not certify the building until after the developer completes millions of dollars of renovations. Although NPS issues guidance on the program, it judges each building on a case-by-case basis, so there is no guarantee that materials used on one building will be compliant on another building. One area in which this can have a significant effect is in the repair and replacement of a project's windows. The NPS has strict guidelines for this most visible of features on a building's façade and window repair and replacement is often one of a developer's largest expenses.

In the following article, which is the first installment of an occasional series that will address various issues facing tax credit developers, we present advice from the NPS and HTC advisors as well as an experienced HTC developer and a veteran window installer.

Determining Window Condition

The industry experts we consulted agreed that consulting the local state historic preservation office (SHPO) or NPS as early as possible is essential to a project's success. The first thing that every developer should do, they say, is complete a condition report for the building. The report should include an analysis of the windows condition as well as the condi-

tion of window openings. Once the report is complete, a developer should work with the project's design team to determine whether windows should be repaired or replaced.

"The sooner we get some idea of what the developer is thinking about, the better off they are," said Antonio Aguilar, historical architect and tax credit reviewer with the NPS.



Photo Courtesy: Heritage Consulting Group

The Kimpton Hotel & Restaurant Group worked closely with the National Park Service to find replacement windows that closely resembled the original windows of its Hotel Palomar in Philadelphia.

Replacing Windows

If deterioration makes repairing windows economically or structurally unfeasible, a project's developer and design

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team should consult with their SHPO about suitable replacements. Developers who are uncertain about whether a replacement window is appropriate for their buildings can request a preliminary consultation from the SHPO. Usually, this involves installing a window in the building and then having it reviewed by a compliance officer.



Photo Courtesy: Heritage Consulting Group

The extremely poor condition of the Hotel Palomar's existing windows made replacement the best course of action.

"It's important in the case of the window to have one mocked up to make sure it's installed properly and reviewed by an architectural or historical consultant," said Albert Rex, director of MacRostie Historic Advisors LLC's northeast office.

Fenestration consultant Sam Wharton, formerly of the Wharton Group in Tiverton, R.I., suggests that developers also ensure that the existing openings can support new windows. Windows in historic buildings were often set into the masonry during construction, and the developer may need to make additional structural improvements before installing the new windows.

Developers should also budget more for the replacement of windows on historic buildings, as these windows often need to be custom made. Ken Reynolds, senior vice president of construction for the Kimpton Hotel & Restaurant Group LLC, said that the hotel chain spent twice as much replacing the windows on a historic building in Philadelphia as it did on an average window replacement.

"Because of the sensitivity, we do a lot of due diligence at the front end of the budget. [Windows] can have a huge impact on the budget," Reynolds said. Kimpton, which has restored 12 historic buildings to date, tries to balance project costs with the cost of preserving the building's historic fabric.

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Weathering the Storm

Another conflict can arise when health and safety regulations require the installation of windows with certain weights or impact resistivity ratings.

"For the most part we've found that for simple windows, that's not a big problem. When you have windows that are more complicated ... and those windows may not be easily reproduced ... there are other solutions such as installing a storm window," Aguilar said.

John Tess and Cindy Hamilton of Heritage Consulting Group said that the NPS is also willing to make some concessions for buildings in hurricane-prone areas. Tess stressed that developers need to consult with the local SHPO early on to decide on the best plan of attack.

"It's the timing of the window order which is really critical. ... The wind load requirements have to be balanced with the historical requirements," added Hamilton.

The Final Word

In cases where developers have failed to plan for these issues in advance, or where an unforeseen disaster, such as a fire, has affected the rehabilitation, experts emphasize that it is essential to contact SHPO as soon as possible. The state office can work with the developer to address problems, and many times the issues can be resolved without a loss of credits. ❖

Maximizing Credits: Combining HTC's with LIHTC's

Often in a development project, historic tax credits (HTCs) are secondary to a larger allocation of low-income housing tax credits (LIHTCs). This can cause problems for the developer because the two programs have different goals. State housing finance agencies want to provide safe, energy-efficient housing to low-income residents, and the plans that they use to award LIHTCs reflect this goal. The National Park Service, which administers the HTC, wants to preserve as much of the historic building's integrity as possible, and so its standards favor façade preservation. During a competitive LIHTC allocation process, historic properties that will feature vinyl-framed, thermal windows may score higher than historic properties where the developer plans to restore the original wood-framed windows. Yet, installing vinyl windows in a historic building is a sure way to lose a building's HTCs.

So how does a developer go about getting the maximum amount of tax credits through both programs?

Heritage Consulting Group recommends putting more energy into retrofitting the windows. John Tess and Cindy Hamilton suggest filling gaps around the existing windows, weather stripping the interiors, adding interior storm windows and even adding thermal glazing to the existing windows. While more labor intensive than simply replacing the existing windows, these measures will result in a level of energy-efficiency that is at least as high as that of new thermal windows. The higher energy efficiency rating can result in a prospective LEED rating that will increase the competitiveness of a LIHTC property without jeopardizing its historical integrity.

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