Among Dallas’ skyscrapers is one that, while not the tallest, looms large over the state. Built in 1965, the First National Bank Tower—also known as Elm Place and recently rebranded as The National—is the biggest historic preservation project in Texas, both physically and financially.

Prior to the recent rehabilitation project that cost over $450 million, it was one of the last vacant buildings in downtown Dallas. The 52-floor, 1.3-million-square-foot structure now houses luxury apartments, a hotel, multiple restaurants, and office and retail spaces. (Learn more about this massive project and see photos of the building on the facing page, the cover, and page 9.)

This successful rehabilitation project is a testament to the power of historic preservation tax credits, which were utilized after previous attempts at redevelopment by multiple developers.

But the transformative power of preservation tax incentives is not limited to metropolitan areas. Often combined with federal tax credits, the Texas Historic Preservation Tax Credit has been used to complete rehabilitation projects in 55 cities across the state—most of them in smaller communities.

One such impactful project was the rehabilitation of the roughly 1,800-square-foot building that housed the former Chronicle-Journal newspaper in Floresville (page 8). Built in 1916 by Sam Fore, Jr.—a friend and mentor of President Lyndon B. Johnson—it housed his newspaper office in the front, with printing presses in the back two-thirds of the building. The rehabilitation project kept historic materials intact, subdivided the former press area, and transformed the building into offices.

THC CHAIRMAN
JOHN L. NAU, III
ON HISTORIC PRESERVATION TAX CREDITS

The economic engine of preservation tax credits goes into overdrive when combined with other key revitalization programs of the Texas Historical Commission. In the community of Mineral Wells, for instance, the old Crazy Water Hotel (page 11) has been rehabilitated into a hotel, apartments, retail space, a restaurant, and banquet hall.

Some of the people involved in that project own several other buildings downtown that they plan to rehabilitate. The Baker Hotel is also underway. In the last few years, Mineral Wells has joined the Texas Main Street Program, surveyed its downtown, and designated a large National Register historic district—in part to promote the availability of preservation tax incentives since the federal tax credits require National Register listing for eligibility.

These are just a few of the 355 projects completed through the state tax credit program since its inception in 2015, which resulted in investments of over $4.2 billion in historic buildings across Texas. These investments not only save our state’s heritage, but increase property values, create high-paying local jobs, bring communities together, and increase heritage tourism.

Learn more about the significant economic impact of historic tax credits on page 4, and see stunning examples of projects completed in fiscal years 2021 and 2022 throughout this booklet.

Sincerely,

John L. Nau, III
Chair, Texas Historical Commission
TEXAS HISTORIC PRESERVATION TAX CREDITS

The Texas Historic Preservation Tax Credit (THPTC) was enacted by the 83rd Texas Legislature in 2013 and began accepting applications in 2015. The credit followed the regulations for the Federal Rehabilitation Tax Credit, which was initially established in the late 1970s, with significant legislative improvements in 1986.

The federal program is open to income-producing properties and offers a federal income tax credit equal to 20 percent of qualified expenses. The Texas program was initially open only to income-producing properties, offering a state franchise tax credit equal to 25 percent of qualifying expenses. Subsequent legislation has expanded the state program to allow applications for properties used by nonprofits and to allow the credits to apply to insurance premium taxes. Additional legislation in subsequent years has helped to refine the program.

The federal tax credit program is administered by the National Park Service in conjunction with the THC. These agencies review proposed plans for conformance with the Secretary of the Interior’s Standards for Rehabilitation. Credits are processed by the Texas Comptroller of Public Accounts and the U.S. Internal Revenue Service, respectively, following project completion and certification of eligibility.

The federal credit was used minimally in Texas before the state credit was enacted. In 2013, a total of three projects were certified. Most certified projects were in major cities. Since the THC began accepting applications in 2015, use of both programs has grown rapidly. The THC has certified an average of 46 completed projects annually, with median qualified expenses of $235 million.

The THPTC program had great success in fiscal years 2021 and 2022. THC staff certified 111 completed architectural projects at 97 historic properties. Qualified rehabilitation expenses for these properties totaled over $1.309 billion, with full development and construction expenses of $1.685 billion. $1.309 billion is more than 40 percent of the qualified expenses for all projects certified by the THC since the program began accepting applications in 2015. This report presents an overview of projects certified in fiscal years 2021 and 2022.
THE IMPACTS
ESTIMATED FIGURES, BASED ON CERTIFIED PROJECTS

89 K+ TEXAS JOBS SUPPORTED BY REHABILITATION WORK

$5.7 B TOTAL WAGES AND INCOME EARNED IN TEXAS THROUGH REHABILITATION PROJECTS

$98.7 M GENERATED IN STATE TAXES

$326 M GENERATED IN LOCAL TAXES (NOT INCLUDING PROPERTY TAX IMPACTS)

$7.3 B ADDED TO TEXAS GROSS DOMESTIC PRODUCT

THE WORKS*

355 TEXAS PROJECTS CERTIFIED (Completed)

$3.1 B CUMULATIVE QUALIFIED REHABILITATION EXPENSES**

$4.3 B CUMULATIVE TOTAL SPENDING

* Since implementation of the State Tax Credit on January 1, 2015, through August 31, 2022.

** Qualified rehabilitation expenses are the limited project costs that count toward credit value, as defined by the Internal Revenue Service.

IN THE WORKS

190+ PENDING PROJECTS* AT PART 2 OF 3-PART REVIEW

$1.4 B ESTIMATED QUALIFIED REHABILITATION EXPENSES

$1.8 B ESTIMATED TOTAL COSTS FOR THESE PROJECTS

* Having plans approved by the THC does not ensure that projects will be completed or receive certification.

THE FEES
THC CHARGES FEES FOR PROCESSING TAX CREDIT APPLICATIONS

FEES ASSESSED ON SLIDING SCALE BY PROJECT SIZE

$9 K MAXIMUM FEE, LARGE PROJECTS

$1 M TOTAL FEES COLLECTED IN FY 2021-22

$3.72 M TOTAL FEES COLLECTED SINCE JANUARY 1, 2015

$679 K TOTAL FEES APPROPRIATED TO THE THC TO DATE TO OFFSET PROGRAM COSTS
BEFORE 2015, FEDERAL TAX CREDITS WERE PRIMARILY USED ONLY IN OUR LARGEST CITIES. STATE TAX CREDITS HAVE NOW BEEN USED TO COMPLETE REHABILITATION PROJECTS IN 55 CITIES ACROSS THE STATE.
McFarland House, Austin
Courtesy of Preservation Austin

Rivers Building, Elgin
Courtesy of Rivers Lofts

Stratton Building, Waco

Stratton Building, Waco
FIRST NATIONAL BANK TOWER/ELM PLACE, DALLAS

The rehabilitation of the former First National Bank Tower (aka Elm Place) in Dallas is the largest private historic preservation project in the State of Texas. The 52-story, 1.3-million-square-foot structure had been one of the last vacant buildings in downtown Dallas before experiencing a modern rebirth. The building was fully rehabilitated, with total costs exceeding $450 million. Now known as The National, it features luxury apartments and hotel rooms, multiple restaurants, and office and retail tenant spaces. Impressive project work included removal and reinstallation of all exterior marble utilizing a new mechanical attachment system and conversion of the mechanical space on the 49th floor into a double-height upscale restaurant.

David Preziosi, former executive director of Preservation Dallas and current executive director of the Texas Historical Foundation, says the rehabilitation of The National “has been one of the most important and transformative historic preservation projects in downtown Dallas. The combination of the state and federal historic tax credit finally made the project a reality and breathed new life into that part of downtown. The project has rehabilitated an iconic Dallas building that is an important part of the skyline of Dallas.”
Oliver-Eakle Building/Barfield Building, Amarillo

Levine's Department Store, Amarillo

Oliver-Eakle Building/Barfield Building, Amarillo

Plaza Hotel, El Paso

Plaza Hotel, El Paso

Courtesy of Ryan, LLC

Courtesy of James Baigrie

Courtesy of James Baigrie

10      TEXAS HISTORICAL COMMISSION

THC.TEXAS.GOV/TAXCREDITS
DICK TRACY TIRE STORE, BRENHAM

The THC’s tax credit staff make extra efforts to create relationships with community officials across the state, especially when working with cities in the Texas Main Street Program, which promotes economic development through historic preservation. BBA Architects LP purchased this small, former industrial building in downtown Brenham, with plans to convert it to their new offices. The tourism and marketing director for the city told owner Darren Heine about the historic tax credit programs and put him in contact with THC staff. With a few minimal changes to his plans, the project was completed with no fuss. Heine estimates that the credit value reduced the cost of the rehabilitation to 40 percent of the cost of a new build. Additionally, the masonry walls and well-placed windows have lowered energy costs from their previous office. The city is pleased to see a vacant building rehabilitated and put back into use.

Photo courtesy of Thomas McConnell
McWilliams Building, Longview
Courtesy of Rosin Preservation

Rice University Mechanical Laboratory and Power House, Houston
Courtesy of Jim Evans/Creative Commons

La Colombe d’Or, Houston
Courtesy of T. Foteh Photography

La Colombe d’Or, Houston
Courtesy of T. Foteh Photography