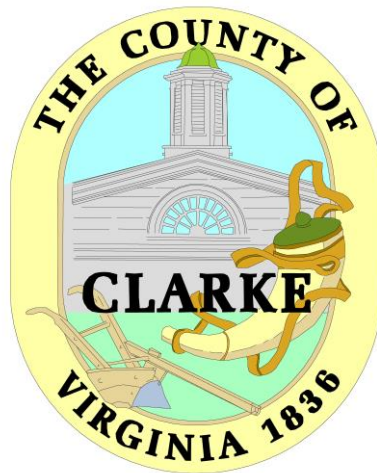


**HISTORIC RESOURCES PLAN
Clarke County Comprehensive Plan
Implementing Component**



**Adopted by the
Clarke County Board of Supervisors on
June 19, 2018**

HISTORIC PRESERVATION COMMISSION (2018)

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Background

A. Clarke County History and Historic Resources

Native Americans inhabited the area of Clarke County for centuries before the first Europeans, with their African slaves, settled the region. Several prehistoric archeological sites have been discovered on the banks of the Shenandoah River in Clarke County, and records indicate that there are potentially thousands of such sites throughout the County. Native Americans passed through the Shenandoah Valley, a major trade route between present-day New York and Georgia. The Shenandoah River (“Daughter of the Stars”) and the Opequon Creek, are Indian-named, reflecting the heritage of the County’s indigenous people. Although few Native American groups were resident in the Shenandoah Valley at the time of European settlement, the area remained within the territorial organization of tribes to the north and west.

Europeans first came into the Shenandoah Valley in the early 1700s. Thomas Fairfax, Sixth Baron Fairfax of Cameron (1693-1781), was the proprietor of the Northern Neck of Virginia as heir to the 1688 royal charter to the land between the Rappahannock and Potomac Rivers. Just less than half of Clarke County was part of a 50,212-acre grant given as payment by Lord Fairfax in 1730 to his agent Robert “King” Carter, the wealthiest and most prominent landholder in the Tidewater of Virginia. The remaining area of the County was distributed in smaller grants, either by the Council of Virginia or Lord Fairfax, or retained by him as the Manor of Greenway Court (his home after 1752) and as the Manor of Leeds. Several buildings and structures of the Greenway Court complex remain, including the 1761 Land Office. The village of White Post, near Greenway Court, grew up around the prominent post directing new settlers to Greenway Court. By tradition, the first post was erected in the early 1750s by George Washington, then a surveyor for Lord Fairfax.

Carter’s land in Clarke County was mostly unavailable for settlement until the mid-1700s when it was divided into tenancies and rented out to farmers. With the end of the Revolutionary War in 1783 and the commercial decline of tobacco, settlers from the Tidewater, most of whom were Carter’s descendents, began to move to Carter’s land in greater numbers. The Tidewater families imported their lifestyle, their appreciation of stylish architecture, their wealth, and the slave system, all of which are reflected in the structures they built. One of the Tidewater settlers was “King” Carter’s great-grandson, Nathaniel Burwell, builder of Carter Hall, the leading plantation in the County. The village of Millwood, near Carter Hall, developed around a prominent commercial mill completed in 1786. It was operated by Burwell and Revolutionary War hero, General Daniel Morgan. The establishment of this and several other mills during the late eighteenth and early nineteenth centuries reflects the transition from tobacco planting to wheat farming by Tidewater families.

African slaves brought from the Tidewater made the settlement and production of large plantations possible in Clarke County. In the 1840 census, over 50% of the County’s population was of African descent. By 2005, the percentage of African Americans in the County had dropped to less than 7%.

Pioneers migrating south from Pennsylvania, New York, New Jersey, and Maryland in search of rich farmlands formed the broad pattern of European settlement of the Lower Shenandoah Valley. These people were, for the most part, Scots-Irish, English Quakers, and Germans, and they settled in the portion of the northern Shenandoah Valley that today is known as Frederick County and, to a lesser extent, in what is now Clarke. Clarke County was part of Orange County until 1738, when Frederick County was established out of Orange. Clarke remained part of Frederick County until 1836, when it became a separate entity. The socio-economic differences between what is now Clarke and the rest of Frederick County, and the considerable distance to the county seat in Winchester, contributed to the separation of Clarke County from Frederick.

The Civil War brought an abrupt end to any new construction and growth in Clarke County. Two of the 384 primary Civil War battles identified by the Federal Civil War Site Advisory Commission occurred in

Clarke County in 1864, the Battles of Cool Spring (800 casualties) and of Berryville (500 casualties). Other engagements and skirmishes took place as troops from both sides constantly passed through the County throughout the War, including Lee and his army on the way to Gettysburg in 1863. Numerous buildings, including houses, barns, and mills, were destroyed in 1864 as part of Sheridan's campaign to end the Shenandoah Valley's role as the "breadbasket of the Confederacy," providing Confederate troops with food and grain.

After the Civil War ended, recovery came slowly, and Clarke County saw little growth until the 1880s when the Shenandoah Valley Railroad (now Norfolk Southern) was constructed and provided improved access to larger markets.

Clarke County was a highly productive agricultural county throughout the nineteenth century. According to 1860 census data, although Clarke was the smallest county in the Shenandoah Valley, it had the largest percentage of land in farms and ranked second in wheat production in the Valley. Wheat was the largest cash crop in the County until the early 20th century, when it was replaced by apple production. Clarke County's abundance of bluegrass has long made it a desirable location for horse breeding. The Tidewater families brought their thoroughbreds with them and began a tradition of horse breeding that has continued to the present. By the beginning of the 21st century, apple production declined, while beef and dairy cattle and horses were the mainstays of the local agricultural economy.

Berryville, incorporated in 1798, is the largest town in the County. It was first settled in 1775 and was originally known as Battletown, due to its rowdy taverns. Its location at the intersection of major roads leading to Alexandria, Baltimore, and Winchester made it the commercial center of the County and insured its selection as the seat of County government. Boyce, the second town of the County, was incorporated in 1910. It was originally settled in 1880 at the crossing of the Millwood-Winchester Turnpike (now Route 723) and the newly built Shenandoah Valley Railroad (now Norfolk Southern).

Today, Clarke County remains primarily rural, and agriculture is still one of its main sources of income. Berryville remains the commercial, governmental, and manufacturing center of the County. In the late 20th century, people increasingly moved to the County to construct new homes in rural settings, as well as restore older residences. In order to preserve the agricultural economy of the County and its rural character, the County enacted innovative land use regulations in 1980. These regulations limited residential growth in rural areas and focused new housing in the Berryville area.

The large number and diversity of historic structures and buildings accentuate Clarke County's rural and agricultural environment. A Countywide archeological assessment was completed in 1993 to survey the Native American presence. Possible sites of several palisade villages were located, as well as thousands of individual dwelling sites. All pre-World War II structures were also documented with reconnaissance-level surveys. A total of 962 historic properties were identified (each of which may include several structures), dating from the early 1700s through 1941 in the rural portions of the County. From approximately the same period, 236 historic structures and buildings were identified in Berryville, 100 in Boyce, 58 in Millwood, and 28 in White Post. Since then, approximately 300 additional historic properties in the county have been documented. Descriptions of all of these historic resources are available through DHR's database, Virginia Cultural Resources Information System (V-CRIS).

As a follow-up to the general identification of historic properties, more than 45% of the County has been placed in the Virginia Landmarks Register and the National Register of Historic Places, including the historic districts of Greenway (1993; 30 square miles), Long Marsh Run (1996; 16 square miles), Cool Spring Civil War Battlefield (1995; 6 square miles), Bear's Den (2008; 1,855 acres), Chapel (2013; 18 square miles), Berryville (1987; 150 acres), Boyce (2003; 102 acres), White Post (1983; 30 acres), and Josephine City (2015; 40 acres), as well as 28 individually listed structures. In addition, Greenway Court (the site of Lord Fairfax's home and land office) and Saratoga (the home of Daniel Morgan) have been designated National Historic Landmarks, the highest level of national recognition for an historic property.

Clarke County is part of the Mosby Heritage Area, the first heritage area designated in Virginia. Named

for Colonel John S. Mosby, who operated in this area with his Rangers during the Civil War, this heritage area encompasses parts of six counties and seeks to preserve the unique historical, cultural and geographical resources of the region. Clarke is the only county included in its entirety. In addition, Clarke County is one of eight counties that constitute the Shenandoah Valley Battlefields National Historic District, established by Congress along with the Shenandoah Valley Battlefields Foundation, which preserves, interprets, coordinates, and promotes all the battlefields in the National Historic District.

B. Clarke County Historic Preservation Projects

While part of the Washington Metropolitan Statistical Area, Clarke County is on the rural fringe of Northern Virginia, an area that is quickly being developed. Clarke is fortunate to have many of its historic resources surviving to date. Several of the large estates have remained in family ownership or have been purchased by persons knowledgeable about and sympathetic toward historic preservation. The Clarke County Board of Supervisors has recognized the importance of historical resources to the community. They realize that by identifying and maximizing the benefits of these resources, future generations can make intelligent decisions about future development in the County.

The Board of Supervisors (BOS) appoints the seven-member Historic Preservation Commission (HPC). Established in 1987, the HPC serves as the architectural review board for properties in the county-designated local historic districts.

The BOS recognizes that they will continue to support, through funding and staff time, historic preservation activities in the County. The HPC will bring priority projects to the BOS on annual basis, using Certified Local Government (CLG) grants and other funding opportunities to help offset the costs. The Ordinance establishing the Historic Preservation Commission identifies its responsibilities:

- Coordinate local historic preservation efforts with those of the Virginia Department of Historic Resources (DHR).
- Sponsor public information activities and publicize historic preservation efforts, such as: speaking engagements, handouts, press releases, films, and making awards to people who have made significant contributions to preserving the County's heritage.
- Report to the Planning Commission on its activities and make recommendations in an annual report to the Planning Commission and the BOS concerning the operation of the Preservation Commission and the status of Historic Preservation within the County.
- Grant the right to display authorized plaques to commemorate buildings or sites that are important and significant physical features in Clarke County.
- Provide advice and recommendations to the Planning Commission on particular projects and developments, as specifically requested by the Planning Commission.
- Review projects and developments that may change or alter the historic character of an existing County Historic District and report findings to the Planning Commission.
- Issue Certificates of Appropriateness and formulate necessary administrative procedures, which shall include prescribed requirements for applications for such Certificates.
- Advise persons living within a County Historic District on measures that they may take to preserve the historic character of their District.
- Provide limited technical guidance to Clarke County citizens on questions regarding Historic Preservation such as the National Register of Historic Places, the Rehabilitation Tax Credits, Preservation Easements, and other related subjects.

- Develop specific guidelines for each County Historic District before establishment of each such District, to delineate specific criteria for the approval of Certificates of Appropriateness, based upon the criteria listed in County Zoning Ordinance Section 4-1-5-c and the distinctive characteristics and features of each District. After establishing a County Historic District, proposed changes or amendments to the specific guidelines for that District shall be reviewed by the Planning Commission before instituting or implementing such changes or amendments.
- Hold public meetings, as often as necessary, to fulfill the responsibilities assigned by this Ordinance.

At this time, two areas are designated as Local Historic Districts, one area in the village of White Post, encompassing 28 parcels, and seven parcels in the village of Millwood, primarily focused on its commercial core.

In 1990, Clarke County enacted legislation (Clarke County Code Section 11-24) that provides a ten-year freeze of a property’s assessed value, if renovation on it is done according to The Secretary of the Interior’s Guidelines for Rehabilitation and is approved by the HPC. As of 2017, several property owners have taken advantage of this initiative.

Current activities of the HPC include:

- The development of a publication that brings together the numerous archaeological and architectural studies of the County into one volume. The first phase of this project, developing a detailed outline of the book, was completed in June 2017.
- For several years, the HPC has focused on finding ways to discourage demolition by neglect of historic resources. This year (2017/2018) they received a Certified Local Government (CLG) Grant to make recommendations about developing a program that would select and prioritize buildings and applications for county stabilization funds.
- Find ways to discourage demolition by neglect of historic properties and encourage owners of abandoned historic properties to mothball them for later rehabilitation. Although priority is for properties within the county’s local historic districts, a goal is to address all historic properties under threat.
- The HPC is interested in learning more about the history of several stone fish weirs that are located in the Shenandoah River. It is believed that these v-shaped stone structures were erected by Native Americans. Priority has been given to documenting and researching at least one of these structures.
- Continue to work closely with the Clarke County Building Department in order to fully document historic structures (outside of rural historic districts) before issuing a demolition permit.
- Continue to respond to citizens inquires regarding questions related to Historic Preservation issues and programs.

Past accomplishments of the HPC include:

DATE	DESCRIPTION OF PROJECT
1983	Listing of White Post to the National Register of Historic Places
1985	Survey of historic resources in Berryville, Millwood, and Boyce
1985	Listing of Berryville to the National Register of Historic Places
1989	Survey of rural historic properties in Clarke County - Phase 1
1991	Historic Access Corridor Overlay District

1992	Survey of rural historic properties in Clarke County - Phase 2
1992	Listing of Blandy Historic District to the National Register of Historic Places (700 acres)
1993	Listing of Greenway Rural Historic District to the National Register of Historic Places (19,000 acres)
1994	Archaeological Assessment of the County
1994	Listing of Josephine City School to the National Register of Historic Places (now the Josephine School Community Museum and the Clarke County African-American Cultural Center)
1995	Listing of Cool Spring Battlefield to the National Register of Historic Places (4,000 acres)
1995	Driving Tours highlighting historic sites
1996	Listing of Long Marsh Run Rural Historic District to the National Register of Historic Places (10,000 acres)
1996	Archaeological Mill Study
1997	Replacement of missing Historic Highway Markers
1999	New Historic Highway Markers
2000	Initiation of annual Clarke County Historic Preservation Awards Program
2000	Listing of Millwood Colored School to the National Register of Historic Places
2002	Renovation of Josephine School for use as the county's African-American Museum
2002	Completion of an African-American Historic Context and identification of communities
2003	Listing of Boyce to the National Register of Historic Places
2003	Rehabilitation Tax Credit for Old Clarke County Courthouse
2004	Preliminary Information Form for the Bear's Den Rural Historic District
2004	Listing of Millwood Commercial Historic District to the National Register of Historic Places
2006	Greenway Court Architectural Assessment
2007	Henry A. Jordan Preservation Excellence fund for a planning session for Greenway Court
2007	Greenway Court - Continued Work
2007	Expansion of Greenway Historic District boundaries to include Ebenezer Baptist Church
2007	Listing of Bear's Den Rural Historic District to the National Register of Historic Places (2,000 acres)
2010	Greenway Court Phase 1 Rescue
2010	Chapel Rural Historic District Preliminary Information Form
2011	Architectural Survey of Chapel Rural Historic District
2012	National Register for Chapel Rural Historic District Form (11,496 acres)
2012	Architectural Survey and Preliminary Information Form for Josephine City Historic District.
2014	National Register for Josephine City Historic District
2014	Revised and expanded Historic District Walking and Driving Tour brochure

2017	Hurricane Sandy Grant for Greenway Court Repairs
2017	Detailed Outline for Book about Clarke County's Historical Resources

Clarke County has achieved the major milestone of having surveyed its historic resources and has made significant efforts in formally recognizing, protecting, and preserving these resources. In the future, efforts must be continued in the conservation of the County's heritage through public information and public assistance in compatible reuse projects. In addition, protecting the County's rich archaeological resources must also be a high priority. A balance between desires of property owners and respect for community identity must be achieved in order to benefit all.

Future Goals of the HPC include:

- Complete a publication that addresses the county's historic resources using past architectural, historical, and archaeological studies.
- Document under-represented historic resources, particularly Native American resources along the Shenandoah River and Opequon Creek, historic resources related to African-American history, and resources associated with other under-represented groups.
- Encourage more investigation of the county's archaeological resources.
- Update the architectural survey and National Register Historic District for the Town of Berryville and the village of White Post.
- Consider the creation of a National Register Rural Historic District in the northwestern part of Clarke County, which contains many early and significant historic resources.
- Encourage the update of older individual National Register nominations including Greenway Court, Old Chapel, the Burwell-Morgan Mill, Saratoga, Annfield, Carter Hall, Fairfield, The Tuleyries, and Clermont.
- Encourage community education about Historic Preservation incentives in the county.
- Encourage appropriate scale and form of new developments and construction within the county's historic villages and hamlets and investigate the possibility of initiating Conservation Districts in those areas.
- Work with the County Economic Development and Tourism authorities to maximize the economic benefits of the County's historic resources.
- Establish a Heritage Resources Roundtable that would meet bi-annually and that would include representatives from County and local organizations concerned with Historic Preservation.
- Create an App with GPS Navigation functionality from the driving tours of the historic resources in the County.
- Continue to seek opportunities for collaboration with state- and federally-owned properties in the County.
- Continue to seek grant funding from DHR as well as local foundations.
- Conduct periodic architectural surveys with the objective of maintaining an updated architectural database (with V-CRIS).
- Consider a plaque program whereby historically significant sites will be recognized.

- Work with residents wishing to identify and prepare nominations for individual properties and districts to the National Register of Historic Places.
- Work toward establishing a Heritage Tree program whereby exceptionally old, large, and grand trees are recognized for the contribution they make to the county’s rich rural landscape.
- Work with the local officials in the Towns of Berryville and Boyce to help educate them about Historic Preservation opportunities available to them.
- Study, and possibly nominate to the Virginia Landmarks Register and the National Register of Historic Places, the site of the Battle of Berryville.

C. State and Federal Historic Preservation Programs in Clarke County

The Commonwealth of Virginia encourages historic preservation through enabling legislation for local historic overlay districts and through its Department of Historic Resources (DHR). The DHR is made up of architectural historians, architects, archaeologists, historians, and archivists who administer the state's preservation program and serve as the State Historic Preservation Office in the federal preservation system. In 1995, DHR opened a satellite office in Winchester to serve the northern portion of the state. The office moved to Stephens City in 2006 and is now known as the Northern Region Preservation Office. The DHR works with local governments, private citizens, and organizations to carry out preservation programs.

A large part of these programs is the documentation of historic properties. Clarke County has conducted four historic surveys, the last completed in 1992. These surveys have resulted in the documentation of more than 1,300 historic properties (some containing multiple structures) in the rural parts of the County, 236 in Berryville, 100 in Boyce, 58 in Millwood, and 28 in White Post. These surveys were partially funded with County money and partially with grants awarded by DHR.

After general documentation of the County’s resources through surveying, registering each important building provides formal certification of its historic value. The Virginia Landmarks Register and the National Register of Historic Places provide formal certification of the local, statewide, or national importance of a resource (building, district, sites or object) with integrity of location, design, setting, materials, feeling, workmanship, and association, in addition to the following four Criteria for Evaluation:

1. Properties associated with events that have made a significant contribution to the broad patterns of our history.
2. Properties associated with the lives of persons significant in our past.
3. Properties that embody the distinctive characteristics of a type, period, or method of construction or that represent a significant and distinguishable entity whose components may lack individual distinction.
4. Properties that have yielded, or may be likely to yield, information important in prehistory or history.

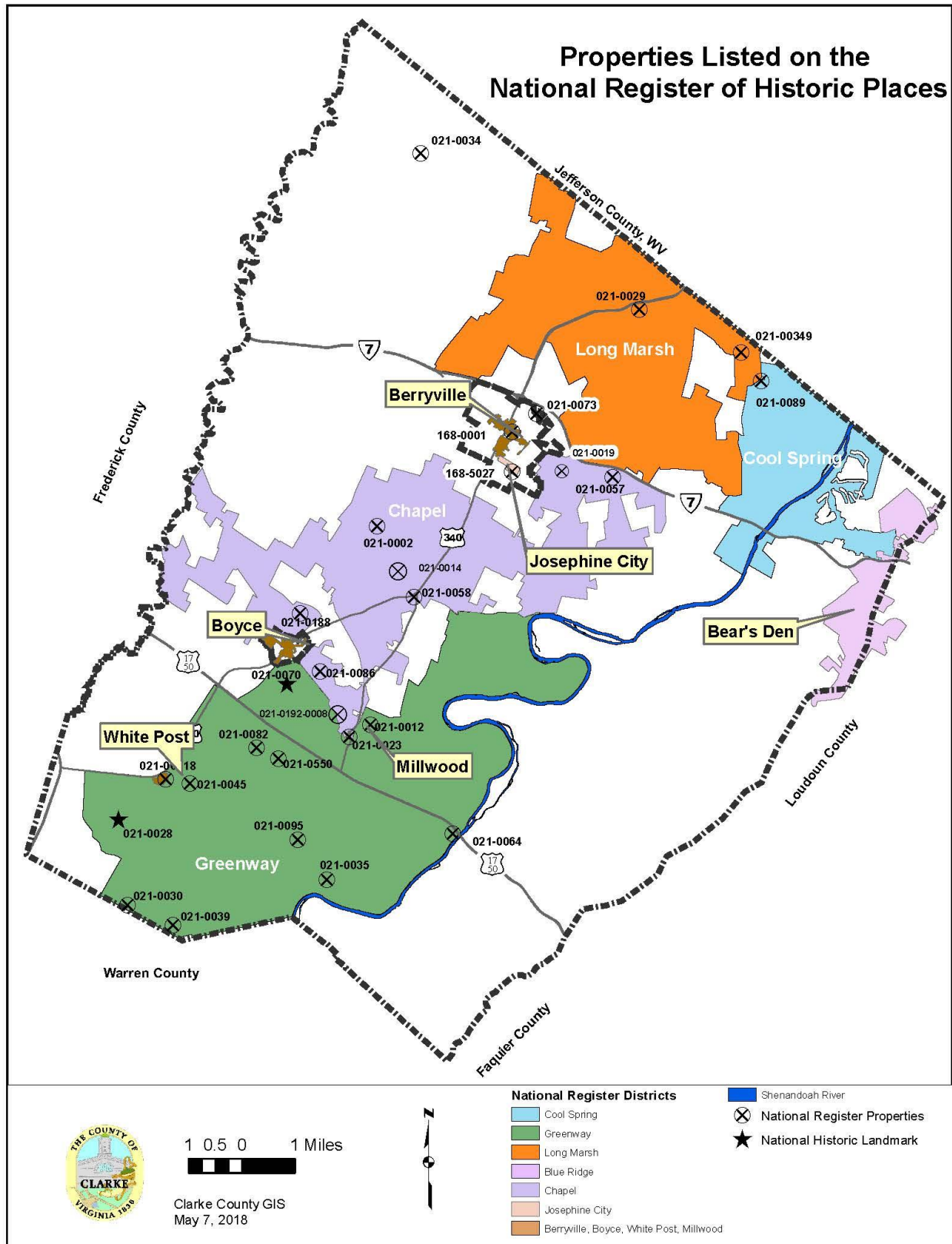
When considering properties for the National Register, the National Park Service may determine that a property has outstanding historic qualities and designate it a National Historic Landmark. Currently, two properties in the County are listed as National Historic Landmarks, in part because of their association with significant historic figures, Lord Fairfax and Daniel Morgan (Figure 1).

<u>Property Name</u>	<u>DHR File #</u>
1. Greenway Court	021-0028
2. Saratoga	021-0070

In addition, twenty-six individual properties and ten historic districts are listed in the State and National Registers.

<u>Property Name</u>	<u>DHR File #</u>
1. Annfield	021-0002
2. Bethel Memorial Church	021-0035
3. Blandy Experimental Farm	021-0550
4. Burwell-Morgan Mill	021-0023
5. Carter Hall	021-0012
6. Chapel Hill	021-0014
7. Fairfield	021-0029
8. Farnley	021-0030
9. Glendale Farm	021-0034
10. Guilford	021-0039
11. Huntingdon	021-0188
12. Josephine City School	021-0177
13. Long Branch	021-0095
14. Lucky Hit	021-0045
15. Meadea	021-0618
16. Norwood	021-0057
17. Old Chapel	021-0058
18. Old Clarke County Courthouse	021-0021
19. The River House	021-0064
20. Scaleby	021-0086
21. Smithfield	021-0349
22. Soldier's Rest	021-0073
23. The Tuleyries	021-0082
24. Wickliffe Church	021-0089

Figure 1



- | | | |
|-----|-------------------------|---------------|
| 24. | Millwood Colored School | 021-0192-0008 |
| 25. | Clermont | 021-0019 |

Districts

- | | | |
|-----|---|----------|
| 1. | Berryville Historic District
150 acres, 314 contributing resources | 168-0012 |
| 2. | Cool Spring Battlefield Historic District
4,064 acres, 54 contributing resources | 021-0976 |
| 3. | Greenway Rural Historic District
19,107 acres, 606 contributing resources | 021-0963 |
| 4. | Long Marsh Run Rural Historic District
10,293 acres, 366 contributing resources | 021-0967 |
| 5. | White Post Historic District
30 acres, 28 contributing resources | 021-0066 |
| 6. | Boyce Historic District
102 acres, 100 contributing resources | 172-0001 |
| 7. | Millwood Commercial District
4 acres, 10 contributing resources | 021-0059 |
| 8. | Bear's Den Rural Historic District
1,855 acres, 173 contributing resources | 021-5010 |
| 9. | Chapel Rural Historic District
11,496 acres, 688 contributing resources | 021-5025 |
| 10. | Josephine City Historic District
40 acres, 40 contributing resources | 168-5029 |

** A contributing resource includes a building, structure, site, or object.

Many additional properties in the County could be potentially eligible for the Virginia Landmarks Register and the National Register of Historic Places, but have not yet been officially evaluated by DHR.

Inclusion in the Virginia Landmarks Register and the National Register is an honor bestowed on historic properties by the state and federal governments. It recognizes the historic value of a property and encourages present and future owners to continue to exercise good stewardship. It accomplishes the following:

1. Increases public awareness of the significance of an historic resource and encourages its preservation.
2. Does not restrict the property owner from using private funds in any way. However, when federal funds, licenses, or permits are used, the project review process will consider the impact of the project on the property.
3. Provides financial benefits, mostly in the form of federal and state historic rehabilitation tax credits, for rehabilitation of listed buildings.
4. Allows owners of registered properties to donate historic preservation easements to DHR (which can reduce real estate taxes).
5. Allows owners to receive technical assistance from DHR for maintenance and rehabilitation.

D. Appendix

This appendix provides general information regarding:

1. The Four Approaches to the Treatment of Historic Buildings
2. The Secretary of the Interior's Standards for Rehabilitation
3. Tax Credits for Rehabilitation:
 - 3a. The Federal Rehabilitation Tax Credit Program
 - 3b. The State Rehabilitation Tax Credit Program

The U.S. National Park Service (NPS) and the Virginia Department of Historic Resources (DHR) are the sources of this information. More detailed information can be obtained on the websites that are provided.

1. The Four Approaches to the Treatment of Historic Properties

The four approaches to the treatment of historic buildings are: Preservation, Rehabilitation, Restoration, and Reconstruction. These four treatments are distinct but interrelated and are intended to assist users in making sound historic preservation decisions and promote the use of 'a common language' in the planning stages of work. The choice of treatment depends on a variety of factors, including the property's historical significance, physical condition, proposed use, and intended interpretation.

Preservation focuses on the maintenance and repair of existing historic materials and retention of a property's form as it has evolved over time.

Rehabilitation acknowledges the need to alter or add to a historic property to meet continuing or changing uses while retaining the property's historic character. This is the treatment used for the state and federal rehabilitation tax credits.

Restoration depicts a property at a particular period of time in its history, while removing evidence of other periods.

Reconstruction re-creates vanished or non-surviving portions of a property for interpretive purposes.

For more information, visit: www.nps.gov/tps/standards/four-treatments.htm and www.nps.gov/tps/standards/treatment-guidelines-2017.pdf

2. The Secretary of the Interior's Standards for Rehabilitation

The *Standards* were first codified in 1979 in response to a federal mandate requiring the establishment of policies for all programs under the authority of the Department of the Interior. The *Standards* enable the Department of the Interior to direct work undertaken on historic buildings. They are used in review of all federal projects involving historic properties listed on or eligible for listing in the National Register of Historic Places. Compliance with the *Standards* provides for the preservation of the historic and architectural integrity of buildings being rehabilitated. The *Standards* were most recently revised in 1992. These are the specific standards used in state and federal rehabilitation tax credit projects.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

3. Tax Credits for Rehabilitation

Rehabilitation Tax Credits are dollar-for-dollar reductions in income tax liability for taxpayers who rehabilitate historic buildings. Credits are available from both the federal government and the State of Virginia. The amount of the credit is based on total rehabilitation costs. The federal credit is 20% of eligible rehabilitation expenses. The state credit is 25% of eligible rehabilitation expenses. In some cases, taxpayers can qualify under both programs, allowing them to claim credits of 45% of their eligible rehabilitation expenses.

Rehabilitation is 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 historic, architectural, and cultural values. In order to receive tax credits (either on a state or national level), the rehabilitation work needs to be done according to the *Secretary of the Interior's Standards for Rehabilitation*. The *Standards* are to be applied to specific rehabilitation projects in a reasonable manner, taking into consideration economic and technical feasibility.

The rehabilitation, re-use, and preservation of Virginia's historic residential and commercial buildings are good for the state's economy according to a study conducted by Virginia Commonwealth University in 2013. The benefits of bringing old buildings back to life ripples across the economy and through local communities, adding upwards of an estimated \$3.9 billion to the commonwealth's economic health.

Those rehabilitation expenses and their domino effect have also created more than 31,000 full and part-time jobs during a 17-year period and generated an estimated \$133 million in state and local tax revenues.

Both the federal and state tax credit programs are administered in Virginia through the Department of Historic Resources. Federal rehabilitation tax credits are only available for income-producing properties, whereas the state tax credits is available for owner-occupied, as well as income-producing buildings.

A building must be designated a “certified historic structure” to qualify for the tax credit. The credits described above are available only for Certified Historic Structures, defined as follows.

Under the federal program, a certified historic structure is one that is either:

- Listed individually in the National Register of Historic Places, or
- Certified as “contributing” to a district that is so listed.

Under the state program, a certified historic structure is one that is:

- Individually listed in the Virginia Landmarks Register, or
- Certified as eligible for listing, or
- Certified as a contributing structure in a district that is so listed.

With a few exceptions, a Virginia property that is listed in one of these registers is listed in the other. Certification that a building contributes to a listed district (or for purposes of the state credit is *eligible* for individual listing) is obtained only by submitting Part 1 of the tax credit application.

DHR has records of all properties in Virginia that are listed in the National Register, and records of all registered historic districts on their website at www.dhr.virginia.gov (search under Clarke County). Applying for the credit is a three-part process. **Part 1** requests certification that the building is historic – and eligible for the program. **Part 2** requests certification that the proposed rehabilitation work appears to be consistent with the Secretary’s *Standards*. Part 2 is the most complex part of the application. It requires a description of each significant architectural feature of the property and how it will be treated in the rehabilitation as well as photographs documenting the current condition. **Part 3** requests certification that the completed work is consistent with the Secretary’s Standards. Photographs showing the completed work must accompany Part 3. For the state credit, if the eligible expenses exceed \$100,000, a CPA certification is also required.

The federal regulations governing the National Park Service’s review of tax credit applications are found at 36 CFR 67. The regulations governing the use of the tax credit itself (the IRS regulations) are found at 26 CFR 1.48-12. The Virginia legislation authorizing the state tax credit is found at *Virginia Code*. §58.1-339.2.

3a. The Federal Rehabilitation Tax Credit Program

A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service to be “certified historic structures.”

The State Historic Preservation Office (DHR) and the National Park Service review the rehabilitation work to ensure that it complies with the *Secretary’s Standards for Rehabilitation*. The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit.

To learn more about this credit, visit: <https://www.nps.gov/tps/tax-incentives/before-you-apply.htm>

3b. The State Rehabilitation Tax Credit Program

A 25% income tax credit is available for the rehabilitation of historic, owner-occupied or income-producing buildings that are determined to be “certified historic structures.”

The state tax credit, which reduces the taxpayer’s Virginia Income Tax liability, is calculated as 25 % of the eligible rehabilitation expenses. DHR issues certifications of buildings and rehabilitations, so that property owners can claim the credits. The Virginia Department of Taxation has full authority to determine tax treatment questions.

The tax credit is available to the owners of a qualified rehabilitated building. Generally, the credits are claimed for the tax year in which the rehabilitation is completed and the building is placed in service. An approved Historic Preservation Certification Application, Part 3, “Request for Certification of Completed Work” should be filed with the tax return claiming the credit.

The credit is 25% of the eligible rehabilitation expenses. If the amount of such credit exceeds the taxpayer's tax liability for such taxable year, the amount that exceeds the tax liability may be carried over for credit against the income taxes of such taxpayer in the next five taxable years or until the full credit is used, whichever occurs first. Credits granted to a partnership or electing small business corporation (S corporation) shall be passed through to the partners or shareholders, respectively.

In 2014, a report from the VCU Center for Urban and Regional Development on the positive economic impacts of historic rehabilitation tax credit programs in Virginia was completed and can be accessed at: www.dhr.virginia.gov/pdf_files/VCU_Historic%20Tax%20Credit%20Report_FINAL_21-1-2014.pdf.

More information can be found by visiting: www.dhr.virginia.gov/tax_credits/tax_credit.htm