CAU: Park Street
Music & Performing Arts Center

ULI Center for Leadership mTAP
PARK STREET
Music & Performing Arts Center

- Team Introduction
- Project Review
- Research Overview & Analysis
- Recommendations
- Financing & Revenue
TEAM INTRODUCTION

Mason Ailstock
The University Financing Foundation

Katherine Dunatov
The Loudermilk Companies

Natalie Martinez
NM Architecture + Real Estate

Malory Atkinson
Shear Structural

Schroder Voyles
Atlanta Beltline
...the rehabilitation of Park Street Methodist Episcopal Church is an important testament to the history of places of worship, the Civil Rights Movement, CAU, community engagement and education for residents of the West End community and the City of Atlanta.

As such, the rehab of the Church will both respect the past while creating a positive beacon for the entire community. The project will reinforce CAU’s commitment to integrity of its historic resources in terms of the building features, events, or persons.
Project Overview

Restoration & Repositioning

- Existing Facility in Disrepair
- Cost-Prohibitive Maintenance
- Revitalization of the Surrounding Area
- Gateway Property for CAU & AUC
- National Park Service Study Opportunity
- Financial Viability & Dedicated Revenue-Generating Program
PROJECT INTRODUCTION
Park Street M. E. Church,
Corner Park and Lee Streets, Atlanta, Ga.
Challenges to Address

- Accessibility To Campus
- Connectivity to AUC
- Parking
- Safety
- Programming
- Financing
What We Did

1. Meeting with CAU Real Estate
2. Annex & Sanctuary Tour
3. NPU-T Meeting
4. Meeting with CAU Stakeholders
5. Campus & Community-wide Survey
6. Coordination with AUC
7. Outreach with Carter
8. Site Plan Analysis
9. Space Planning
10. Business Model Analysis
11. Cost Analysis
12. Funding Source Analysis
13. Revenue Analysis
Q1 Which of the following best describes you?

- I am a student at CAU: 15.20%
- I am a student, but not at CAU: 2.40%
- I am a resident near Atlanta University Center: 50.40%
- I am a CAU employee: 14.40%
- I work at another institution in the Atlanta University Center: 3.20%
- I am a business owner around Atlanta University Center: 4.00%
- Other (please specify): 10.40%

94% of respondents live and/or work in/or around Atlanta University Center.
64%

Familiar with the building

125 RESPONDENTS
<table>
<thead>
<tr>
<th>Proposed Uses</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
<th>Fifth</th>
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### Top 3 Proposed Uses - Community Respondents

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</table>
Stakeholder Discussion

- Accessibility To Campus
- Connectivity to AUC
- Parking
- Safety
- Building Security
- Programming
AUC Master Plan
Guiding Principles

- Equitable and just at its heart – “The Beloved Community”
- **Harmonize** with campuses and community
- Celebrate heritage and culture
- Seamless **connectivity** – Walkable and multi-modal
- Development without displacement
- Adaptive re-use of heritage buildings
- Make New **History**
- Well-programmed and high-performance open space network
## COMPARABLE FACILITIES

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Guests (approx)</th>
<th>Facility Rental Cost</th>
<th>Reception Space</th>
<th>Historic Church</th>
<th>Parking Restrictions</th>
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<tr>
<td>Church at Ponce &amp; Highland - Poncey Highland (1926)</td>
<td>200</td>
<td>$2,500</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Circus School - Grant Park (1922)</td>
<td>200</td>
<td>$6,167</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Druid Hills Presbyterian (1920)</td>
<td>200</td>
<td>$9,187</td>
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<td>✓</td>
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<td>Atlanta First United Methodist (1903)</td>
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<td>$8,645</td>
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<td>✓</td>
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<td>Ambient Studio (1910)</td>
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<td>$4,000</td>
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<td>✓</td>
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<tr>
<td>Park Street Sanctuary (1920)</td>
<td>200</td>
<td>$3,000</td>
<td>✓</td>
<td>✓</td>
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RECOMMENDATIONS
Sample Mission Statement

Provide a music training center and recording studio for students and alumni including artists, producers, musicians, songwriters, singers, audio engineers and beyond. Environment for developing skill set, recording music, collaboration and building lasting entrepreneurial relationships.
REVENUE SOURCES

Sustainable Business Model

- Special Event Rentals
  - Weddings
  - Worship Services
  - Performances & Concerts
  - Seminars & Workshops
  - Film Location Opportunities

- Community
  - Community Meeting Rooms

- Music & Art Departments
  - Performances & Concerts
  - Summer Programming
    - Youth Music Camps
  - Art Gallery
  - Art Shows
## PROPOSED ADDITIONAL USES FOR BUILDING

<table>
<thead>
<tr>
<th>Live CAU Music Performances</th>
<th>Revenue Generating</th>
<th>Dedicated CAU Personnel/Resources</th>
<th>Valet Parking/Shared Parking</th>
<th>Community Engagement</th>
<th>Alumni Engagement</th>
<th>CAU Connectivity</th>
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<tr>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

| Special Event Rentals      | ✓                  | ✓                                 | ✓                           | ✓                    | ✓                | ✓               |

| Music Entrepreneurship Incubator | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| Art Gallery                | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| CAU - Welcome Center       | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| Film Screening/Festival   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
PROPOSED DESIGN
EXISTING SITE
EXISTING FIRST FLOOR

- Orchestra and Percussion
- Admin Offices
- Student Lounge
- Black Box Performing Space
- Hammond Street Entrance

HISTORIC LEE STREET ENTRANCE

CURRENT MAIN ENTRANCE

LEE STREET

HAMMOND DRIVE

CURRENT EMERGENCY EXIT

N
EXISTING SECOND FLOOR

- Music Classrooms
- Sanctuary
- Instrument Storage
- Faculty Offices

HISTORIC SANCTUARY ENTRANCE

LEE STREET

HAMMOND DRIVE

HISTORIC LEE STREET ENTRANCE
EXISTING THIRD FLOOR

- Music Classrooms
- Practice Rooms
- Faculty Offices
PROPOSED THIRD FLOOR

NEW MEN’S AND WOMEN’S RESTROOMS

BRIDAL SUITE/MAKEUP IN FORMER PASTOR’S OFFICE

CLASSROOM 311

OFFICE 312

OFFICE 313

ADJACENT TEACHING SPACE 319

MEZI 314

OFFICE 315

ADJACENT OFFICE 316

MUSIC LAB 317

OFFICE 318

ADJACENT OFFICE 319

PARK STREET
MUSIC & PERFORMING ARTS CENTER

LEGEND: PROPOSED SPACES

- STUDENT SUPPORT
- TABLE STORAGE
- ELEVATOR
- CIRCULATION
- PERFORMANCE SUPPORT SPACE
- RESTROOMS
- LEASABLE SPACE

OPEN TO SANCTUARY BELOW

THIS AREA IS THE FORMER BALCONY OF THE SANCTUARY

NEW ELEVATOR LOCATION

NEW CIRCULATION DESIGN

NEW OFFICE OR STORAGE

ELEVATOR
NORTH ENTRANCE AT STUDENT LOUNGE
LEE STREET ENTRANCE: NEW WELCOME CENTER ENTRANCE

- Historic Entrance
- Gracious Clark Atlanta Welcome
- Greater Connection to the Community
- Connection to Morehouse Development
FINANCING & REVENUE
Financing

Capital Sources

- **GOVERNMENT**
  - New Markets Tax Credits
  - Georgia Historic Tax Credits
  - Federal Historic Tax Credits
  - Opportunity Zone Investors
  - Economic Development Administration (EDA) Public Works and Economic Development

- **FOUNDATIONS**
  - MacArthur Foundation
  - Kresge Foundation
  - Kauffman Foundation
  - Many others to consider based on eligibility, matching funds and university networks

- **PRIVATE & COMMUNITY FUNDRAISING**
  - Committed alumni considering unique opportunities to give back
  - Philanthropic campaign to save a piece of campus/community architectural history
  - Naming rights to spaces and programs
  - Private sector partnerships and revenue sharing joint ventures
New Markets Tax Credit Qualifications

- The New Market Tax Credit Program (NMTC Program) aims to attract the private investment necessary to reinvigorate struggling local economies.

- Permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs).

- The credit totals 39% of the original investment amount and is claimed over a period of seven years.
The New Markets Tax Credit Program (NMTC Program) aims to attract the private investment necessary to reinvigorate struggling local economies. Permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39% of the original investment amount and is claimed over a period of seven years.

### 13121004300 (Census Tract)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
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<tbody>
<tr>
<td>Severe Distress or Non-Metropolitan Status (2011-2015)</td>
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<tr>
<td>Percent of People in Poverty (2011-2015)</td>
<td>40.1%</td>
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<tr>
<td>Tract Income as % of AMI (2011-2015)</td>
<td>36.59%</td>
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<tr>
<td>Population (2011-2015)</td>
<td>2,774</td>
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<tr>
<td>Median Family Income (2011-2015)</td>
<td>$24,637</td>
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New Markets Tax Credits *(Sample Structure)*
Federal & State Historic Tax Credits

- Encourages private sector investment in the rehabilitation and re-use of historic buildings.
- **Federal & State Benefits**
  - The Federal tax credit allows program participants to claim 20% of eligible improvement expenses against their federal tax liability.
  - The Georgia tax credit program allows participants to apply for a state income tax credit equaling 25% of qualifying rehabilitation expenses.
- Property owners must complete the three-part application process for historic preservation certification managed by the National Park Service (NPS) and the relevant State Historic Preservation Officers (SHPO).
- **Qualified Rehabilitation Expenses (QREs)** are the development expenses on which HTCs can be claimed.
  - Examples of QREs include, but are not limited to, the costs related to the repair or replacement of walls, floors, ceilings, windows, doors, air conditioning/heating systems, kitchen cabinets and appliances, plumbing and electrical fixtures, architects’ fees, construction loan interest, and environmental reports.
Historic Rehabilitation Tax Credits (Sample Structure)
Tax Credits Get Complicated Quickly  
(Sample Structure)

But it is possible!
Tax Credits Get Complicated Quickly

Renaissance Equity Partners
Renaissance Equity Partners (REP) [www.renequity.com](http://www.renequity.com) is an economic development finance advisory firm with a focus on emerging domestic communities. The HBCU Community Development Action Coalition [www.hbcucoalition.com](http://www.hbcucoalition.com) is a 501(c) (3) nonprofit organization with a mission to promote, support, and advocate for HBCUs to build community wealth and healthy sustainable communities.

Robert Jenkins, Jr.
Senior Managing Director
[rkjenkins@renequity.com](mailto:rkjenkins@renequity.com)
Dumas Center for Artistic & Cultural Development  Roanoke, VA
Historic Black Theatre. First African American, Oscar Meshaw, to do feature length movies in the 1920s.

The Attucks Theatre, Norfolk, VA
Well known theater hosting concerts and shows that also visited the Apollo in New York.

Beaux Arts Building, Fort Mill AR
Constructed in 1911, this new project is under development to create a destination for music and performing arts.
The budget for projects involving historic tax credits can be widely ranging. As an example, the cost to rehabilitate The Attucks Theater in Norfolk, Virginia had an average per square foot cost of $377 in 2004 ($516/SQFT in 2019). This is contrasted with the rehabilitation costs experienced by Atlanta-based professionals with similar projects which recommended a project cost range of $140 - $200 per square foot.

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Original Construction</th>
<th>Year Rehabilitated</th>
<th>Square Feet</th>
<th>Budget</th>
<th>Cost/SQFT</th>
<th>Increased Construction Cost</th>
<th>2019 Adjusted Cost</th>
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<tbody>
<tr>
<td>Dumas Center for Artistic &amp; Cultural Development</td>
<td>Roanoke, VA</td>
<td>1923</td>
<td>2005</td>
<td>15,000</td>
<td>$4,800,000</td>
<td>$320</td>
<td>33.3%</td>
<td>$427</td>
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<td>Beaux Arts Building</td>
<td>Fort Mill, AR</td>
<td>1911</td>
<td>2020</td>
<td>26,000</td>
<td>$8,000,000</td>
<td>$308</td>
<td>0.0%</td>
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<td>The Attucks Theatre</td>
<td>Norfolk, VA</td>
<td>1919</td>
<td>2004</td>
<td>22,000</td>
<td>$8,300,000</td>
<td>$377</td>
<td>36.8%</td>
<td>$516</td>
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**Adjusted Comp Averages**

<table>
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<th>Industry Opinion</th>
<th>Location</th>
<th>Year</th>
<th>Budget</th>
<th>Cost/SQFT</th>
<th>Increased Construction Cost</th>
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<td>Atlanta Historic Renovation</td>
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<td>2019</td>
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**Range**

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<th>Location</th>
<th>Original Construction</th>
<th>Year</th>
<th>Square Feet</th>
<th>Budget</th>
<th>Cost/SQFT</th>
<th>Increased Construction Cost</th>
<th>2019 Adjusted Cost</th>
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<tr>
<td></td>
<td>Atlanta, GA</td>
<td>1878</td>
<td>2021</td>
<td>28,800</td>
<td>$4,032,000</td>
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<td>$4032,000</td>
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<table>
<thead>
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<tr>
<td>$140</td>
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<tr>
<td>$417</td>
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Park Street Music & Performing Arts Center

Maximize Free Capital

BEGINNING PROJECT COST

$10,000,000 project budget

• NMTC Allocation 50% of Project Cost: $5,000,000
  
  $5M x $.39 = $1,950,000 - CDE & Closing Fees = $1,200,000 to the project

• Federal Historic Tax Credit based on QREs. Estimate $8,000,000 in QRE costs
  
  $8M x 20% = $1.6M (less fees) = $1,500,000 to the project

• Georgia Historic Tax Credit based on QREs. Estimate $8,000,000 in QRE costs
  
  $8M x 25% = $2M (less fees) = $1,900,000 to the project
Park Street Music & Performing Arts Center
Maximize Free Capital

Beginning Project Cost          $10,000,000
New Markets Tax Credits        ($1,200,000)
Historic Tax Credit Federal    ($1,500,000)
Historic Tax Credit Georgia    ($1,900,000)

Total Project Cost             $5,400,000
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<th>Event Type</th>
<th>Days</th>
<th>Average Rev</th>
<th>Total</th>
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<tr>
<td>Weddings (Non-CAU)</td>
<td>10</td>
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<td>$30,000</td>
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<tr>
<td>Weddings (CAU)</td>
<td>15</td>
<td>$2,500</td>
<td>$37,500</td>
</tr>
<tr>
<td>CAU Ticketed Performances (Shows/Concerts, Avg $15, 200p)</td>
<td>12</td>
<td>$3,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>Non-CAU Events (Concerts, Speakers, Recordings, Festivals)</td>
<td>6</td>
<td>$3,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Filming Location (Summer Only)</td>
<td>7</td>
<td>$5,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>CAU Art Events (10% Commission to CAU)</td>
<td>2</td>
<td>$625</td>
<td>$1,250</td>
</tr>
<tr>
<td>Worship Services (Monthly Sunday Morning Contract Only)</td>
<td>24</td>
<td>$250</td>
<td>$6,000</td>
</tr>
<tr>
<td>OPTIONAL ADD ON (Black Box Rental/Banquet Space)</td>
<td>12</td>
<td>$1,000</td>
<td>$12,000</td>
</tr>
</tbody>
</table>

**EVENT SUB TOTAL** | 74   | $2,375      | **$175,750** |
<table>
<thead>
<tr>
<th>EXPENSES ESTIMATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number</strong></td>
</tr>
<tr>
<td>Full Time Event Coordinator / Booking (Annual Salary)</td>
</tr>
<tr>
<td><strong>Booking Incentive (3% on Non CAU Event Revenue)</strong></td>
</tr>
<tr>
<td>Banquet Tables (One Time)</td>
</tr>
<tr>
<td>Chairs (One Time)</td>
</tr>
<tr>
<td>Additional Security (Hourly for Special Events - 1 person)</td>
</tr>
<tr>
<td>Valet Service for CAU Events (3 attendants / 5 hours)</td>
</tr>
<tr>
<td><strong>Startup Expenses</strong></td>
</tr>
<tr>
<td><strong>Annual Event Operating</strong></td>
</tr>
<tr>
<td><strong>Annual Fixed</strong></td>
</tr>
</tbody>
</table>
**REVENUE ESTIMATE: INCUBATOR LEASE**

<table>
<thead>
<tr>
<th></th>
<th>SqFt</th>
<th>Average Rev</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incubator Lease 1st Year**</td>
<td>1,052</td>
<td>$29/SF</td>
<td>$30,508**</td>
</tr>
<tr>
<td>Incubator Lease</td>
<td>2,000</td>
<td>$28/SF</td>
<td>$56,000</td>
</tr>
<tr>
<td>Incubator Lease</td>
<td>5,000</td>
<td>$27/SF</td>
<td>$135,000</td>
</tr>
</tbody>
</table>

** Denotes Incubator option as shown on the plans
<table>
<thead>
<tr>
<th></th>
<th>Total First Year</th>
<th>Total 2nd Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Event Revenue</td>
<td>$175,750</td>
<td>$193,325</td>
</tr>
<tr>
<td>Incubator Revenue</td>
<td>$30,508</td>
<td>$31,423</td>
</tr>
<tr>
<td>Expenses</td>
<td>$(73,545)</td>
<td>$(67,700)</td>
</tr>
<tr>
<td><strong>NET REVENUE</strong></td>
<td><strong>$132,713</strong></td>
<td><strong>$157,048</strong></td>
</tr>
</tbody>
</table>
THANK YOU
APPENDIX
Park Street Church Financing SWOT

Strengths

- Institutionally owned asset
- Private university with procurement & partnership flexibility
- Programmatically agnostic

Weakness

- Historic structure fallen into disrepair
- Cost for rehabilitation and incorporation of programmatic spaces
- Transit accessibility and parking agreements
- Distance from CAU campus

Opportunities

- Multiple sources of financing available
- “Blue Sky” programming (anything is possible)
- Unique architecture and space design
- Location within AUC and Atlanta visibility

Threats

- Potential eyesore and safety concerns
- Competing event space venues
- Distraction from core institutional functions of education
- Deal structure complexity
Opportunity Zones

- New community and economic development tool that aims to drive long-term private investment into low-income communities throughout the country.
- The program was established by Congress in the Tax Cuts and Jobs Act of 2017 and encourages investors with recently realized capital gains to invest in local businesses, real estate, or development projects.
- A temporary tax deferral for capital gains reinvested in an Opportunity Fund.
  - 5-year (10% step up in basis), 7-year (15% step up in basis) and 10-year (permanent exclusion from taxable income on capital gains from the sale of the investment)

OZ projects must be owned and developed as For Profit entities and a return on capital is expected by investors in the Opportunity Fund. This makes it difficult for a Non-Profit, like CAU, to maintain control.
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HTC Qualified Expenses

Expenses that Qualify for the Rehabilitation Tax Credit
Any expenditure for a structural component of a building will qualify for the rehabilitation tax credit. Treasury Regulation 1.48-1(e)(2) defines structural components to include walls, partitions, floors, ceilings, permanent coverings such as paneling or tiling, windows and doors, components of central air conditioning or heating systems, plumbing and plumbing fixtures, electrical wiring and lighting fixtures, chimneys, stairs, escalators, elevators, sprinkling systems, fire escapes, and other components related to the operation or maintenance of the building.

In addition to the above named "hard costs", there are "soft costs" which also qualify. These include construction period interest and taxes, architect fees, engineering fees, construction management costs, reasonable developer fees, and any other fees paid that would normally be charged to a capital account.

Costs associated with these items are generally eligible
- Walls
- Partitions
- Floors
- Ceilings
- Permanent coverings, such as paneling or tiles
- Windows and doors
- Components of central air conditioning or heating systems
- Plumbing and plumbing fixtures
- Electrical wiring and lighting fixtures
- Chimneys
- Stairs
- Escalators, elevators, sprinkler systems, fire escapes
- Other components related to the operation or maintenance of the building

Expenses that do not qualify for the rehabilitation tax credit
- Acquisition costs
- Appliances
- Cabinets
- Carpentry (if tacked in place and not glued)
- Decks (not part of original building)
- Demolition costs (removal of a building on property site)
- Fencing
- Feasibility studies
- Financing fees
- Furniture
- Landscaping
- Leasing Expenses
- Moving (building) costs (if part of acquisitions)
- New construction costs or enlargement costs (increase in total volume)
- Outdoor lighting remote from building
- Parking lot
- Paving
- Planters
- Porches and Porticos (not part of original building)
- Retaining walls
- Sidewalks
- Signage
- Storm sewer construction costs
- Window treatments
Dumas Center for Artistic & Cultural Development
- https://www.downtownroanoke.org/go/dumas-center

Beaux Arts Center

Howard Theatre
- http://thehowardtheatre.com/
- https://www.yelp.com/biz/howard-theatre-washington

The Attucks Theatre
- https://www.sevenvenues.com/attucks100
- https://www.downtownnorfolk.org/go/attucks-theatre

Construction Cost Estimation Chart
https://www.rsmeansonline.com/references/unit/refpdf/hci.pdf