

CRM

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Information for Parks, Federal Agencies,
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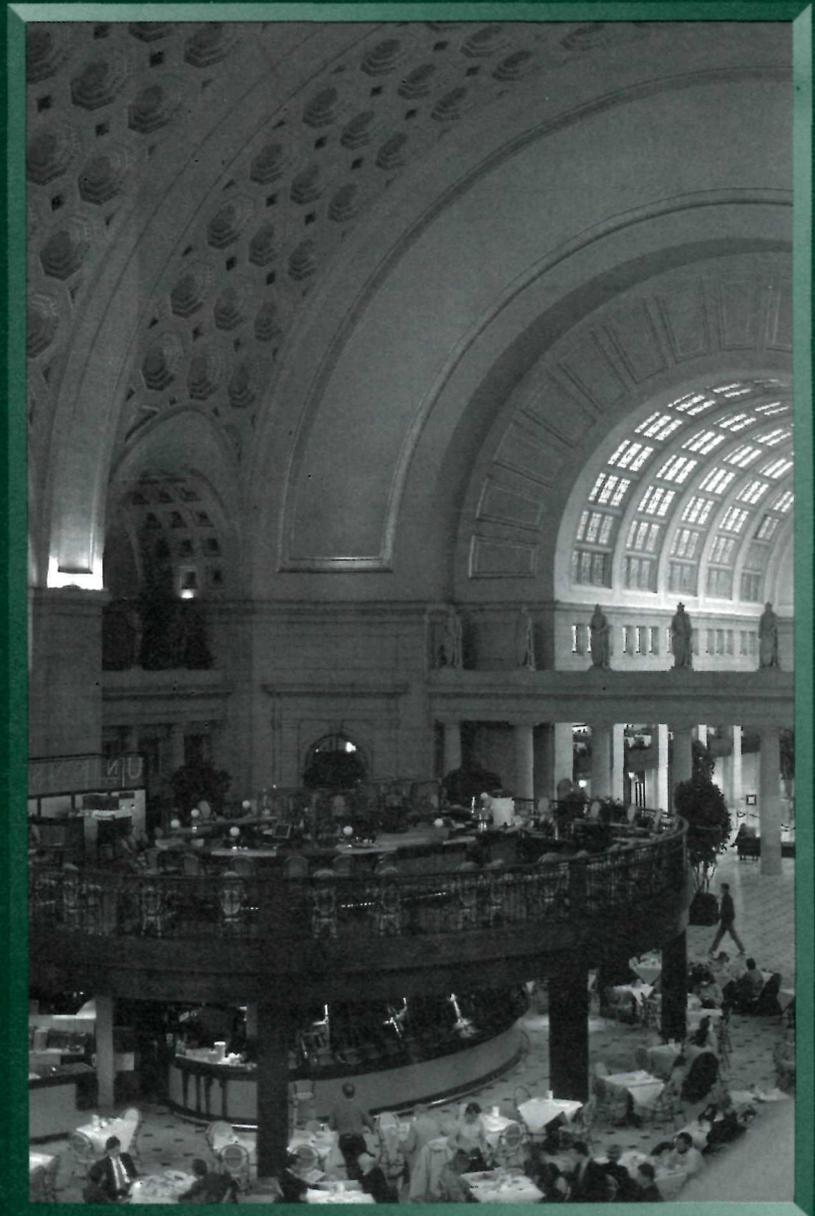
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Revitalizing Our Communities

The Federal
Historic
Preservation Tax
Incentives



U.S. DEPARTMENT OF THE INTERIOR
National Park Service
Cultural Resources

To promote and maintain high standards
for preserving and managing cultural
resources

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The Federal Historic Preservation Tax Incentives

**ASSOCIATE DIRECTOR
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John Poppeliers
International Liaison Officer
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CONTRIBUTING EDITORS
Stephen A. Morris
Outdoor Recreation Planner, NPS
Kay D. Weeks
Technical Writer-Editor, NPS

CONSULTANTS
Wm. H. Freeman
Design, Imaging, Production—Freeman Publishing Services
Janice C. McCoy
Editing—Editorial Notes

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Cover: The rehabilitation of Union Station in Washington, DC, using the historic preservation tax incentives transformed a dilapidated and shuttered building into a busy transportation hub, shopping center, and model of adaptive use. Photo courtesy Sharon C. Park, NPS.

An electronic version of this issue of CRM can be accessed through the CRM homepage at <<http://www.cr.nps.gov/crm>>.

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Introduction

The federal historic Preservation Tax Incentives program has generated over 25,000 projects and more than \$17 billion in private investment in the rehabilitation of historic buildings over the past 20 years. Behind these impressive statistics are thousands of individual stories of interested property owners, new occupants of the rehabilitated buildings, and the communities that benefited from taking often vacant buildings and turning them into treasured assets.

In addition to the sheer number of tax credit projects, the Preservation Tax Incentives program represents a successful model for federal government programs. The program sets forth a framework for private decision-making and serves as a catalyst for leveraging private investment. As demonstrated in several studies, the program plays a key role in enhancing state and local tax revenues, increasing property values, generating jobs, and improving the quality of life in communities. The program is administered in partnership with the State Historic Preservation Offices, which deliver program services to the public. This is the model to which many other governmental programs aspire.

The purpose of this special issue of *CRM* is to provide a better understanding of the broad impacts of the Preservation Tax Incentives program. Charles E. Fisher summarizes the achieve-

ments of the Preservation Tax Incentives program over the past 20 years. His essay traces the development of tax legislation that encouraged preservation, the current status of the program, new directions, and how the program pioneered now accepted methods and approaches to rehabilitation.

The provision of housing for all income levels is one of the great success stories of the preservation tax incentives. Brooks Prueher describes how community organizations and developers have used the Rehabilitation Tax Credit and the Low Income Housing Tax Credit to transform historic buildings into attractive affordable housing. Frequently, these buildings are located in central cities and are close to transportation, employment, and shopping, making them strong contributors to community sustainability. Sharon Park follows this essay with guidance on how to incorporate housing units into rehabilitated historic buildings.

The Preservation Tax Incentives program is one of the most important tools to the thousands of communities that participate in the national historic preservation partnership. The tax credits have been important to the national parks as well. Guy Lapsley describes several key tax credit projects in parks or adjacent to them, including Grand Canyon National Park, Lowell National Cultural Park, the Presidio, and Independence National Historical Park. These projects provide visitor services and help protect the environment around parks.

The Main Streets of America have been beneficiaries of thousands of tax credit projects. These include often modest buildings that serve as anchors in small communities, as well as whole groups of commercial buildings that pro-

From "The New Urban Agenda"

"While a \$1 million rehabilitation expenditure would cost the Treasury \$200,000 in lost tax revenues, it would at the same time generate an estimated \$779,478 in wages. Taxed at 28%, the investment would produce \$218,254 in federal tax revenue. Corporate income, capital gains, and real estate taxes would further complement gains in household income tax. Thus, while the Congressional Joint Committee on Taxation estimates that restoration of the credit [to its status prior to the Tax Reform Act of 1986] would result in a loss of \$1.4 billion in fed-

eral revenue from 1993–1998, these offsetting factors make the Historic Rehabilitation Tax Credit a largely self-funding program. Best of all, it would provide cities with much-needed private investment capital for redevelopment and housing."

—Mayor Edward G. Rendell
City of Philadelphia
"The New Urban Agenda"
April 15, 1994
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vide character and definition to central business districts. Numerous tax credit projects have been undertaken in cities and towns that are participants in formal Main Street programs associated with the National Trust for Historic Preservation, as well as many that are using the Main Street lessons without formal ties to the national program.

In his essay on former "white elephants," Michael Crowe describes the process by which "problem" historic buildings have found new life in successful adaptive uses. Turning schools, mills, churches, and departments stores into housing, entertainment facilities, and restaurants is an important aspect of historic rehabilitation work because it is unlikely that the original uses could have continued. Rather than having the buildings sit vacant, these white elephants have been turned into "white knights."

The Preservation Tax Incentives program also has been a critical tool in ensuring the continued life and use of landmark buildings that appear in standard architectural textbooks. Rosemary Infante describes the use of the tax credit in the rehabilitation of the famed Rookery Building in Chicago, Union Station in Washington, DC, and the New Amsterdam Theater, part of the world famous Times Square area in New York City. These are the "icons" of American architectural history that might not have been so carefully rehabilitated without the Preservation Tax Incentives program.

The Rehabilitation Tax Credit is one of the most important tools in the preservation "toolbox." It also has served to spur broad community interest in historic preservation. In their article on Wisconsin's experience with the tax credit program, Jim Sewell and Brian McCormick describe the tremendous spin-off effect that is felt throughout the state. Not only did the state enact its own historic preservation tax program, it also established the Wisconsin Main Street program and encouraged a more sensitive treatment of all historic properties in the state.

In her second essay, Sharon Park outlines how National Park Service experience with the program over two decades provided the basis for developing technical assistance, while Kay Weeks describes the evolution of the Technical Publications Services publications series. These publications have become indispensable references because they provide guidance not only for tax credit projects, but also for the treatment of historic properties throughout the nation and abroad.

Finally, David Listokin and Michael Lahr describe the studies on the economic benefits of historic preservation that they are undertaking with the New Jersey Historic Trust, with funding from the National Center for Preservation Technology and Training, Natchitoches, Louisiana. This project and its resultant reports will provide more ways to analyze the impacts of the Rehabilitation Tax Credits.

The Preservation Tax Incentives program often has been described as "one of the most successful urban revitalization tools implemented by the federal government." These essays are a testimony to this statement.

—Antoinette J. Lee
National Park Service

The editor wishes to thank the authors of the essays contained in this issue; Matthew Nowakowski and Rosemary Infante of the National Conference of State Historic Preservation Officers for their help in assembling the materials for this issue; Julian Adams, New York Office of Parks, Recreation, and Historic Preservation; Michael Auer, National Park Service; Jason Fenwick, Kentucky Heritage Council; Stephen A. Mathison, Office of Archeology and Historic Preservation, State of Washington; and Charles W. Nelson, State Historic Preservation Office, Minnesota Historical Society.

Charles E. Fisher

Historic Preservation Tax Incentives Program The First 20 Years

This CRM issue marks the 20th anniversary of the federal historic Preservation Tax Incentives program. In 1976, President Ford signed the initial tax incentives legislation, and in the following year the National Park Service established the administrative program. In 1977, the Schlegel Corporation submitted the first project in the nation for its rehabilitation of the Sibley House in Rochester, New York, for use as corporate offices.

Since 1977, the preservation tax incentives have generated more than \$17 billion in private investment in the rehabilitation of more than 25,000 projects across the country. Through a partnership with the State Historic Preservation Offices, the National Park Service has carried out the program in a manner that has been noted for its administrative effectiveness, according to a study by the U.S. General Accounting Office. The Preservation Tax Incentives program also has been recognized for its contributions to the nationwide improvement of rehabilitation design involving historic buildings, receiving a prestigious Presidential Design Award from President Reagan. Further testimony to the success of the program comes from abroad where other countries have modeled historic preservation tax incentives based on our experience.

The roots of the Preservation Tax Incentives program can be traced back to 1966 when Congress declared as part of the national historic preservation policy that "the historical and cultural foundations of the Nation should be preserved as a living part of our community and development in order to give a sense of order to the American people." In 1976, the Congress took the first step to redress the bias of the federal tax system against the preservation and re-use of our nation's historic buildings. The Tax Reform Act of 1976 started the process of bringing federal tax policy into harmony with federal preservation policy. Five years later, further changes in the federal tax laws were enacted as part of the Economic Recovery Tax Act of 1981. This legislation acknowledged the dramatic impact of federal assistance through the tax laws on historic properties and marked the most significant effort to foster historic preservation through national tax policies.

The passage of the Tax Reform Act in 1986 marked a maturing of the relationship between national tax and preservation policies. While it resulted in a modest reduction in the historic preservation credit from 25% to 20%, it imposed several significant restrictions on all forms of real estate investment. The 1986 tax law changes had a dramatic effect on real estate development overall and led to a greatly reduced use of the preservation tax incentives in the ensuing years. With an upswing in the economy by the mid-1990s being experienced in most areas of the country and with various adjustments in real estate development, the size and number of projects being undertaken utilizing the preservation tax incentives has noticeably increased. Historic properties at risk for more than 10 years are beginning to attract the interest of corporate investors and real estate groups.

The Process

Under current law, a taxpayer who renovates a historic building may qualify for a tax credit equal to 20% of the rehabilitation expenditures. The property must be used for income-producing purposes and be a "certified historic structure" and the rehabilitation has to be certified as "consistent with the historic character of the property." The National Park Service exercises responsibility for making these certifications.

The process of certifying rehabilitations of historic structures for purposes of federal preservation tax incentives was established by the National Park Service in 1977. All projects are reviewed for conformance with the *Secretary of the Interior's Standards for Rehabilitation*. First published in the *Federal Register* in 1977, and revised in 1990, the *Secretary's Standards* are widely used in preservation programs at the federal, state, and local government levels.

Applicants seeking to utilize the preservation tax incentives work through their State Historic Preservation Office. In each state office, professional staff advise property owners and project architects how to qualify their projects for the tax credits by reviewing most projects prior to construction. States forward applications to the National Park Service with recommendations whether the projects meet the *Secretary's Standards*. Over 95% of the applicants receive National Park Service approval of their projects, although in over 30% of the cases, either the state or the National Park Service provide recommendations that are incorporated by the owner into their rehabilitation efforts.

Administration

Between 1977 and 1981, rehabilitation projects were reviewed by the Technical Preservation Services Division of the National Park Service. Located in Washington, DC, this office retained

overall administrative responsibility for the program in the years after 1981 when applications were reviewed first in seven and later in five of the regional offices of the National Park Service. With increased staffing and closer proximity to states and rehabilitation activity, the regional offices were in a better position to respond to the dramatic increase in workload that occurred between 1981 and 1986.

Throughout the 20-year-history of the program, the National Park Service has placed a major emphasis on education and training programs for individuals involved in rehabilitations of historic properties. The Technical Preservation Service's nationally-acclaimed publication series has been specially geared to the rehabilitation practitioner, providing guidance and practical methods for successfully preserving historic features, materials, and spaces as well as offering sound planning approaches and design solutions to problematic issues.

The benefits of the training and publication programs have enabled the National Park Service to implement the recent recentralization of the project review activity back into Technical Preservation Services (TPS). Now part of the Heritage Preservation Services Program and located in the National Center for Cultural Resource Stewardship and Partnership Programs in Washington, DC, TPS is nearing completion of the recentralization of the certification program. This effort is being undertaken in the midst of a reduction in the National Center staffing level. Maintaining service while reducing program staff is usually difficult to achieve. However, by drawing upon the achievements of the program, including its training and publication activities, and with the cooperation of the experienced State Historic Preservation Offices, the goals of recentralization and downsizing are being achieved.

To ensure the effective administration of the program into the next century, a number of new measures are being taken over the next several years. This summer, TPS will offer online, through the National Park Service's homepage, a weekly status report on a taxpayer's certification application, which will be accessible to individual taxpayers and State Historic Preservation Offices. This past winter, a completely revised and updated booklet, *Preservation Tax Incentives*, was published, which provides easier to understand information about the tax credits and how to apply for them. To improve communications with State Historic Preservation Office staff, a regular newsletter was launched this spring. TPS also will renew emphasis on public outreach in encouraging the use of the Preservation Tax Incentives program.

Rehabilitation and the Secretary's Standards

The investment tax credit for real estate passed in 1981 and modified in 1986 was designed to promote the rehabilitation and productive use of older buildings. Specified wall tests and other requirements set forth by the Treasury Department in defining rehabilitation expenditures meant that substantial changes to existing buildings, such as extensive demolition and major structural alterations and new additions, would not qualify either for the 20% tax credit or the 10% credit available for certain non-historic buildings built before 1939.

While the Treasury Department and the National Park Service have worked closely together over the years to insure the successful use of the Preservation Tax Incentives, the principle of rehabilitation has meant that some historic preservation solutions do not qualify, particularly where only a portion of a historic building can be saved. In the preponderance of cases, however, "rehabilitation" as set forth by the Treasury Department and its Internal Revenue Service and the *Secretary of the Interior's Standards for Rehabilitation*, as issued and applied by the National Park Service, have complemented each other in encouraging the sensitive rehabilitation of historic buildings.

At the inception of the Preservation Tax Incentives program, most regulatory bodies involved in promoting historic preservation confined their review to the exteriors of buildings where those facades were prominently visible to the public view. This meant that the interiors of historic buildings in private ownership, whether richly detailed or not and no matter what historic event may have taken place inside, were largely unprotected from insensitive alteration or demolition. With the preservation tax incentives, a major inducement was made available for the first time to encourage the sensitive rehabilitation of the entire historic resource. Because the *Secretary's Standards* were designed to address the historic character of the entire building—not just a facade—this meant that work involving the interior as well as the exterior of a historic building was subject to review in cases where owners were seeking a federal tax credit for rehabilitation. Thus, in the early days of the program, before the New York City Landmarks Commission had any review jurisdiction over the magnificent lobby of the Chrysler Building (a National Historic Landmark), the building owners worked with the New York State Historic Preservation Office and the National Park Service and modified their plans for significant alterations to the lobby in order to qualify for the federal tax credits.

As an integral part of the National Park Service's certification program for tax credits, the

Secretary of the Interior's Standards for Rehabilitation and accompanying *Guidelines* for applying the *Standards* have become the single most used document on appropriate preservation design and practice. For a project to qualify as a "certified rehabilitation," it must meet all 10 Standards.

Through the *Standards* and accompanying *Guidelines*, the National Park Service created a framework that encourages the rehabilitation and use of a historic property while providing for the preservation of its historic character. Twenty years and more than 25,000 projects later, the *Standards* have clearly stood the test of time. They have shown to be effective as both a rehabilitation and a preservation tool. The doubling last year of the number of affordable housing units created and approved as meeting the *Standards* for purposes of the preservation tax incentives nearly beat the record number set at the peak of the economic boom before the 1986 tax law changes. This is a clear indicator of how the *Standards* can be successfully applied to a wide range of projects.

The Preservation Tax Incentives program has been used by the National Park Service as a catalyst in promoting sound preservation practices by rehabilitation practitioners, while providing for economic revitalization of our older communities. In conjunction with the education and training programs and publications, the Preservation Tax

Incentives program, for example, quickly led to a significant reduction in the use of abrasive cleaning methods on historic masonry; brought about over the years major improvements in the quality of window work; and fostered a recognition of the importance of preserving buildings, features, and materials from our "recent past." From issues concerning lead paint, asbestos, and other health hazards to fire protection and compliance with new legislation affecting the built environment, such as the Americans with Disabilities Act, the Preservation Tax Incentives program brings about an awareness among rehabilitation practitioners as to how buildings can be upgraded and revitalized for new or continued uses without altering their historic character.

The past 20 years have witnessed major challenges to preserving neighborhoods, our quality of life, and our rich architectural heritage. The Preservation Tax Incentives program continues to be one of the most successful means to achieve these goals—a program that relies on federal tax incentives, public education, and a partnership with the states to encourage private investment in our future.

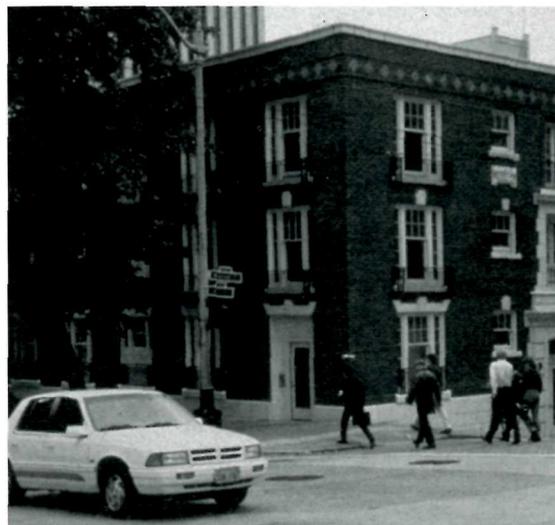
Charles E. Fisher is acting chief, Technical Preservation Services Branch, Heritage Preservation Services, NPS.

Brooks Prueher

Historic Buildings For Affordable Housing

Rehabilitation at the Pacific Hotel in Seattle, WA, included converting the first floor corner window into an accessible entrance. Photo courtesy Stickney & Murphy Architects.

Accommodating affordable housing in historic buildings is one of the great success stories of the Preservation Tax Incentives program. Many rehabilitation units are located in residential structures, such as historic apartment buildings and hotels. New housing units also have been carved out of deteriorated and vacant factories and commercial buildings. Developers in communities like Abilene, Seattle, and Atlanta are finding that affordable housing in historic buildings takes advantage of quality building stock and existing infrastructure, and successfully meets the housing needs that are concentrated in city centers. Since 1976, the Preservation Tax Incentives program has generated more than 148,430 units of rehabilitated and 73,390 new housing units. In



1996 alone, more than 5,537 units of rehabilitated and 6,008 new housing units were created. Because of this 20-year track record, the preservation tax incentives gained a reputation as one of the most successful urban reinvestment tools implemented by the federal government.

Affordable housing is an umbrella term for below-market-rate residences provided through multiple state and federal programs. Affordable

housing programs often address the special needs of populations such as the elderly, disabled, or battered women, and are primarily geared toward Americans who earn below-median-level incomes in their geographic area. One such program is the federal Low Income Housing Tax Credit (LIHTC) which can be coupled with the Historic Rehabilitation Tax Credit to provide financing for affordable housing in historic buildings.

While the preservation tax incentives date to the 1976 Tax Reform Act, the LIHTC was created by the Tax Reform Act of 1986 to focus affordable housing rental programs on low income households. Like the Historic Rehabilitation Tax Credit, the LIHTC inspired effective public/private partnerships to revitalize communities nationwide. Between 1987 and 1992, state housing authorities have allocated \$1.53 billion of tax credit to partially finance 558,615 housing units, of which 314,625 have been placed in service for low-income families.

The LIHTC and the Historic Rehabilitation Tax Credit are complements for project financing. The Historic Rehabilitation Tax Credit is an uncapped 20% tax credit based on qualified rehabilitation expenditures, claimable at the approval of rehabilitation plans meeting the *Secretary of the Interior's Standards for Historic Rehabilitation*. The LIHTC, on the other hand, offers the possibility of a 70% credit on qualified expenditures, but credit dollars are capped, competitively allocated by states, and distributed over a 10-year period. States have approximately \$1.25 per capita to allocate annually for LIHTC projects. Both credits enable project developers to raise equity by selling the tax credits to investors who become limited partners. The initial capital available through the Historic Rehabilitation Tax Credit and the extended nature of the LIHTC make an attractive financing combination for developers creating affordable housing in historic structures.

Although the financing of the two credits is complementary, the regulatory requirements of combined credits creates challenges for the architects and developers. Often insertion of an additional rentable unit to meet per-unit costs would

jeopardize a significant floor plan. Features such as bay windows and back stairs which distinguish historic buildings, require special calculations to survive the square footage allocation formulas designed for newly-

constructed affordable housing. State LIHTC allocation formulas often rely on the square footage as a determining factor in project efficiency, and are only slowly being adjusted to account for the public benefits of re-using historic buildings. Lead paint is often cited as a deterrent to rehabilitation, but encapsulation has been shown to be an effective mitigation technique for wood work and other character-defining elements on non-friction surfaces.

Building selection also plays a role in the success of combined credit projects. Historic hotels, schools and hospitals, apartment buildings, and some industrial buildings frequently match the requirements for rehabilitation for affordable housing. However, significant spaces must be retained, so the architectural program must address the new uses for large public areas, such as gymnasiums, auditoriums, and dining halls. Entrances and windows often define the character of historic buildings, so pathways and egress systems must be carefully modified, if at all. The good news is that both credits have flexibility to be combined well. The financial incentives are designed to entice developers to accomplish successful projects.

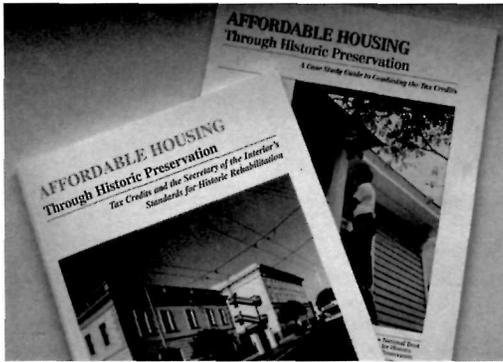
The Windsor Hotel in Abilene, Texas, is one example of the results achieved through the use of both tax credits. Constructed in 1927, the Windsor Hotel reflects the boom in the local economy generated by the expanding oil, cotton, and ranching businesses. Vacant in 1985, the Windsor Hotel attracted the interest of the National Development Council (NDC), a non-profit developer. Sensing the market for senior housing, the NDC designed a project that includes 80 senior apartments, convenient retail space, and restoration of the hotel lobby and second floor ballroom. The Windsor Hotel project was financed by a bank loan, a HUD Section 108 loan guarantee from the city, and the two tax credits.

The exterior of the Windsor Hotel as well as its major public spaces have been rehabilitated according to the *Secretary of the Interior's Standards for Rehabilitation*. Rehabilitation required the replacement of deteriorated marble in the lobby with stone from the quarry that provided the original material. The former 210 hotel rooms were converted into 80 apartments including efficiencies and three-bedroom units that are rented to seniors over 55 years of age who meet the local income requirements. Rehabilitation involved complying with Americans with Disabilities Act and other building code requirements. As completed, the Windsor provides a model urban alternative to new suburban senior housing.

In Seattle, Washington, the Pacific Hotel, formerly the Leamington Hotel and Apartments, is another excellent example of successful affordable

Rehabilitation of the shotgun houses in the Sweet Auburn Historic District of Atlanta, Georgia, created affordable housing. Photo courtesy Georgia Historic Preservation Division.





Two NPS reports describe projects that use both the rehabilitation and the low income housing tax credits. Photo courtesy National Park Service.

housing meeting the *Secretary of the Interior's Standards for Rehabilitation*. Architects WRB Willcox and Julian Everett designed the Leamington Hotel and Apartments in 1916. The three- and four-story L-shaped brick structures join to form

a U-plan around an interior courtyard. Previous owners modified the interiors, adding private baths in the hotel wing and modern kitchens and baths in the apartments. The brick exterior with wooden window and door trim remained in good condition, unaltered from the original design.

In 1994, the Plymouth Housing Group, one of Seattle's affordable housing non-profits, used the Historic Rehabilitation Tax Credit and the LIHTC to redevelop the vacant Pacific Hotel. Stickney & Murphy Architects, specialists in low-income housing and historic rehabilitation, designed plans to rehabilitate the building into 112 single resident occupancy (SRO) units and multi-room apartments. The architects responded to the challenge of accessibility on the steep site by converting one corner window into a doorway. The door opens to a new hallway of ramps leading to an existing elevator. The elevator provides access to the public spaces and to the apartments above. Stickney & Murphy Architects used their experience and worked with the Seattle Landmarks Preservation Board and the State Historic Preservation Officer to find solutions to meet the *Secretary's Standards*.

In Atlanta, Georgia, the Historic District Development Corporation (HDDC) rehabilitated shotgun houses in and around the Martin Luther King, Jr. Historic District. Shotgun houses consist of a simple chain of rooms with parallel doorways that allow a shot fired through the front door to pass through the back door unobstructed. The Atlanta Urban Design Commission carefully described the significant features of the shotgun house in the *MLK, Jr., Landmark Historic District Residential Design Guidelines*. The distinctive floor plan, gable front, front porch, wood siding, and open brick pier foundation characterize the modest housing type, and limit the rehabilitation changes to shotgun houses.

African-American landowners built the shotgun houses in the 1890s when the Sweet Auburn Historic District, a subset of the MLK Historic District, was a growing financial, cultural and professional center of Atlanta. The district prospered until the 1960s when wider opportunities drew population from Auburn Avenue. In 1990, the

HDDC incorporated to bring urban life back to the neighborhood. The HDDC partnered with a local bank, using the provisions of the Community Reinvestment Act to purchase and rehabilitate dilapidated historic structures and construct appropriate in-fill housing on vacant land.

Rehabilitation of two of the houses on Howell Street exemplifies the types of changes which revitalized the shotguns in the district for modern living. At 95 Howell Street, rehabilitation included restoring the alignment of the doors through the building. The kitchen and bathrooms were centralized in the second room. A half partition wall separates the kitchen space from the hall, yet maintains the open room plan characteristic of the shotgun. Additional closets and the back bedroom in the former kitchen made the house more suitable for modern living.

At 97 Powell Street, the kitchen and dining rooms were consolidated in the former dining space, leaving the back room of the house available for a second bedroom. The side porch enclosure provided space for a closet and the hot water heater. Double glass doors from the newly enclosed master bedroom retain the connection to the central path through the house.

The National Park Service issued two reports to facilitate the use of both the rehabilitation and the low income housing tax credits: *Affordable Housing Through Historic Preservation: A Case Study Guide to Combining the Tax Credits* and *Affordable Housing Through Historic Preservation: Tax Credits and the Secretary of the Interior's Standards for Historic Rehabilitation*. The reports examine innovative design strategies to overcome some of the challenges of conversions for affordable housing, and effective financing structures using the tax credits. In addition, the National Park Service is gathering information for a new set of *Interpreting the Standards*, which will address aspects of affordable housing and may lead to a conference on affordable housing in historic structures in the upcoming year.

Internal Revenue Service involvement in both the Rehabilitation Tax Credit and the Low Income Housing Tax Credit led to the establishment of a Low Income Housing and Rehabilitation Tax Credit Steering Committee to monitor the two programs. Consisting of representatives of the National Park Service, the U.S. Department of Housing and Urban Development, the National Council of State Housing Credit Agencies, the Rural Economic and Community Development Service of the U.S. Department of Agriculture, and the Internal Revenue Service, the steering committee works to coordinate effective use of the credits. The multi-agency committee represents a variety of public interests in the combined tax credit pro-

grams and works over myriad details to insure that practices reflect both the intent and letter of the tax credit law.

Historic structures will continue to be a home for affordable housing. In 1996, the Rehabilitation Tax Credits were part of the financing for the creation of 3,513 low and moderate income housing units. In the 20-year-history of the program, 33,011 low and moderate income units have been financed with the Rehabilitation Tax Credit. By

providing affordable housing in historic buildings, applicants are achieving a multiple public objectives in single projects. Combining the two tax credits will continue to be a challenging and rewarding public and private partnership.

Brooks Prueher, of the National Conference of State Historic Preservation Officers, is a planner with Technical Preservation Services, Heritage Preservation Services, NPS.

Sharon C. Park

Guidance for Incorporating Affordable Housing in Rehabilitated Historic Buildings

Historic preservation is a powerful tool in stabilizing urban communities. It can provide affordable housing as well as a tangible connection to a place in time. The sensitive re-use of aging housing or the transformation of abandoned or under-utilized historic buildings such as factories, hospitals, or schools can revitalize a neighborhood as well as strengthen the infrastructure of the city. With careful planning, early consultation with officials, and the use of federal historic preservation tax incentives and other financial incentives, historic rehabilitations make social and economic sense.

The guiding principles for undertaking housing development in historic properties using the Preservation Tax Incentives program are the *Secretary of the Interior's Standards for Rehabilitation*. These *Standards* were initially issued in 1976 to assist with the long-term preservation of properties listed on or eligible for the National Register of Historic Places when undergoing rehabilitation. The *Standards* are generally worded principles that pertain to all historic buildings, regardless of materials, style, or use. The main focus of the *Standards* is to preserve historic materials and historic character of properties, even though modifications are made to meet modern codes and a compatible new use.

In housing projects, these principles and guidelines permit the goals of historic preservation and affordable housing to be considered in a balance. The significance of the resource and its condition can be balanced against the spatial requirements of an owner to make the project viable. The types of "affordable" housing units and

their rents will vary widely across the country according to mean income. In many cases, where economic incentives are crucial to the project, additional funding from local, state, or other federal programs may be necessary to make a project feasible.

In order to qualify for federal Historic Rehabilitation Tax Credits, the proposed rehabilitation, both on the interior and exterior, must be reviewed by the State Historic Preservation Office and approved by the National Park Service. A 20% investment tax credit is allowed as an offset of federal taxes on income from the rehabilitated property for the owner or owners based on the cost of rehabilitation. For federally-funded affordable housing projects located in National Register historic districts not utilizing the Historic Rehabilitation Tax Credit, the project must still be reviewed by the State Historic Preservation Office for conformance with the *Standards* and in some cases by the Advisory Council on Historic Preservation, which has its own guidelines for affordable housing.

The following text discusses the 10 "Standards for Rehabilitation" and then gives guidance specifically for housing use through the **recommended** and **not recommended** examples. This guidance is appropriate for any project incorporating housing within a variety of existing historic properties. In all cases, the potential of the historic resource must be fully understood in light of how much change the property can sustain before it no longer exhibits its own historic character. The historic building is not just a shell that receives a new use. It is a historic building being adapted to a new use, but still preserving its original character.

The Secretary of the Interior's Standards for Rehabilitation, as Applied to the Use of Housing

STANDARD 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.

A property that can accommodate the new use of housing should be selected. This may mean existing residential buildings in need of upgrading or subdividing or it may be non-residential buildings such as hospitals, schools, factories, or municipal buildings.

The division or insertion of units should respect the distinctive materials, features, spaces, and spatial relationships found within the historic building.

Recommended: Locate units appropriate to the natural division of spaces, such as in a residential dwelling, one unit per floor or units divided front and back.

Large open spaces, such as in industrial buildings, can often accept double-loaded corridors.

Recommended: Minimize changes in residential structures. Place entrance doors to units behind the first run of stairs on the first floor and beyond the top of the stairs on subsequent floors to keep distinctive staircases in public spaces.

Recommended: Re-use existing entrances whenever possible. For example, use the original front entrances for front and second floor units and use a rear entrance for a separate first floor apartment.

STANDARD 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.

The historic character of the building being rehabilitated must be maintained. If an industrial building is being converted into housing, then the rehabilitated building must retain its industrial character. Likewise, a converted school should still retain major elements of the school.

Distinctive features, spaces, or spatial relationships of the historic building must be retained. For schools, retain wide corridor systems, windows, wainscot paneling, and auditorium or gymnasiums. For hotels, retain the appearance of transomed doorways, double-loaded corridors, lobbies, and circulation systems.

Recommended: For industrial buildings, retain the post and beam construction, and exposed materials to the extent possible. Retain the industrial sash and upgrade it with storm windows and modify operable sash as necessary for egress, weight lift requirements, or sound attenuation.

Recommended: For school conversions, to the extent possible, integrate new units into the large classrooms,

retaining wainscot trim, large windows, and decorative features such as stamped metal ceilings. Retain large corridors for a significant portion of the first floor or other public spaces.

Recommended: For large residences that are being subdivided, retain those public spaces, such as front entrances, stairs, parlors, and large front rooms that characterize a residential property.

Not Recommended: Blocking down openings to make the windows more in keeping with a residentially scaled sash or encasing or boxing out distinctive structural features within wall partitions.

Not Recommended: Dropping ceilings across window openings or inserting floors which would be visible across window openings.

Not Recommended: Inserting a dividing wall in the front entrance hall with two entrance doors, which eliminates the main staircase from public view.

Not Recommended: Adding too many units to an attic, thereby requiring dormers on primary elevations.

STANDARD 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 historic properties, shall not be undertaken.

The history and appearance of the building that contribute to its significance must be appreciated. The project manager must understand when alterations, such as porches, wings, or dormers were made and whether or not they have significance, both on the exterior and interior.

Recommended: Retain industrial elements that remain in a building or exposed elements, such as interior brick or concrete walls if they were part of the historic use.

Not recommended: Adding architectural detail to buildings, such as Victorian bric-a-brac, turned columns, or architectural trim to enhance a plain building.

Not recommended: Adding cupolas, historicized towers, interior wooden trim, mantels, and elegant lighting fixtures of a period design to create a residential feeling that never existed in this building historically.

Not recommended: Completing the design of a building that has come down through history in its present form. For example, buildings originally designed with more stories, should not have those floors added as part of a rehabilitation. The historic resource should be recognized as significant for its appearance at the time of listing on the National Register of Historic Places.

STANDARD 4. *Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.*

Over time, buildings will be changed and any change over 50 years of age may be significant in its own right and should be evaluated for retention. For example, a 19th-century commercial building may have had large storefronts added in the mid-20th century. During a rehabilitation of this property for a new use, such as housing, it is important to consider retention of these later features, unless they are in seriously deteriorated condition or were installed in a way that altered earlier craftsmanship that can be restored.

Recommended: Retain large storefronts and modify interior spaces to use large windows with shades, draperies, or other reversible treatments that do not alter the historic character of the resource.

Recommended: Retain existing materials as they have evolved over time. If materials, such as asbestos shingle siding, are in good condition and well maintained, then retain and re-use them. This often substantially reduces the cost of rehabilitation and reflects the changes to the property over time.

STANDARD 5. *Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.*

Certain features are distinctive to a building including roofs, decorative finish materials, and structural systems which should be preserved as part of a rehabilitation. They should not be covered over or removed if they can be saved. This is particularly true of commercial buildings which had specific finish materials and craftsmanship, such as tin ceilings, beaded paneling, and transomed doorways, or department stores that had elegant entrances with decorative plaster and marble finishes.

Recommended: Retain tin ceilings, wainscoting, and trim in school buildings whenever possible.

Recommended: Retain distinctive roof forms, particularly on visible elevations, and limit changes, such as the addition of dormers or flat skylights to the non-significant portions of the roof.

Recommended: Retain decorative flooring, wall finishes, lighting fixtures and elevator surrounds when upgrading lobby areas and installing new elevator cabs.

Not Recommended: Changing building materials that are distinctive to a property. For example, do not add tin roofing in areas that traditionally had wooden or composite shingles. Do not add artificial siding to buildings that are wood sided.

STANDARD 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.*

The condition of a feature must be evaluated before a decision to replace it is made. The condition and integrity of materials will require differing approaches. Highly stylized and intact buildings can retain a higher percentage of historic materials. Buildings left to the weather with leaking roofs and broken windows may need substantial new materials. There are also existing codes which may require the removal of certain hazardous materials, such as lead-based paint on friction and chewable surfaces in housing for young children.

Not Recommended: Using new windows that use applied grids or sandwich muntins to replicate historic sash.

Recommended: Repair deteriorated plaster with new plaster infill. It is possible to use drywall for large areas of deterioration, such as ceilings, but decorative plaster moldings and wooden trim around window and door openings should remain with sufficient definition as applied to the wall.

STANDARD 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.*

Cleaning buildings to make them more appealing can cause damage if done in an over-aggressive manner. Many buildings can be dramatically improved with simple water washing with low pressure. High pressure washing can force water into fine joints and can saturate the inner walls of a structure. Inappropriate or harsh chemicals can radically change the color of masonry, can bring out minerals that further stain the building, or can erode aging materials.

Recommended: Insist that a cleaning contractor have experience in cleaning historic materials and undertake a test patch of at least 12" x 12" in a discreet location.

Recommended: Clean building with a gentle method with selective spot cleaning at areas of serious stains.

Not recommended: Using any abrasives or laser cleaning, even gentle abrasives such as baking soda or synthetics, without the specific documentation and testing that verifies that this is necessary for the removal of elements that are deteriorating the building. In most cases, these treatments, even though promoted as gentle, can do damage to finishes. The same level of

cleaning can often be achieved with a non-abrasive method.

STANDARD 8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

Rarely will projects disturb archeological evidence, unless extensive construction is planned for the site. Most small additions or modifications will be in areas of disturbed soil. If, however, foundations or other archeological elements are part of a site, they should be protected.

Recommended: Minimize disturbance of terrain around buildings or elsewhere on the site, thus reducing the possibility of destroying or damaging important archeological features.

Recommended: Provide proper drainage on a site when exposed ruins are present to avoid eroding remaining foundation walls. Investigate techniques for protecting stabilized ruins from vandalism or erosion.

STANDARD 9. New additions, exterior alterations, or related new construction shall not destroy historic materials, features, and spatial relationships that characterize a 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.

It often is necessary to increase the square footage of a property to obtain additional living units or code-required egress. It is important not to lose the appearance of the historic building as a result of new construction. There are specific IRS guidelines about retention of exterior walls and interior structural systems, in part, to keep historic buildings visible and not surrounded by new construction. While the cost of construction outside of the historic building are generally not eligible costs for inclusion in the Historic Rehabilitation Tax Credit, the new work must still be reviewed for compatibility with the historic resource.

Recommended: Consider designing new additions with a connector to the historic building so that it is clearly differentiated from the historic buildings and in scale with the historic building.

Not Recommended: Constructing new rooftop additions to add rentable square footage to buildings that are highly visible from the public right of way. While it may be possible to add a setback addition to at least a 3-story building in a dense urban environment, it is almost impossible to add a rooftop addition of any size to a shorter building or one that can be seen from quite a distance. The change in size and proportion of the historic resource itself by increasing its height greatly alters the historic character of the building.

Recommended: Construct stair towers, elevator towers, or new connectors on less visible elevations of a building and keep as low a profile as possible against the existing roof.

Not Recommended: Connecting single buildings in a district one to another. For example, single family houses should not be connected to adjacent properties as this will change the scale and proportion of the district. Whenever critical for the viability of an affordable housing project, additions should be minimal, set back, of a low profile, and retain the integrity of the original housing type.

STANDARD 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.

The intent of this standard is to ensure that if a compatible new addition were removed in the future, then the essential integrity of the resource could be recaptured. Historic materials must be protected and a clean connection made in order to avoid removing large sections of walls for new construction.

Recommended: Construct new service additions for elevators or new services, such as bathrooms, as a compatibly-scaled addition if this will preserve more of the original building interior without substantive alterations.

Not Recommended: Removing significant features, such as large monumental steps, in order to place new wheelchair accessible ramps for entrances to buildings.

Recommended: Add new entrances for persons with disabilities that do not alter significant character-defining features to buildings. New entrance locations for housing residents can be provided in conjunction with driveways and designated parking areas.

Sharon C. Park, FAIA, is Senior Architect, Heritage Preservation Services, NPS.

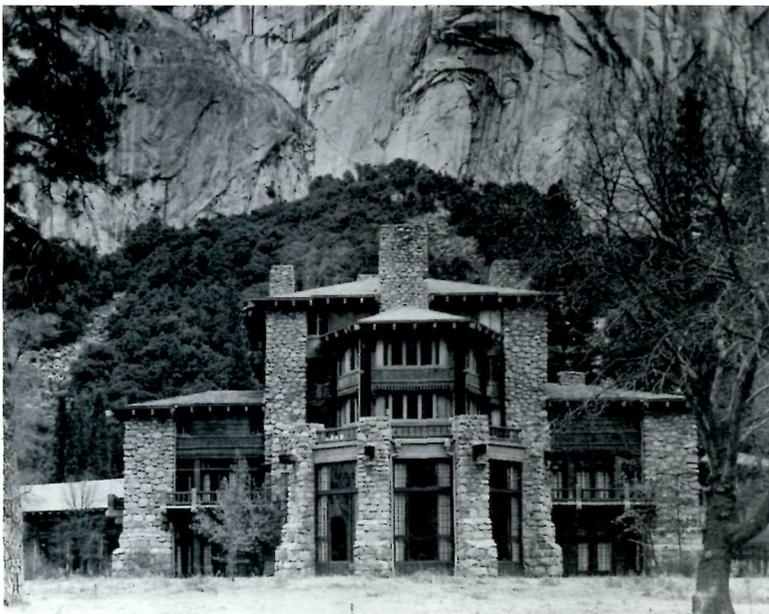
Guy Lapsley

Tax Projects and the National Parks

Preservation tax incentives projects have been undertaken in and around national parks from the early years of the program. The use of preservation tax incentives has helped rehabilitate many historic properties connected with the parks which might otherwise have remained vacant or suffered further deterioration.

- At Yosemite National Park, the Ahwahnee Hotel underwent exterior refurbishing and Best's Studio, where photographer Ansel Adams worked throughout most of his career, was extensively rehabilitated using the Rehabilitation Tax Credits.
- At Boston National Historical Park, over 20 buildings in the original Charlestown Naval Shipyard adjacent to the park have been renovated for private use using the Rehabilitation Tax Credits in a long-term project to redevelop the facility, which closed in 1974, while maintaining the integrity of historic shipyard buildings.
- At Valley Forge National Historical Park, Rehabilitation Tax Credits were used to rehabilitate the Kennedy-Suplee Mansion, a later Victorian residence within the park boundaries, for use as a restaurant.
- At Hot Springs National Park, a number of buildings in the Hot Springs Central Avenue Historic District—a commercial corridor adja-

The use of the Rehabilitation Tax Credits to rehabilitate the historic Ahwahnee Hotel at Yosemite National Park helped maintain an important visitor facility and historic property in the park. Photo courtesy National Park Service.



cent to the park, which developed to serve visitors to the springs—have been rehabilitated using Rehabilitation Tax Credits, helping to maintain the historic integrity of this important border area to the park.

In these and many other tax credit projects, park-related resources have been preserved and maintained in their historic use or given new uses that will allow them to continue to function to the benefit of the parks. It is estimated that over \$200 million has been spent on rehabilitation using tax credits as an incentive in and around the parks.

Projects such as these can benefit parks in a number of ways. If the historic resources are related to a park's mission, the impact of preservation is clear and direct. For those resources which are an integral part of the park, but not directly related to the park's goals, preservation can still be critical to providing visitor services, as is the case at Yosemite. Projects that are outside park boundaries, but adjacent to the park, will still have an impact by helping to preserve the environment around the park and by providing visitor services as well.

Making a project work in a park can present a unique challenge to both park cultural resources management and to the tax incentives program. A number of privately-owned historic properties within park boundaries have been rehabilitated using tax credits, but there are many federally-owned properties which are potential candidates for the program as well. Since the tax credits are available to private investors only, some of these historic federally-owned properties have been leased to private developers, who then have used the credits to help finance a rehabilitation project through a program authorized by Section 111 of the National Historic Preservation Act. While the leasing situations can sometimes be complex, this program has extended the life of a number of historic park buildings, rescuing them from decay or destruction in some cases and maintaining their potential to contribute to the park environment and operations.

The following examples will give some idea of the variety of ways tax credits have been used to preserve historic resources that have an impact on national parks. Two in particular show how tax credits can be used as part of an overall redevelopment plan, preserving park-related resources within the context of a park's mission and goals.

Lowell, Massachusetts, grew over its history from a small agrarian village to one of the most important centers of the textile industry in this country. Despite the decline of that industry in the area in the 20th century, many of the buildings and much of the infrastructure that contributed to Lowell's history remained until their historical

importance began to be recognized in more recent years. In 1975, Congress created the Lowell Historic Canal District Commission and charged it with preparing a plan to guide future preservation efforts in the city. Two years later, the Commission produced a report which recommended the creation of a Lowell National Cultural Park as a joint undertaking between the National Park Service and the Massachusetts Department of Environmental Management, "to preserve Lowell's historical and cultural resources and to interpret the city's special role in the American Industrial Revolution." This arrangement, unique in the national park system at the time, encouraged cooperative undertakings at the local, state, and national level to identify and preserve Lowell's nationally-significant resources in a comprehensive manner.

The tax incentives program fit into this framework as one of a number of tools, including grants, loans, easements, and technical assistance, which were advocated by the Commission's Preservation Plan for Lowell to facilitate preservation and rehabilitation efforts. Tax credits have been used over the years in two major private rehabilitation projects in the park, at Boott Mills and Wannalancit Mills (formerly the Suffolk Manufacturing Company), and in several smaller projects, including the Bon Marche building and Old City Hall within the park boundaries and the Lincoln, Nesmith, and Derby Electric buildings in the preservation district adjacent to the park. Use of the tax credit program in these projects reinforced the standards for preservation set out in the Commission report by invoking adherence to the *Secretary's Standards for Rehabilitation* as part of the renovation process, assuring that the mill complexes and other buildings would be preserved in a state as close to the original as was practically possible. Preserving these buildings through tax credit-based rehabilitations created an opportunity at that time to revive the local economy by taking advantage of the historic character of the town as a basis for drawing tourists to the area and moving the area to a more service-based economy.

A current redevelopment project can be found at the Presidio in San Francisco, where tax credits are an integral part of an innovative plan to rehabilitate several buildings in the historic Letterman Hospital complex and generate income for their maintenance. The original Letterman Hospital was built between 1899 and 1902 in the aftermath of the Spanish-American War, when the need for a permanent Army hospital on the West Coast became evident. It was added to over the years into the 1930s, creating a campus arrangement around a grass courtyard, with covered galleries connecting individual pavilions around the

central area to allow ease of movement and access to fresh air and light for patients. The complex served soldiers' needs through both World Wars and the Korean and Vietnam wars as well as in times of peace, quickly gaining a reputation for quality medical care.

By the 1970s, however, the original buildings were falling into disuse. A number of buildings, largely on the western side of the complex, were demolished to allow for new construction, and the remaining buildings were leased as office space, leaving their future uncertain. On October 1, 1994, the entire Presidio, a former U.S. Army base, became part of the Golden Gate National Recreation Area as a result of the Base Realignment and Closure Act of 1993. By that time, the National Park Service was finalizing a long-term lease of the Letterman buildings with the Tides Foundation, which serves as an umbrella organization for a number of environmentally-oriented groups.

The Tides Foundation used tax credits to rehabilitate the Administration Building and three former hospital ward buildings to house offices, classrooms, and public exhibit space to create the Thoreau Center for Sustainability, dedicated to collaborative efforts between the public and its participating organizations in fostering greater awareness of environmental issues. By bringing in this group of self-sustaining organizations to lease the space, the National Park Service was able to meet its goals of preserving and maintaining contributing elements of the Presidio (a National Historic Landmark), generating long-term revenues, and using the space in a manner compatible with its history. A second phase will continue this work, rehabilitating several other buildings in the hospital complex and bringing more organizations together under the Tides Foundation's coordination.

Besides preserving buildings that help define the character of a park, the tax credit program has been used to maintain buildings that are also central to park operations. Grand Canyon National Park provides an instance in which tax credits were used to take advantage of circumstances particular to the park's history and rehabilitate a number of buildings that historically have provided visitor services. The history of tourism at the Grand Canyon is closely connected to the Fred Harvey Company, which developed traveler accommodations for the Atcheson, Topeka & Santa Fe Railway along its routes and which maintained a presence on the South Rim from the arrival of the railroad there in 1901, well before the establishment of the park itself in 1919.

Many of the buildings in Grand Canyon Village on the South Rim were originally built by

the company for visitor accommodations or for support of company operations there, including the El Tovar Hotel, built in 1904–1905, and the Bright Angel Lodge and Cabins, built between 1933 and 1936. The company has owned and operated these properties up to the present, and in the 1980s, it sought to rehabilitate the buildings under the tax credit program, gaining certification of the El Tovar Hotel in 1983 and the Bright Angel Lodge in 1990.

Another commercial operation on the South Rim predating the park's existence, Verkamp's Store, was built in 1905 and has remained under the same family's ownership to the present, specializing in sales of Indian arts and crafts to visitors. It also underwent rehabilitation in the 1980s, gaining a tax credit certification in 1984. All of these properties have been an important part of the park's history and visitor operations and their rehabilitation has allowed them to continue to function in that role.

Tax credit projects have frequently been undertaken as well in areas bordering National Park Service properties. As has been noted, these projects can have an impact on park visitation and operations, either by helping to preserve the environment in which the park is located or helping to draw in and serve visitors through commercial activities in newly-renovated structures. At Independence National Historical Park, four buildings in and around the park have been rehabilitated using tax credits.

Within the park on its eastern edge, the Thomas Bond house was built in 1769 as a residence for a prominent Philadelphia doctor. While its architectural and historical significance contribute to the history of the Old City Historic District, in which it is also located, it is not a primary element in interpreting the park's history, and for that reason the park decided to lease the building to maintain it. A proposal by Thomas Bond Associates, Ltd., to turn the building into a bed and breakfast was accepted, and a rehabilitation using tax credits was completed in 1988. It is

now one of the only 18th-century buildings remaining in that section of the park.

Directly adjacent to the park, three landmark buildings have also been rehabilitated under the program. One block north of the Bond house, facing the park on Chestnut Street, the Elliott Building was also reno-

vated for use as a bed and breakfast, the Independence Park Inn. Built in 1856 by Joseph C. Hoxie for merchant Jacob S. Elliott, the building is a standout example of commercial Italianate architecture in the area. It is also one of the few surviving examples of Hoxie's commercial work in Philadelphia and stands in an intact row of 13 mid-19th-century commercial structures.

Four blocks to the west, facing both Washington and Independence squares and just southwest of Independence Hall, the imposing Curtis Building, built between 1911 and 1914 with two upper floors added in 1921, was renovated to provide roughly 750,000 square feet of prime office space, one of the largest projects in the history of the tax credit program. For over 50 years the Classical Revival building housed the Curtis Publishing Company, which produced the *Saturday Evening Post*, *Ladies Home Journal*, and *Country Gentleman*, among many other titles, and serves today as an anchor to the East Center City Commercial Historic District.

Northeast of Independence Hall, on the east border of Independence Mall, the Philadelphia Bourse building was renovated in the early years of the program for use as a shopping mall with office space on the upper floors, designed to serve park visitors as well as local residents, office workers in the area, and shoppers around the region. Built between 1893 and 1895 as the city's stock exchange, it served in that capacity until the Depression, remaining vacant for many years afterward until rehabilitation began in the late 1970s. All three buildings are important features of the urban environment surrounding Independence National Historical Park, and their preservation and maintenance continue to help stabilize the park's border areas.

These are just a few examples of the ways the Preservation Tax Incentives program has been used to preserve and maintain park-related historic properties. From large-scale, long-term projects to small individual buildings, in and around urban historical parks as well as in scenic rural parks, tax projects have succeeded in a variety of settings and situations. The buildings have been preserved, helping to maintain the historic settings in which they are located and allowing them to continue to contribute to the parks to which they are connected. They also serve as guides and examples for what can be achieved in similar projects, and the potential is great for more park-related projects in the future.

Guy Lapsley is an architectural historian with the Technical Services Branch, Heritage Preservation Services, NPS.

The Letterman Hospital Administration Building at the Presidio, San Francisco, is being rehabilitated for the Thoreau Center for Sustainability, using the Rehabilitation Tax Credits. Photo courtesy Richard Barnes.



Antoinette J. Lee

Revitalizing the Nation's Main Streets

The historic commercial streets of our nation's cities and towns hold a special place in our collective psyche. This is the stage setting where much of the drama of the American experience was played out. At their origins in the early-19th century, commercial centers emerged from the natural removal of business functions from residential uses as early settlements coalesced into cities and towns. The emerging role of these centers was expressed in distinctively commercial architecture and reinforced by transportation routes and hubs. Their imagery became solidified by the mid-20th century, just as the forces of out-migration precipitated by the automobile, suburbanization, shopping malls, box stores, and sprawl weakened them and caused them to struggle to maintain their unity of purpose and appearance.

Preserving the Main Streets of America is one of the most successful activities of the historic preservation movement in recent decades. In 1977, the National Trust for Historic Preservation launched its demonstration Main Street Project. Today, 20 years later, the National Trust's National Main Street Center provides services to over 1,100 towns and cities in 40 states and Puerto Rico. Similar programs have taken root abroad. The Main Street lessons have spun off into many other communities as well, whether or not they are part of a formal Main Street program.

The National Park Service historic preservation programs carried out in partnership with

states, federal agencies, American Indian tribes, and local governments—including the National Register of Historic Places and the historic Preservation Tax Incentives program—are key tools that support Main Street efforts. These tools are part of the larger toolbox of financial incentives, formal recognition and designation programs, and technical assistance that serve thousands of communities nationwide.

Since their establishment in 1976, the preservation tax incentives have spurred the rehabilitation of thousands of commercial buildings along the nation's main streets. Often, commercial uses are retained in shops and restaurants that serve a specific consumer niche. In other instances, the buildings are converted into new uses, such as offices, residential use, and civic purposes. Despite the changed function of main streets, their essential coherence can be preserved and they can continue to serve as common ground in communities.

The National Main Street Center's success is based on a "common sense approach to downtown revitalization" in small towns and large cities. The four point approach includes organization, design, promotion, and economic restructuring. The NPS Preservation Tax Incentives program contributes to all four approaches because it offers economic incentives; provides for the property to meet continuing or changed uses; and ensures the protection of a building's historical, cultural, and architectural values. The preservation of main street is dependent on the rehabilitation and re-use of key community landmarks, such as schools, hotels, corner banks, and courthouses. It also relies on the preservation and sensitive infill of whole streets of buildings and structures that define the central business district.

The former First National Bank in Horseheads, New York, is an example of the re-use of a key community landmark. Constructed in 1927, the bank building was designed in the Colonial Revival style and constructed of brick and stucco. It was included as a contributing resource to the Hanover Square Historic District in Horseheads, a village that typifies the many small canal towns settled in the Souther Tier of New York State during the late-18th and early-19th centuries. The Hanover Square Historic District is the commercial center of Horseheads. The bank building is situated on Hanover Square, a downtown crossroads that affords it a prominent location.

In the bank's interior, mezzanine areas flank the double-height banking room. The original vault was in place, as were the teller's counter and windows and historic office space. The Groff Partnership converted the building into law offices and rental commercial space. The project architect, John Lusk, transformed the building and retained

The former First National Bank in Horseheads, New York, was converted into law offices and commercial spaces using the historic preservation tax incentives. The re-use of the building returned a prominent downtown building to active use. Photo courtesy John Lusk.





In the conversion of the First National Bank in Horseheads, New York, to law offices, the original tellers' counters were retained and new offices created behind them. Photo courtesy John Lusk.

the major interior spaces by inserting partners' offices in the banking room and support spaces in other areas. The original tellers' counters were largely retained and new offices created behind them. The historic vault grilles were retained in place, and a new wall created behind them to establish secondary, smaller commercial spaces. The re-use of the building through the Rehabilitation Tax Credits returned a prominent downtown building to active use, helping to stabilize and reverse the appearance of a vacant downtown.

Retaining residential functions in commercial centers is a major objective of main street revitalization. Often, these functions are placed in former hotels or large department stores, which lend themselves to multi-family dwellings. In Hibbing, Minnesota, the Renaissance Revival style Androy Hotel is one such structure. Constructed in 1921, the hotel is the premier building in the community and serves as the architectural anchor of Hibbing's

The 1921 Androy Hotel, Hibbing, Minnesota, was converted into senior citizen housing and commercial space using the historic preservation tax incentives. Photo courtesy PM + A Ltd.



central business district. It was designed to serve the social and hostelry needs of a growing mining community. The hotel closed in 1977, was nominated individually to the National Register in 1986, and was slated for demolition.

Starting in 1993, the Androy Limited Partnership undertook the conversion of the hotel building into a residential apartment house for senior citizens and commercial space and used the Rehabilitation Tax Credits to make the project feasible. The firm of Paul Madsen, PM+A Ltd. of Minneapolis, Minnesota guided the conversion. The rehabilitation involved redesign of the interior floor plans on the second through fourth floors to accommodate apartments, restoration of the lobby and formal dining room, and provision of a new physical plant and systems. Today, the building again serves as a living community landmark. It has served as a catalyst in the rehabilitation of adjacent and nearby buildings in the Howard Street Historic District, the community's main street.

Located 30 miles northeast of Seattle, Washington, the town of Snohomish nominated its original community core to the National Register of Historic Places in 1974. Snohomish is significant for its role as opening the interior of the Pacific Northwest territory for settlement and commerce. Located within this older town center are several dozen buildings dating from 1890 to 1910. They are constructed of brick and wood and recall the timber mills that provided the major economic force to the town.

Within the registered district, several key commercial structures have been rehabilitated using the Rehabilitation Tax Credits starting in 1978 and continuing to today. These include the Northern Hotel Building, Nelson's Furniture Store, and the Pioneer Market building. Because of these projects and other community initiatives, Snohomish has remained virtually unchanged since the turn of the century, even as it has adapted to its role as a suburb of Seattle.

Beyond the simple figures of 25,000 projects nationwide since the late 1970s are the thousands of modest-sized commercial structures in communities nationwide. Many of these were vacant and situated in commercial areas that were bypassed by the interstate and strip malls. The Preservation Tax Incentives program offers the best hope for re-using these buildings and bringing economic activity back to traditional main streets. The revitalized main streets of America can again serve as cohesive forces in binding individuals and families into communities.

Antoinette J. Lee is acting chief, Preservation Initiatives Branch, Heritage Preservation Services, NPS.

Michael F. Crowe

Turning White Elephants Into White Knights

Very often, abandoned large historic buildings are seen as a blight in the community. Vacant, boarded-up, or otherwise presenting a derelict presence in a neighborhood, they often become prime candidates for demolition. This self-defeating action is sometimes viewed as the catalyst to bring revitalization. Such thinking belies the fact that such resources, adaptively reused and sensitively treated through the federal historic Preservation Tax Incentives program, can have the opposite effect on a neighborhood.

Developers, owners, financial institutions, and neighborhood groups are sometimes unaware of the existence of the Preservation Tax Incentives program, how it works, and the procedures for applying for the credits. Demolition, then, may appear to be the only solution to them. The tax credits can often be the "sweetener" in the deal that makes the project pencil-out and become economically feasible.

The most difficult problem is finding a new use for these buildings. The first of the *Secretary's Standards* states that a new use should require minimal change to the defining characteristics of the building. Identifying those features is the first step in determining what kind of activity can cause the least amount of change. Adapting a large house to small offices, such as for lawyers or designers, can provide agreeable results because there is a strong compatibility in the activities. However, larger buildings such as schools, lodges, train stations, or factories can present considerable challenges.

A brief consideration of recent tax projects in some western states demonstrates clearly that larger buildings can often return to life and in the process, allow the community to enjoy a historic resource as a continuing presence in a neighborhood.

The former Main Public Library occupies a unique site at the edge of downtown Spokane, Washington in the Riverside Avenue Historic District. Because of the confluence of several streets, it is the single occupant of an unusually shaped lot, giving it a marked visual presence in the community. In 1962, the building changed use from a library and became the Intercollegiate School of Nursing through the late 1970s, when the school closed. Despite its prominent location, it remained a tarnished presence until 1992, when a local architectural firm saw the building's potential and submitted plans for the adaptive re-use as its offices.

The library building is part of a thematic district of Carnegie libraries in the State of Washington. It was built in 1904 from the designs of the local firm of Preusse and Zittel. The building is a good example of the Classic Revival Style, popularized by the 1893 World's Columbian Exposition held in Chicago. The grey brick building is most notable for its imposing two-story pedimented porch with terra cotta Corinthian columns, large windows, and central two-story skylit atrium. Large reading rooms with decorative brick fireplaces and wide-arched openings flank the atrium space on the first floor. There were other notable details on the interior including a patterned tile floor, finely detailed metal stair railings, and two tiers of free-standing Tuscan columns supporting the second floor walkway and skylight.

There were obstacles to the change which needed to be solved to accommodate the new use. The large open spaces of the reading rooms with wide arched openings, combined with smaller back-office administrative spaces offered a challenge for any adaptive re-use.

Some changes had occurred when the building was used as a nursing school, but most of the interior was intact, if a bit deteriorated. And lastly, the building was not accessible.

A local architectural firm selected the building because of its prominent central location and the support from the community for its preservation. The large reading rooms were ideal for the large open spaces needed for drafting and designing. Clear glazing was added in the arched

The former Spokane Main Public Library, Spokane, Washington, was rehabilitated into the Integrus Architectural offices. Photo courtesy NPS.



The former Lipman Wolfe and Company building, Portland, Oregon, is now the Kimco Company's 5th Avenue Suites Hotel. Photo courtesy Heritage Investment Company.



openings to provide open office areas shielded from the atrium entrance noises. There was still a need for smaller offices for the principals in the firm. These were inserted at one end of the reading room opposite the fireplace. Less than full height partitions allowed the sense of space to be retained while providing the sound privacy needed. The smaller back-office areas, with minor alterations, were able to be adapted for additional private offices. The architects also took great care to minimize the impact of installing new HVAC by concealing it, particularly in the former reading rooms and other public spaces.

Disabled access was provided at a near-grade entrance immediately adjacent to the parking lot. Because of its proximity to the parking lot, this entrance is the preferred entrance. With grading, removal of a few steps, retention and repair of a stone retaining wall, the entrance could accommodate wheelchair access. This entrance also provided access to an existing elevator which was upgraded and now provides access to all floors.

The library building has been returned to service. Two other buildings across the street have also been rehabilitated since this project was completed. One of the buildings is an apartment building, the other a commercial building. Both were rehabilitated using the tax credits. This "spillover" effect of one rehabilitation project is often the result of such projects so that this modest Spokane neighborhood is coming back to life.

In Portland, Oregon, the Lipman Wolfe and Company Department Store building had been a white elephant in the downtown since 1980 when the company ceased operations. Its 10-story classically-detailed white terra cotta exterior is most notable but its re-use was uncertain. The building is individually listed in the National Register for the significance of its association with the Lipman

Wolfe and Company and its original owner, Adolphe Wolfe. Wolfe was important in the development of retailing in Portland's commercial history. It is also significant for its architecture as an example of the work of the Portland firm of Doyle and Patterson.

Constructed in 1910, the exterior was relatively intact, although the original decorative marquees had been lost in previous alterations. Some of the large showcase windows had been reduced in size and others, on the second floor, completely infilled. Some of the terra cotta lion head

bosses had been lost from the cornice and other areas had damage. The Chicago-style windows, edged with spiral moldings and paneled spandrels, were in fairly good shape. Wreaths, egg and dart moldings, water leaf moldings, and meander frets enriched the monochromatic color scheme. Insensitive first floor canopies hid other details.

On the interior, the building had been repeatedly remodeled so that little historic fabric remained. First floor columns with very simple plaster capitals and a staircase with decorative metal railings and marble wainscot were the only remaining features of any significance. The upper floors were devoid of character-defining features often associated with department stores, such as restaurants, meeting rooms, and offices.

For these reasons, the adaptive re-use for hotel, restaurant, and commercial use did not present such formidable problems to the new owner, a San Francisco-based hotel chain, which acquired the building in 1995. First floor commercial uses could be easily established with new entries and reopening of the partially blocked windows. Other exterior work included the restoration of the missing terra cotta decorative details such as the lions heads. Two new canopies to mark the new hotel and restaurant uses were added along with signage to mark the commercial shops.

Because of the large, relatively unobstructed floor plate configuration, the insertion of hotel room suites could be accomplished without impacting historic features. Room suites were placed along the three sides of the building with windows. The large windows were ideal in creating the rooms because of the commanding views of downtown Portland. Meeting and conference rooms were placed in the center core of the plate. Emergency exit stairs, elevators, and other services not requiring natural light and ventilation were

The former Swedish Evangelical Mission Covenant Church, Portland, Oregon, was transformed into the Mission Theater and Pub. Photo courtesy Heritage Investment Company.



located along the blank wall abutting an adjacent building. The hotel entrance and lobby were also placed along this wall on the first floor and tie into the original underground parking access.

One of the constraints was aligning the new walls of the rooms with the window configuration. All walls were able to be placed against vertical dividers or recessed away from the vertical muntins to minimize any visual impact. The project, which was just recently completed, has returned a major building in the heart of a thriving downtown to a viable new use.

In another section of Portland, a former church, the Swedish Evangelical Mission Covenant Church, presented another kind of preservation problem for the community. The con-

gregation had departed the church in 1953. The building was then used by the Longshoremen's Union beginning in 1954. The building sat vacant for some time until 1987 when the new owner found that the community could support a live entertainment venue.

The building is individually listed in the National Register for its association and importance to the large Swedish community in Portland, which was 2% of the total population in 1920. This rise in the immigrant Swedish population had prompted the move of the congregation from two previous sites until 1912 when the church was built. Its proximity to the Nob Hill residential district was attributed to the

need to be supportive of the numerous single women who attended the church. They walked or took public transport to the church from their jobs as maids and governesses in the nearby residential neighborhood.

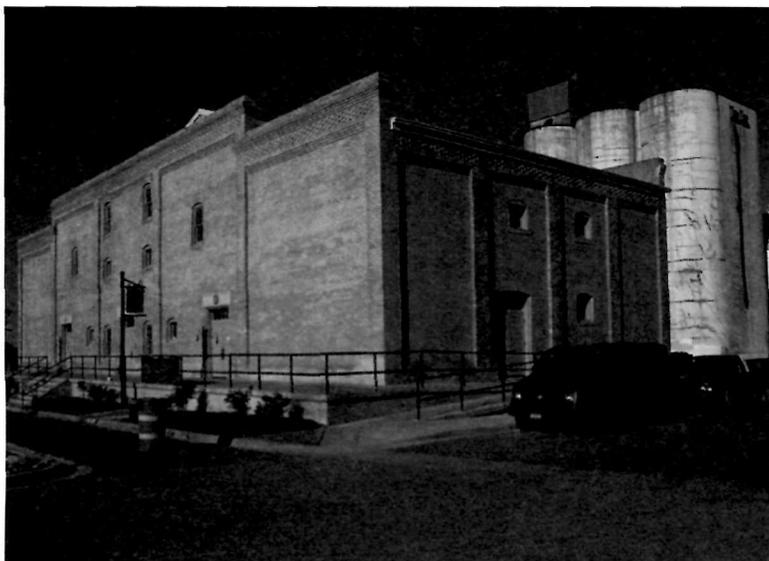
Although the designer is unknown, the two-and-a-half-story red brick building has minimal architectural features suggesting an ecclesiastical use. It has a very solid appearance, possibly due to the congregation's thinking that it could eventually be sold as a warehouse should such a need arise in the future. The main entrance is marked by a raked machicolated pediment. On the west elevation, simple pilaster strips separate three segmental brick wall arches which enframe two tiers of windows. The other elevations are minimally detailed. The Union had removed the crosses from the parapets when it used the building.

The two-story interior is also simply detailed and had been modified when used by the Union. At that time, the first floor pews were removed and the wood floor was surfaced with linoleum tile. However, the balcony with its decorative fascia apron remained as did some of the theater style seats.

The rehabilitation work entailed the repainting and repair of the windows and doors, adding an entrance canopy, and signage. The single panel metal entry doors were replaced with paneled wood doors similar to those on

The interior of the former Swedish Evangelical Mission Covenant Church, Portland, Oregon, now the Mission Theater and Pub, illustrates the adaptation of the building to a new use. Photo courtesy Heritage Investment Company.





The former Twin Falls Milling and Elevator Company Warehouse, now the Old Mill Building Brew Pub in Twin Falls, Idaho, was rehabilitated while providing a new disabled access ramp. The silos to the right of the picture are separate structures and were not part of the tax credit project. Photo courtesy NPS.

the interior. The primary change on the interior was the addition of a railing along the balcony to raise the height to meet code. The linoleum was covered with carpeting and service bars were added to the rear of both the first floor and balcony.

As a result of these adaptive re-uses through the tax credit program, Portland has seen the return of two very different resources. Although differing in scale and original uses, the buildings are once again giving the citizens an opportunity to experience the history of their community in a different way.

In Twin Falls, Idaho, there was an even more challenging resource, the Twin Falls Milling and Elevator Company Warehouse. It was constructed in 1914 and is the last remaining structure associated with the period when irrigation first made farming possible in this part of Idaho and caused the town to be established. The building was part of a larger complex of structures and silos constructed to process wheat and store flour. The company produced a variety of types of flours marketed throughout world, notably Duncan Hines cake flour. By 1968, most of the milling operations had ceased and by 1992, all but the warehouse and six silos had been razed. This building then remained as one of the last vestiges of the original settlement history of the community and was individually listed in the National Register for this significance.

Although constructed for an agricultural/ industrial purpose, the building is not without architectural interest. Apart from its sheer size, the buff colored brick building's main elevation features a stepped cornice with corbeled banding and narrow pilaster strips. The three five-paneled double doors with transoms and segmentally arched single and double-hung windows are arranged in a symmetrical pattern. The other elevations are simi-

larly detailed in a very simple manner. The brick had been painted in some areas and showed signs of weathering.

On the interior, the walls were exposed brick with substantial unpainted wood columns and joists. The wood floors were damaged in some areas and showed the former locations of milling equipment, some of which remained, including an open elevator. The building was structurally sound and in 1995 the new owner saw the potential for adapting it to a new commercial use as a brew pub and art gallery.

The exterior brick was gently cleaned and repointed. The former concrete loading dock was repaired and a new industrial type railing was added. An extension of the loading dock along a side elevation immediately adjacent to the parking area easily accommodated disabled access. Landscaping was kept to a minimum to enhance the industrial character.

The large open interior spaces were ideal for installing the brewing equipment and allowed for the industrial look to become a part of the interior decoration. Two new doors added to the rear wall allowed for access to new outdoor seating. A simply-detailed stone fireplace was added but clearly reads as new construction. The rafters were left exposed, the floors were sanded and sealed and the brick walls were cleaned. An exposed ventilation system and track lighting were added along with a new bar area. Simple wall-mounted glass light fixtures enhance the industrial look of the interior finishes. The art gallery space received the same treatment as the brew pub areas.

The project was strongly supported by the Idaho State Historic Preservation Office. The Twin Falls location had been heavily impacted by the demolitions and the new use now adds a spark of life to an area of the city that appeared to have a very bleak future. The success of this adaptive re-use holds every possibility of spawning further beneficial changes at that location.

These tax credit projects show that changes in use for large historic buildings are possible and providing adaptive new uses can be part of successful economic development. This development can often extend beyond the historic building and provide the impetus for other projects so that a city can see an increase in economic activity that assists in the revitalization of entire neighborhoods. The Rehabilitation Tax Credit program can be a vital tool in making these kinds of projects happen.

Michael F. Crowe is an architectural historian, Pacific Great Basin Support Office, San Francisco, NPS.

Rosemary Infante

Preserving the Icons of American Architecture

The federal historic Preservation Tax Incentives program has been a part of the revitalization of a number of icons of American architecture.

These are the examples of American architecture that are emblematic of the nation's greatest design achievements. These masterpieces are found throughout the 50 states and territories of the United States and are in particular need of national support to maintain their prominence and integrity. Using the Rehabilitation Tax Credits, owners of several icons have preserved our nation's jewels. Chicago's Rookery, Union Station in Washington, DC, and the New Amsterdam Theater in Manhattan, are all the beneficiaries of the program.

The Rookery, completed in 1888, has the double distinction of being designed by Burnham & Root, and remodeled by Frank Lloyd Wright, in 1905. Also significant for its early use of partial skeleton framing, and its impressive interiors, it is a landmark of Chicago's Loop area. The magnificent, two-and-a-half-story, interior light court is spanned by an ornate cast iron skylight. Through its first 100 years, the Rookery underwent a number of redecorating and remodeling schemes. The building was designated a National Historic



Landmark in 1970 and designated as one of Chicago's first city landmarks in 1972. Plans for the most recent restoration began as the building neared its century mark.

The Continental Illinois National Bank & Trust Co. of Chicago applied for the certification of their centennial restoration plans and was approved in 1987. The initial estimate of the cost of rehabilitation was \$20 million. Their architects, Booth/Hansen & Associates, began the project of restoring the exterior and the historic parts of the interior, and creating new office space in the remaining space. Cleaning of the exterior and rebuilding of the parapet walls was completed before the bank management was restructured and the restoration was halted.

The building was acquired by L. Thomas Baldwin, who created a new development partnership to carry through the rehabilitation. McClier Architects and Engineers were installed as the architectural firm, with Thomas Harboe as the project architect. This collaboration resulted in a much-heralded final renovation.

The major period of significance was determined to be 1888 to the 1920s, and ca. 1910 was selected as the time period for the restoration to center upon. Elements from the major architectural design periods were retained and new elements incorporated, respecting the historic fabric and appearance. The light court was reconstructed and the original mosaic floor reproduced from a fragment. New office spaces were installed on the upper floors. Extensive documentation was available to support much of the rehabilitation plans.

The building was reopened to the public in May 1992. The final cost was over \$100 million. Robert Bruegmann, in his article "Preservation's Touchstone" (July/August 1992 *Inland Architect*),

Designed in 1888 by Burnham & Root and remodeled by Frank Lloyd Wright, the Rookery Building in Chicago's Loop is one of the nation's most famous office buildings. It is significant for its early use of partial skeleton framing and impressive interiors. The Rookery was rehabilitated using the historic preservation tax incentives. Photos courtesy Chicago Landmarks Commission.





The highly decorative, Art Nouveau style New Amsterdam Theater in New York City is one of the gems of Times Square. It is being rehabilitated using the historic preservation tax incentives. Photo courtesy Museum of the City of New York.

exclaimed, "Complete at last, Chicago's restored Rookery Building sets the standard against which all future commercial renovations must be judged."

Union Station, in Washington DC, is just steps from the United States Capitol, the Supreme Court, and the Library of Congress. It was listed in the National Register of Historic Places in 1969. As recently as 10 years ago, however, it was dilapidated and shuttered, as rail passengers were funneled through an adjacent structure.

Designed by Daniel Burnham and completed in 1908, this Beaux Arts station is one of the capital's, as well as the nation's, great portals. The

gilded coffered ceiling in the main hall, the statuary by sculptor Louis St. Gaudens (son of noted sculptor Augustus St. Gaudens), the marble floors, and bronze fixtures are a celebration in the transit of passengers to and from Washington. An unsuccessful renovation of the building in 1976 into the National Visitors Center, in combination with a great decline in rail travel, precipitated the closing of the building.

In 1981, Congress decided the nation's capital could not afford to project the image that Union Station had acquired. The Union Station Redevelopment Corp. was created, and with Union Station Venture Ltd., hired Benjamin Thompson & Associates, Inc. as their project architectural firm. In 1987, the application for certification of rehabilitation of Union Station was approved. An estimated \$54 million was spent on rehabilitating the main building and concourse, adding retail shops, and renovating the office space.

Cleaning, refinishing, updating of mechanical systems, and new uses of the majestic spaces

reclaimed the great space. The separate structure was rebuilt at the rear for the rail service and a garage added for convenient rental car service and patron parking. The entire project was reported to cost \$120 million. Today, thousands pass through using subway, Amtrak, and commuter rail, and thousands more shop, dine, and marvel at the wondrous architecture.

A project in the midst of certification, an estimated \$30-35 million rehabilitation, is underway at the New Amsterdam Theater, in New York City. The New Amsterdam Development Corporation, created by the Walt Disney Company for the rehabilitation and operation of the theater, is working with Building Conservation Associates, Inc., and Hardy Holzman Pfeiffer, Architects.

Designed by Herts and Tallant, architects who specialized in theater design, the New Amsterdam opened in 1903. The highly decorative, Art Nouveau style theater was one of their Times Square gems. Skeletal steel framing, usually reserved for skyscrapers, was used for the internal structure. The innovative use of cantilevered balconies allowed clear views for all seats in the house. It was listed in the National Register of Historic Places in 1980. The main auditorium, 10-story office tower, and roof top theater have undergone previous renovation efforts, but the building has been vacant since the early 1980s.

The current rehabilitation plan calls for extensive restoration of the ornate main theater and its associated public areas to permit live performances and theater operations. There is good documentation, and interest on the part of the developers, to facilitate a historically sensitive restoration. New lobbies and restrooms throughout the auditorium level and basement are proposed. The upper floors and roof top theater space will be stabilized for possible future development. It is slated to reopen in 1997.

Use of the Rehabilitation Tax Credits has given these and other American architectural "masterworks" a new lease on life. While the inspirational and monumental nature of many of these buildings continues, so continues the appreciation for, and tradition of, great design and craftsmanship in this country.

Rosemary Infante is a former National Conference of State Historic Preservation Officers program assistant, Heritage Preservation Services, NPS.

Jim Sewell and Brian McCormick

Building on the Basics Wisconsin's Experience with Preservation Tax Incentives

The National Historic Preservation Act of 1966 established the State Historic Preservation Offices' partnership with the National Park Service (NPS). The act developed the mission for the state and federal partnership, and provided to the states certain "tools" that state programs could use to address the particular needs of their constituents and historic resources. Between 1966 and 1980, these tools included the National Register of Historic Places, Section 106 compliance, Historic Preservation Fund subgrants, and preservation planning.

With the NPS providing standards and oversight, as well as technical assistance, each state created its own preservation office and each appointed its own liaison officer, later termed State Historic Preservation Officer (SHPO). Funding was minimal and "police power" all but non-existent. For example, Section 106 review could only benefit those resources affected by government action. The remaining historic resources could be identified but were not well protected. To be effective, state programs had to build state-based alliances and had to rely more on "friendly persuasion" than the weight of law—and on the limited incentives provided under the Act, namely grants-in-aid.

Matching grants were available for physical acquisition and preservation of historic properties. Although this program was useful, the amount of money was never adequate to meet the needs of potential applicants. Wisconsin, for example, was never able to meet more than 20% of its requests for funding. At best, the grants offered a safety net to the most endangered historic properties.

The Thiemann Grocery and E. P. Bryan Drug Store in Sheboygan Falls, Wisconsin, were rehabilitated using the federal historic preservation tax incentives. These photos show the building before and after rehabilitation. Photos courtesy State Historical Society of Wisconsin.



In 1976, Congress enacted the Tax Reform Act designed to put preservation projects on almost equal financial footing with new construction. Because the incentives were minimal—accelerated depreciation or a five-year write-off—the program was widely ignored. In the first five years, Wisconsin submitted only eight tax projects to the NPS for approval.

Then came the Economic Recovery Tax Act of 1981 which made the tax credit program one of the most powerful tools available to the SHPO offices. Nationally, the numbers of tax credit projects soared. Wisconsin jumped from 4 projects in 1981 to 21 projects in 1982 and stayed at that level throughout the 1980s. Over the history of the program, Wisconsin has been a strong beneficiary of federal tax incentives. Since 1978, more than 400 projects have been approved, totaling \$300 million of investment in tax credit-eligible work, and millions more in related construction. Clearly, this has had a positive effect on Wisconsin's economy and quality of life.

One of the striking features of this program is the great variety of historic buildings (and building owners) that have benefited from the program. Wisconsin includes among its successful projects, several multi-million dollar conversions of industrial complexes into housing units, rehabilitation of small Main Street buildings, upgrading of large industrial buildings that remain in their original uses, and repairs of small "Mom-and-Pop" retail stores.

Unlike many states, Wisconsin did not experience a substantial drop in activity after the Tax Reform Act of 1986, which reduced the tax credits. This is due in large part to one of the spin-off programs directly attributable to the federal tax credits: the 5% state credit. Like all states, Wisconsin experienced a higher rate of denial of certification when projects were submitted after the fact. As a means of reducing the denial rate, in 1987 Wisconsin created a 5% state tax credit for owners who waited for federal approval before beginning work. For those projects, the denial rate has effectively dropped to zero. There was one



The Cole Brothers House, Sheboygan Falls, Wisconsin, was rehabilitated as a real estate office using the federal historic preservation tax incentives. These photos show the building before and after rehabilitation. Photos courtesy State Historical Society of Wisconsin.



additional benefit: since the change, Wisconsin has experienced record numbers of projects, in some cases more than double the number of projects before 1986. In recent years, Wisconsin has ranked near the top in the number of approved tax credit projects. This is somewhat unexpected, considering Wisconsin's relatively small population and generally rural character.

The tax credits have prompted other spin-offs. For example, the large numbers of tax credit projects created pressure to remove impediments to building rehabilitation, such as building codes designed for new construction but at odds with the sensitive rehabilitation of older and historic buildings. Although unfair building codes had been a complaint of building owners for years, it was the tax credit program that generated the momentum to cause the creation of a separate code for historic buildings. In 1982, with the help and support of numerous preservation allies, Wisconsin created its historic building code that provided an alternative to the prevailing commercial code and its system of endless petitions.

The alliances developed early in this program, as well as new allies from the development community, were instrumental in advancing the causes of historic preservation into new areas. In 1984, with the assistance of the National Trust for Historic Preservation, there emerged a Historic Preservation Task Force to plan a legislative agenda. A substantial number of task force members were owners or consultants who had participated in the tax credit program.



The Lincoln Mills, Appleton, Wisconsin, was rehabilitated and converted into apartments, including affordable units using the federal historic preservation tax incentives. The rehabilitation of the mill and neighboring mill building represent a \$14 million investment in historic buildings. These photos show the Lincoln Mills building before and after rehabilitation. Photos courtesy State Historical Society of Wisconsin.

As part of this effort, Wisconsin created its own tax credit program for historic homes. The success of the federal tax credit program demonstrated that tax credits could be an effective way of leveraging private sector money for the preservation of existing and historic buildings. On the other hand, the task force members recognized that only a small portion of Wisconsin's historic buildings qualified for that program, and also recognized that home owners, the largest block of historic building owners in Wisconsin, were also the least likely to receive inducements to carry out sympathetic work.

In 1987, Wisconsin created a system of 25% tax credits targeted to owners of historic houses, but open to all owners of non-depreciable properties. After correction of some technical problems in 1991, the program prospered. Starting with six projects in 1992, the program has more than doubled every two years and this trend is expected to continue. Last year, Wisconsin approved 68 applications worth \$2.2 million in eligible rehabilitation work, and at least \$2 million in related construction.

The task force also established the Wisconsin Main Street program, created property tax exemptions for archeological properties, regulated properties owned by local governments, and created a State Register of Historic Places which allowed more flexibility in passing state-based laws and creating statewide programs. Although these efforts did not relate directly to the historic preservation tax credit program, the constituency

created by the tax credits did help to bring about passage of the whole act.

The Preservation Tax Incentives program, more than any other factor, has changed the way that historic buildings are restored, stabilized, and rehabilitated. Simply put, it has changed the way that Americans think about preservation. For example, in Wisconsin, prior to 1980, masonry repointing was carried out with power saws and Portland cement. Building cleaning was synonymous with sandblasting. Brick buildings were "waterproofed" with silicon which accelerated their deterioration. The pressure on developers to meet the *Secretary of the Interior's Standards for Rehabilitation* for purposes of the tax credits, has forced architects, owners, and contractors to examine their methods and adjust them to preserve both their buildings' features and materials. Unsympathetic practices, such as sandblasting, have declined, even when tax credits are not a factor.

Likewise, the building materials industry now produces materials more suited to older and historic buildings. Some improvements in products, such as better replacement windows, owe heavily to the insistence of the NPS that replacement windows replicate originals nearly exactly. To receive tax credits, owners demanded better windows and the manufacturers responded.

As much as the federal tax incentives program has promoted the rehabilitation of historic buildings, in Wisconsin it has also resulted in other positive changes. In terms of its effect on historic resources and its spin-off benefits to local governments and the private sector, the program has been enormously successful.

Jim Sewell and Brian McCormick are preservation architects with the Division of Historic Preservation, State Historical Society of Wisconsin.

Sharon C. Park

Identifying Technical Preservation Issues Preservation Tax Incentives Projects

The federal historic Preservation Tax Incentives program constitutes the single most important generator of topics for technical assistance for historic preservation projects. During the past 20 years, issues identified during the rehabilitation of thousands of historic buildings have been brought to the attention of the Technical Preservation Services (TPS) staff of Heritage Preservation Services (HPS) in the National Park Service, and have been turned into publications such as the *Preservation Briefs*, *TechNotes*, *Standards and Guidelines*, and *Preservation Case Studies*. The NPS publications and preservation conferences are recognized by both the national as well as the international preservation community as outstanding sources of guidance and technical assistance when historic buildings are preserved.

In the passage of the National Historic Preservation Act in 1966, Congress identified the federal role in preserving historical and archeolog-

ical resources of national, regional, state, and local significance. Since 1976, the Internal Revenue Code has contained incentives for the rehabilitation of income-producing historic buildings that must meet the *Secretary of the Interior's Standards for Rehabilitation*. The HPS technical assistance program identifies appropriate approaches to preserving historic buildings so that owners of qualified properties can benefit from these tax incentives.

Historic buildings can be irretrievably damaged with an incorrect application of a repair treatment or inappropriate alterations to accommodate a new use. Therefore, technical preservation issues address both material conservation and design. The challenge to preservation professionals, e.g., architects, engineers, contractors, and craftsmen, is to balance the needs for the rehabilitated building with the preservation objectives of retaining significant materials and character. There is no comprehensive program that outlines a formula for rehabilitation. Each building has unique

Questions about reducing lead-pain hazards in historic buildings led to technical publications on the subject. Photo courtesy National Park Service.

qualities and characteristics that must be preserved. The successful approach to rehabilitation methodically evaluates treatments and alterations in relation to the existing resource.

TPS guidance explains how technical and design issues can be addressed within a preservation context to meet the *Secretary of the Interior's Standards for Rehabilitation*. Rehabilitation is defined as the act or process of making possible a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values. For tax projects, this includes, among others, determining ways to integrate new mechanical systems without destroying the historic character of the building; finding ways to arrest the deterioration of aging materials; meeting fire, life, and safety codes; matching the visual and performance characteristics of replacement materials; and designing compatible alterations and additions.

Meeting the *Standards for Rehabilitation* requires an understanding of preservation philosophy. What makes a building historic? How is that significance embodied in the physical materials? What alterations are possible without seriously altering the historic character of the resource that made it significant?

Ten rehabilitation standards address compatible re-use of buildings and care in selecting treatments for conserving materials and integrating new systems. These standards are printed on page 35 in this CRM issue. When rehabilitating historic buildings, it is important to remember the following three critical principles:

- Retain significant materials through repair or limited replacement;
- Make changes that do not alter the significant historic character and integrity of the resource;

Technical assistance for historic preservation tax incentives projects produced publications on many topics, including the treatment of historic roofing. Photo courtesy National Park Service.



- Design additions that are compatible in style, materials, and scale with the historic property, that are clearly differentiated as additions and are, in effect, reversible if removed in the future.

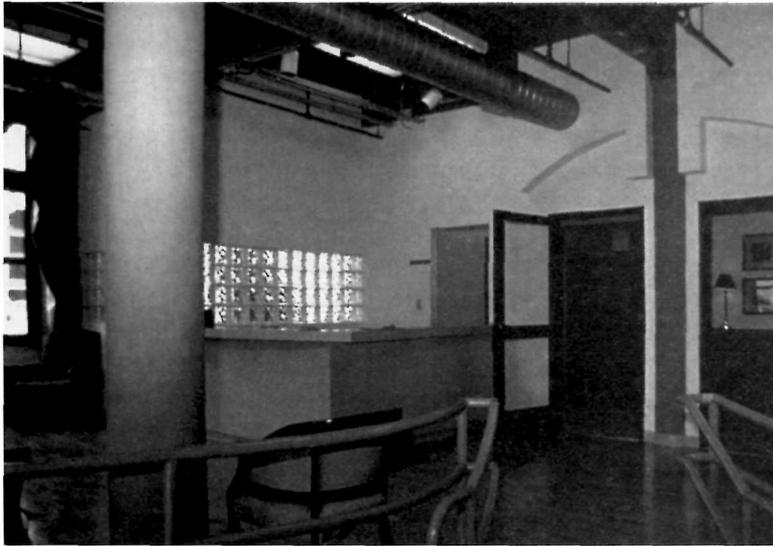
Successfully meeting all three of these criteria covers the range of issues from formulating appropriate mortar composition to engineering seismic reinforcement; from meeting the access needs of persons with disabilities to providing affordable housing in traditionally non-residential structures; from detailing a storefront to specifying a replacement assembly for a projecting parapet in a lighter weight, but appropriate, substitute material.

For rehabilitation projects where a new use is often incorporated into a building, the challenge is to incorporate new mechanical systems, to meet necessary code compliance, to incorporate a new functional plan without destroying those elements of a building that made it significant, to protect and conserve historic materials—both exterior and interior—and to preserve the building, to the extent possible within its context, on the site and within its historic district.

Difficulties may arise in rehabilitation when modern specifications and construction approaches are applied to historic buildings without considering the three criteria above. Historic materials are needlessly removed, harsh cleaning or waterproofing treatments are applied, alterations are considered that make a dramatic contemporary statement, and new additions often envelop the historic resource.

For example, in providing a lead-safe house as part of a rehabilitation, the standard for modern abatement would remove all woodwork that contains lead-based paint and replace it with modern trim, if at all. This approach causes losses of significant windows; architectural trim, particularly around windows; and woodwork elements such as banisters and staircase details. Removing them leaves no option for their preservation in later years. The rehabilitation solution is to identify the areas causing hazards, such as friction surfaces,





Exposed new mechanical and structural systems are compatible with industrial or warehouse conversions. Photo courtesy National Park Service.

and then to strip these elements of paint prior to repainting. On a limited basis, if these elements, such as window sash, are in too poor a condition to be stripped and repaired, then replica sash should be considered. It is usually possible to strip or repair the frames and to isolate them with jamb liners. Decorative projecting woodwork, such as banisters, can be wet-sanded and repainted. If well maintained, they do not create a hazard. There are also specialized coatings that provide a more durable encapsulant paint if regulations require a long-term solution.

Materials conservation issues have been at the core of historic preservation. Finding ways to sensitively clean and maintain historic materials, using the contemporary products at hand, has led to a number of helpful publications and symposiums. The technical assistance for tax projects has produced *Preservation Briefs* on masonry repair, roofing repair for slate, tile, and wooden shingles, adobe, terra cotta, Carrara glass, decorative and flat plaster, cast iron, stained glass, and ceramic tile.

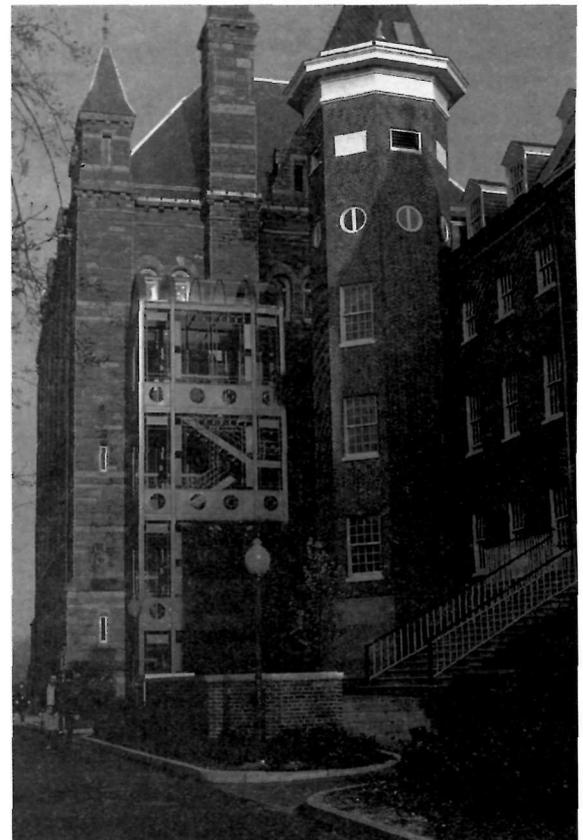
Some manufacturers promote untested new technologies for use on historic materials. Part of the responsibility of TPS is to determine if they are appropriate for historic rehabilitation. For example, while traditional gentle chemical and washing treatments have been the standard for preservation, laser cleaning using high intensity lights to remove paint and dirt and new types of abrasives under pressure, including rubber pellets and bicarbonate of soda, are all finding their way into rehabilitation literature. They have their shortcomings, in part, because they are designed for other industries and are being applied to a broader market. These treatments have all shown to damage, through burning or pitting, aging masonry and wood substrates. Until there is a longer history of satisfactory performance, they

will not be considered appropriate for historic preservation projects. The use of synthetic repair materials, including mortar patching, wood infill, and some consolidants, have been in use for over 20 years and in many cases have a successful record of performance.

Integrating new mechanical systems; meeting fire, life safety, and egress code requirements; and modifying floor plans to develop functional space requires careful planning when historic buildings are rehabilitated. Modifying transomed doors to meet fire-ratings; increasing thermal efficiency of existing windows through weather stripping; adding storm panels; and adding forced air ducts without dropping ceilings across significant window, door, or crown moldings are all technical issues that have been addressed in various publications and conferences. Retaining the historic character of buildings while making them accessible to persons with disabilities has produced guidance applicable to non-historic buildings as well. Evaluating the impact of new systems or changes to the historic building may result in hiding these new features, for example mechanical systems, or it may be determined that the boldness or simplicity of a space, such as an industrial warehouse, may accept an exposed mechanical system as a compatible design element.

Highly designed and articulated spaces generally call for hiding or minimizing the impact of new features. For example, using hidden moment

Planning and design of new spaces, such as this stair tower addition, should be compatible with the historic materials, scale, and proportion of the historic building while still being differentiated as new construction. Photo courtesy National Park Service.



frames in a commercial storefront in a seismic zone is preferable to using heavy exposed X or K bracing that destroys the open character of a storefront. Or, retaining historic steel sash in a warehouse conversion with the development of an internal secondary window system for energy conservation and noise reduction is preferable, and often less expensive, than installing a thermal unit that adequately matches the lines, proportions, and detailing of the significant historic sash. In addition, subdividing major large public spaces, such as auditoriums, is always difficult, but many rehabilitation projects have found community uses that retain enough of these spaces to convey their historic character.

Integrating new plans and systems requires a methodology of decision-making that generated a number of the technical publications. *Preservation Briefs* on identifying architectural character, rehabilitating historic interiors, and understanding old buildings using the process of architectural investigation responded to this need. Questions about how buildings work and how new features can be incorporated led to *Briefs* on heating, cooling, and ventilating historic buildings; making buildings accessible for persons with disabilities; reducing lead-paint hazards in historic building; and controlling unwanted moisture in historic buildings.

For projects that involve new additions, the historic character of the resource being rehabilitated should not be diminished. Planning and

design of these new spaces should be compatible with the historic materials, scale, and proportion of the historic building while still being differentiated as new construction. The actual design of the addition may certainly borrow details and elements of the historic building in an effort to put the new addition in context with the historic building, but the new addition should not be an exact replica of the historic building or be so historicized that it appears to be an original, integral part of the building. The historic building should not become an annex to a larger construction on the site or be enveloped within new construction. Likewise, the skyline of the building should remain in its historic context without new floors, towers, or dramatic features added as these change the proportion, scale, and detailing of most buildings. Additions are most appropriately added to secondary or rear elevations or as compatible infill construction on a site where other structures have been lost. If these additions are removed in the future, the historic building can be restored. For any major alterations or new additions on the site, it is always better to add features selectively to historic buildings rather than removing historic walls or materials that cannot be recaptured when and if the future calls for restoration.

The rehabilitation field is always seeking the development of new technologies and planning for new uses. The National Park Service currently is developing information on rehabilitating historic buildings in seismic zones and protecting those damaged by floods. In addition, because a substantial number of tax projects involve affordable housing, guidelines are being developed to help owners, architects, and developers plan for successful conversions of schools, factories, and existing residences for multi-family housing.

The technical assistance that developed over a 20-year period can only be summarized in this short essay. These have reached a broad national and international audience. This information is available through the Government Printing Office and is a useful addition to any office library for preservation professionals.

Sharon C. Park, FAIA, is Senior Architect, Heritage Preservation Services, NPS.

The Fillmore Commercial Buildings in Los Angeles County, California were seismically retrofitted without altering the brick facades. Photo courtesy Historic Preservation Partners for Earthquake Response.



Well Connected— Standards, Guidelines, Policy & Publications, and Technical Information

Although it is human nature to disregard fresh words of wisdom, acknowledging them only later, we all knew at the time that Jerry Rogers had put every aspect of the Preservation Tax Incentives program in its proper place in his article, "The Integration of Law, Policy, and Technical Information in National Park Service Cultural Resource Programs" (*CRM* Vol. 7, No. 3, 1984). Rogers, then NPS Associate Director, was absolutely dead-on when he linked laws, regulations, standards, guidelines, and publications together into one hierarchical administrative structure. He accurately saw the Standards and Guidelines as stable over a long period of time,

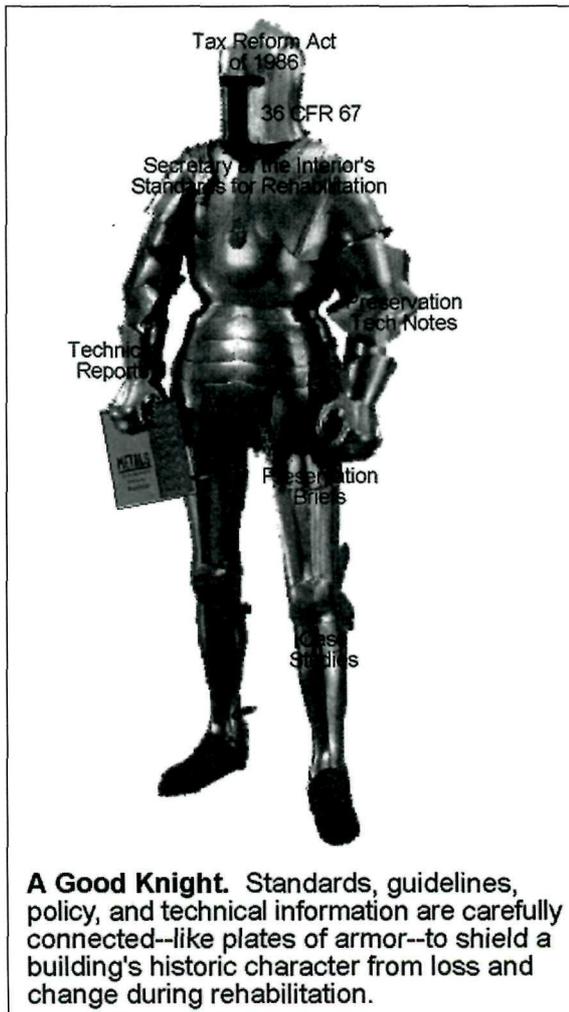
but technical information as "dynamic," with the ability to change, as needed. He saw "projects as laboratories," with the results shared "with a wide range of users." And he foresaw the long-term success of this "citizen-initiated program operated with the voluntary cooperation of 57 States and Territories." It is with this article from the past in mind, that the Preservation Tax Incentives program's connective tissue is explained.

The Secretary of the Interior's Standards for Rehabilitation with accompanying *Guidelines* were designed to be general and conservative. Technical Preservation Services (TPS), has always recommended project work approaches that are cautionary toward historic building materials, that emphasize repair over replacement, and that stress limited rather than wholesale change to accommodate new uses. But, on the other hand, conservative is not to be equated with boxed-in, stodgy, dogmatic, or—worst of all—anti-scientific. If new information becomes available that invalidates time-tested information, the standards, guidelines, policies, and publications are revised to reflect the most advanced technologies. However, TPS will always recommend the safest, most cautious procedures for our nation's historic properties.

Of the four sets of Standards governing project work, the *Standards for Rehabilitation* are probably the best known and most frequently used because of the federal tax incentives as well as other federal and state programs. The *Secretary's Standards* are based upon internationally accepted principles and years of actual preservation practice within the National Park Service; they apply equally to historic buildings of all types, styles, and materials. Conformance to all 10 Rehabilitation Standards is required to gain federal tax incentives and these principles also need to be met for any federally-funded project involving a historic building listed in the National Register of Historic Places.

More Than 20 Years of Helpful Publications

Present in each publication—in spirit as well as language—are the Standards, Guidelines, and other policy, although the expressed purpose of TPS publications is to share and recommend time-



A Good Knight. Standards, guidelines, policy, and technical information are carefully connected—like plates of armor—to shield a building's historic character from loss and change during rehabilitation.

Illustration: Chris Shaheen.



As part of the Technical Preservation Services publications series, the Preservation Briefs are short, generously illustrated essays in bulletin form intended to build preservation awareness for a broad audience. Photo courtesy National Park Service.

tested preservation methodologies, and consider other techniques that fall into the category of “scientific pioneering.” Framed by consistent preservation policy, the focus of each series differs only in the degree of technical difficulty: *Preservation Briefs* (PBs) are short, generously-illustrated essays in bulletin form intended to build preservation awareness for a broad audience; *Preservation Tech Notes*, also purposely limited in length, provide practical information on innovative preservation techniques for architects and craftsmen; *Preservation Case Studies* focus on a particular property; and *Technical Reports* describe more sophisticated methodologies for preserving historic materials. Finally, *co-published* or *partnership books* extend the readership still further.

The Importance of Standards 2, 5, and 6

If the 10 Standards for Rehabilitation function as a philosophical system, why pull out Standards 2, 5, and 6 for discussion? When we asked Michael Auer, longtime TPS program analyst, reviewer, and writer, which Standards were most often violated in the Preservation Tax Incentives program review, he responded without hesitation, “Based on my experience, I would say it is **definitely** Standards 2, 5, and 6.”

Standard 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.

Standard 5. Distinctive features, finishes, and construction techniques, or examples of craftsmanship that characterize a property shall be preserved.

Standard 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.

While Standard 2 addresses how a property looks or appears, with its changes over time, Standards 5 and 6 address the property’s material reality—in other words, **what it is made of.**

TPS publications deal broadly with the practical aspects of project work on historic buildings as well as the more conservatorial approaches. And, not surprisingly, most *Preservation Briefs*—neatly tracking the history of the tax incentives program itself—provide guidance on those critical issues in the three key Standards listed above, as do many additional TPS publications in other series. (The *Preservation Briefs* have been selected to illustrate the relationship between Standards, policy, and guidance because it is the oldest of the several series.)

For example, *Briefs* published between 1975–1978—PB 1, *Cleaning and Waterproof Coating of Masonry Buildings*; PB 2, *Repointing Mortar Joints in Historic Brick Buildings*; and PB 3, *Conserving Energy in Historic Buildings*—all advise a general audience on the need to retain and preserve historic materials. PB 4, *Roofing for Historic Buildings*, focuses on the need to retain the historic appearance (or character) during project work, while PB 6 from 1979, *Dangers of Abrasive Cleaning to Historic Buildings*, again focuses on materials preservation in support of Standards 5 and 6 (and, of course Standard 7, prohibiting abrasive cleaning).

By the time PB 8, *Aluminum and Vinyl Siding on Historic Buildings* was written in 1980, the tax incentives program was in full swing. That *Briefs* underscored the need to protect historic materials as well as the historic character. PB 9, *The Repair of Historic Wooden Windows*, in 1981 was targeted to a problem area identified in many rehabilitation projects, as was PB 10, *Exterior Paint Problems on Historic Woodwork*. And PB 11, *Rehabilitating Historic Storefronts*, published in 1982, was the first *Preservation Brief* to include the word “Rehabilitation” in the title. After that, from 1984 to 1988, *Briefs* written in support of Standards 2, 5, and 6, included PB 13, *The Repair and Thermal Upgrading of Historic Steel Windows*; PB 16, *The Use of Substitute Materials on Historic Building Exteriors*; PB 18, *Rehabilitating Interiors in Historic Buildings—Identifying Character-Defining Elements*, and PB 19, *The Repair and Replacement of Historic Wooden Shingle Roofs*.

The purposeful movement from exterior to interior in 1988, beginning with *Preservation Brief 18*, is also worth noting. Following in 1989, PB 21, *Repairing Historic Flat Plaster—Walls and Ceilings*, addressed interior plaster finishes, particularly those affected by rehabilitation.

In 1991, PB 24, *Heating, Ventilating, and Cooling Historic Buildings*, (another interior topic)

Rehabilitation—Not the Only Approach

Though the Standards for Rehabilitation (36 CFR 67) are required for the Preservation Tax Incentives program, they are still only one of four approaches to consider before working on a historic building or other resource—Preservation, Rehabilitation, Restoration, and Reconstruction.

Preservation focuses on the maintenance and repair of existing historic materials and retention of a property's form as it has evolved over time. (Protection and Stabilization have now been consolidated under this treatment.) **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. **Restoration** is undertaken to depict 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.

Rehabilitation is the only treatment that, while emphasizing the preservation of existing materials and features, also encourages development of a property to meet new uses. Thus, new additions and alterations may be considered as an integral component of project work.

again reinforced standards and policy on materials, while permitting necessary changes for re-use needs while PB 27, *The Maintenance and Repair of Architectural Cast Iron*, published the same year, addresses repairs within rehabilitation projects. PB 29 *The Repair, Replacement, and Maintenance of Slate Roofs*, from 1992, and PB 31, *Mothballing Historic Buildings*, from 1993, underscored the same set of concerns for the property's public appearance and its material reality.

New Exterior Additions to Historic Buildings, published in 1986 amid a climate of public controversy about compatibility between old and new, reinforced the key rehabilitation standards, but examined broader design issues as well. PB 17, *Architectural Character: Identifying the Visual Aspects of Historic Buildings as an Aid to Preserving Their Character*, took a closer look at the meaning of "character," both up-close and from a distance. Finally, PB 32, *Making Historic Properties Accessible*, from 1993, reflected national social policy in response to The Americans with Disabilities Act of 1990. PB 37, *Appropriate Methods of Reducing Lead-Paint Hazards in Historic Housing*, published in 1995, discussed public health hazards associated with deteriorating lead paint while providing responsible guidance for its encapsulation, where practicable, rather than total removal.

From 1987 to 1996, other TPS series, cooperatively published books, and national conferences devoted to many topics tackled the dual

issues of materials and character, including *Keeping it Clean*, the *Window Handbook* (a compilation of *Preservation Tech Notes*), *Interiors Handbooks for Historic Building, I and II*, *Preserving the Recent Past*, and *Twentieth-Century Building Materials: History and Conservation*. Finally, a currently discontinued series, *Interpreting the Standards*, will most likely be reinstated on the Internet because it was the only series that guided applicants in meeting the Standards expressly within the Preservation Tax Incentives program by providing specific project examples.

The Administrative Structure and Certification—The Big Question?

Reading the Standards, Guidelines, and policy contained in TPS publications can certainly lead to a comprehensive understanding of complex treatment goals, but can it really guarantee a certified rehabilitation? Probably not, because there are **inherent limitations to most written guidance**. First, a historic building is unique, a product of its environment, its designer and construction, and its use over time. Second, the physical conditions for one building are never exactly the same as another; and conditions vary dramatically on different parts of the same building. Third, no written guidance can ever take the place of professional evaluation, planning, and on-site supervision. The 25,000 rehabilitation projects that have been certified since 1976 attest to the vital federal-state connection and its success in communicating the technical information and guidance developed by TPS to individuals and communities at the local level.

Kay D. Weeks is a technical writer and editor for Heritage Preservation Services, NPS.

The Secretary of the Interior's Standards for Rehabilitation with Illustrated Guidelines for Rehabilitating Historic Buildings, 1992; Anne E. Grimmer and Kay D. Weeks, Co-Directors. The book may be purchased from GPO for \$12.00 (includes postage and handling). GPO stock number: 024-005-01091-2. Charge the book by phone: 202-512-1800; or send check or money order payable to Sup. Docs. Mail to: Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954.

Analyzing the Economic Impacts of Historic Preservation

Historic preservation activity has significantly expanded in recent years in terms of listings in the National Register of Historic Places and investment in historic rehabilitation (see table). The federal historic Preservation Tax Incentives program is an important inducement for investment in preservation. Initiated in the late 1970s, the federal historic preservation tax incentives have generated more than \$17 billion investment in historic preservation, encompassing about 25,000 separate projects. Although changes in the tax laws in 1986 (e.g., lowering the Rehabilitation Tax Credit from 25% to

20%) led to a decline in preservation tax incentives activity, it remains the most significant federal financial encouragement for preservation.

The federal tax incentives are significant not only for fostering preservation; they constitute an important economic “pump priming” measure in their own right in terms of creating jobs, increasing wages, and increasing state and local tax revenues. The Rutgers University Center for Urban Policy Research (CUPR) is conducting research for the New Jersey Historic Trust, with funding from the National Center for Preservation Technology and Training, Natchitoches, LA, to describe the nature and measure the magnitude of these increases.

The CUPR study encompasses the economic impacts from three sectors of activity: historic rehabilitation, heritage tourism, and the operations of historic sites and organizations.

To specify the economic impact of historic rehabilitation, CUPR will examine approximately 60 completed historic rehabilitation projects, both in New Jersey and nationally, encompassing about \$100 million worth of construction. The projects include extensive renovation effected on properties listed on national, state, or local historic registers. The historic properties encompassed four categories of buildings: single-family residential, multi-family residential, non-residential (e.g. office or retail), and civic-institutional (e.g. city halls or courthouses). Almost all of the income-producing projects—that is, the multi-family residential and non-residential properties—have utilized the preservation tax incentives.

CUPR will present its findings in final form later this year. CUPR also hopes to prepare software for the field so that others can project the economic and tax benefits of any given historic preservation project or program. With these tools, the historic preservation community will better be able to articulate the economic benefits of historic preservation activities, increase support for the tools, and create the foundation for expanding the tools and programs available to preservationists.

David Listokin and Michael Lahr are associated with the Center for Urban Policy Research at Rutgers University, New Jersey. They can be reached at the Center for Urban Policy Research, Rutgers University, 33 Livingston Avenue, Suite 400, New Brunswick, NJ 08901-1982.

Growth of Historic Preservation Activity

Selected Indicators

Fiscal Year	Cumulative Listings in the National Register	Cumulative Rehabilitation Tax Credit Investment (millions of dollars)	Cumulative Rehabilitation Tax Credit Projects Approved (Certified Part 3s)
1968	903		
1969	1,105		
1970	1,887		
1971	3,022		
1972	4,370		
1973	6,638		
1974	8,234		
1975	10,775		
1976	12,525		
1977	14,152		
1978	16,511	\$ 140	512
1979	20,519	\$ 440	1,147
1980	24,638	\$ 786	1,761
1981	26,447	\$ 1,524	3,136
1982	29,910	\$ 2,652	4,938
1983	34,991	\$ 4,817	7,510
1984	38,982	\$ 6,940	10,724
1985	42,362	\$ 9,356	13,841
1986	45,730	\$11,017	16,805
1987	48,186	\$12,101	18,736
1988	50,641	\$12,967	19,828
1989	53,742	\$13,894	20,822
1990	56,027	\$14,644	21,636
1991	58,117	\$15,252	22,092
1992	60,021	\$16,029	22,747
1993	61,598	\$16,575	23,313
1994	63,358	\$17,058	23,834
1995	64,896	\$17,527	24,382
1996	66,322	\$18,284	24,891



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The rehabilitation of the Rookery Building in Chicago's Loop resulted in the reconstruction of the light court and original mosaic floor, with new office spaces provided on the upper floors. Photo by Nick Merrick of Hedrich Blessing, courtesy of McClier Architects and Engineers.



The Secretary of the Interior's Standards for Rehabilitation

Rehabilitation is described as the act or process of making possible a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values.

Standards for Rehabilitation

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 distinctive 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 elements from other historic properties, 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 historic 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.

Turning Schools Into Housing

Vacant and abandoned school buildings can be rehabilitated into housing by combining the Rehabilitation Tax Credits and the Low Income Housing Tax Credits. Two projects in Kentucky exemplify the possibilities.

The Brandeis School in Louisville, Kentucky, was constructed in 1917. For many years, it was the largest elementary school in the Commonwealth of Kentucky. In 1992, it was considered obsolete and was boarded up. Using the Rehabilitation Tax Credits and the Low Income Housing Tax Credits, New Directions Housing Corporation and the design firm of Grossman, Chapman, Klarer rehabilitated the school building and transformed it into living space for 50 households. The rehabilitation of the Brandeis School restored a community treasure and secured property values in the surrounding blocks. Photo courtesy New Directions Housing Corporation.



The St. Patrick's School in Louisville, Kentucky, was constructed in 1916. In 1966, the school was closed and in the 1970s, gutted by fire. Located near downtown Louisville, the building became a major eyesore. The Housing Partnership, Inc., developer John Clark, investors National City Bank and Brown-Forman Distillers, and the architectural firm of T. Dade Luckett & Associates undertook rehabilitation of the school and the adjacent Gustave Baurman House and transformed them into 35 affordable housing units. This project was made possible with the Rehabilitation Tax Credits and the Low Income Housing Tax Credits. Not only has the block been enhanced, but the entire neighborhood has benefited from new businesses and commercial enterprises attracted to the area. Photo courtesy T. Dade Luckett & Associates.



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