



National Trust *for*
Historic Preservation



Incentives for Building Reuse

Lessons Learned from Peer Cities

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Save the past. Enrich the future.

Presentation Overview

Goals & Scope

Philadelphia Context

Peer City Incentive Highlights

Key Takeaways

Incentive Subcommittee Scope

- What **activities** should the task force try to incentivize?
- **What** are the incentives that can be used to promote historic preservation?
- How can historic preservation incentives help **defray the costs** and **maximize benefits** of preservation?
- How do we determine **who** receives an incentive?

Incentives Broadly Defined

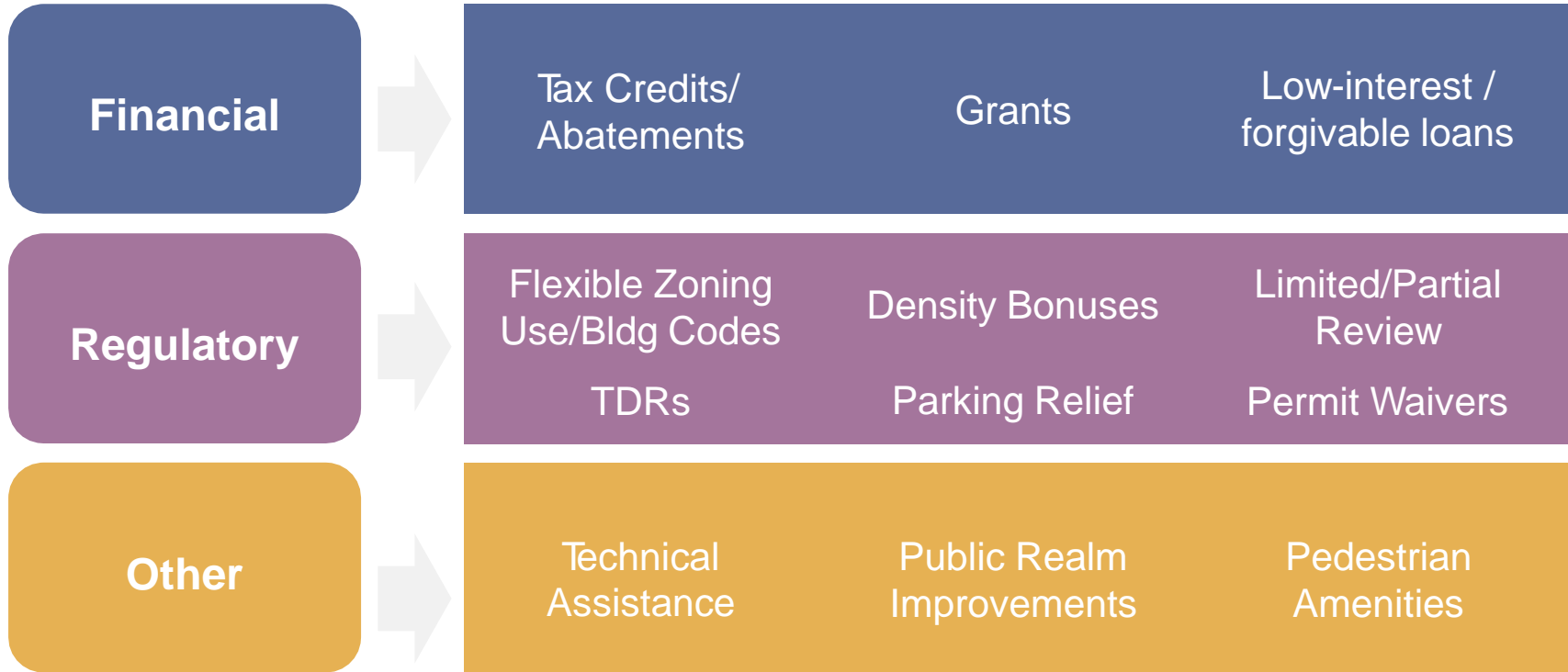


**Historic Preservation
Incentives**



**Broader Public Policy
Incentives**

Incentives Broadly Defined



Targeted Resources



Multi-Use

Commercial

Residential

Geographic
Scope

e.g. Citywide, targeted districts

Historic
Status

e.g. Landmark, non-contributing

Policy
Alignment

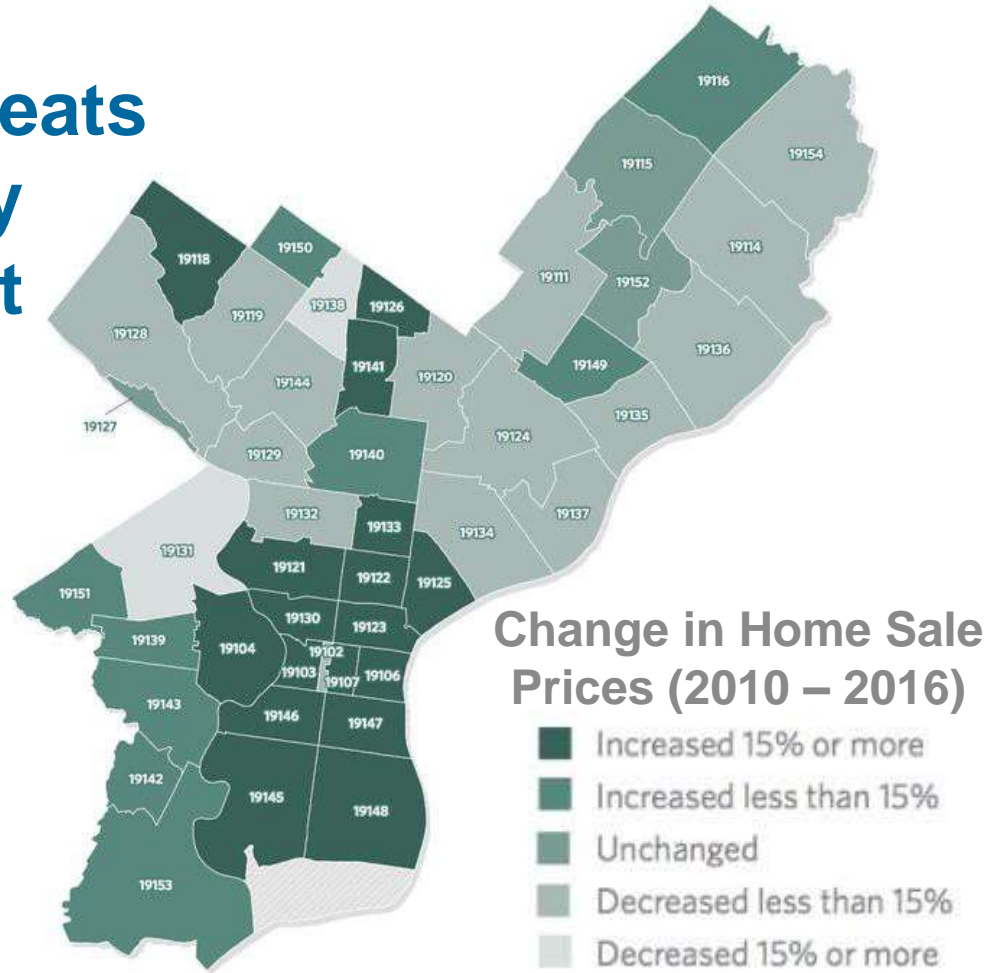
e.g. Affordable housing, cultural heritage



Philadelphia Context

Source: Hidden City Philadelphia

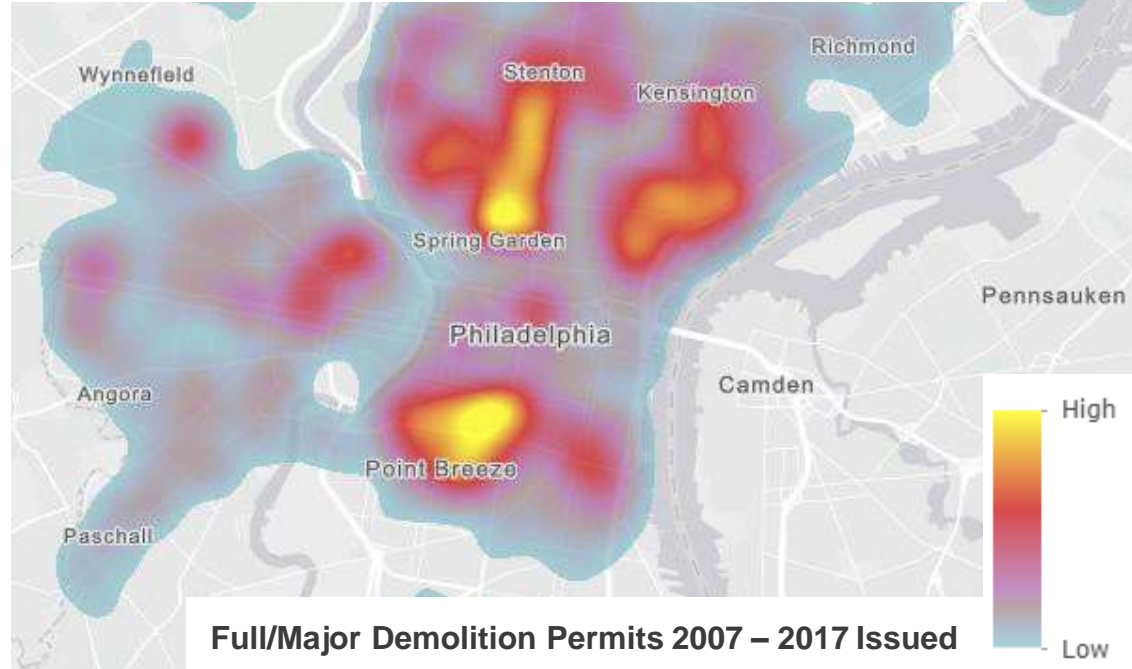
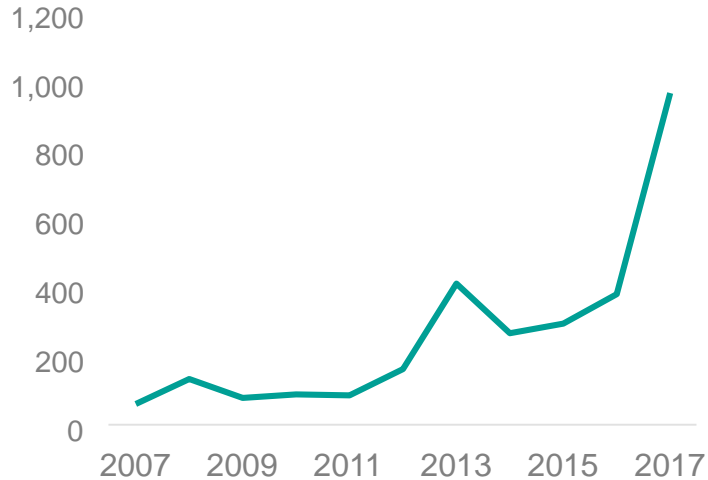
Opportunities and threats to historic assets vary across diverse market conditions.



Source: Pew Charitable Trust 2017

New construction in transitioning markets has increased demolition in recent years.

Demolition Permits Issued
2007 - 2017



Source: City of Philadelphia, L&I Department Permit Data

**Economic growth
has created new
opportunities.**

**Incentives can
respond to these
local conditions to
foster desired
outcomes.**

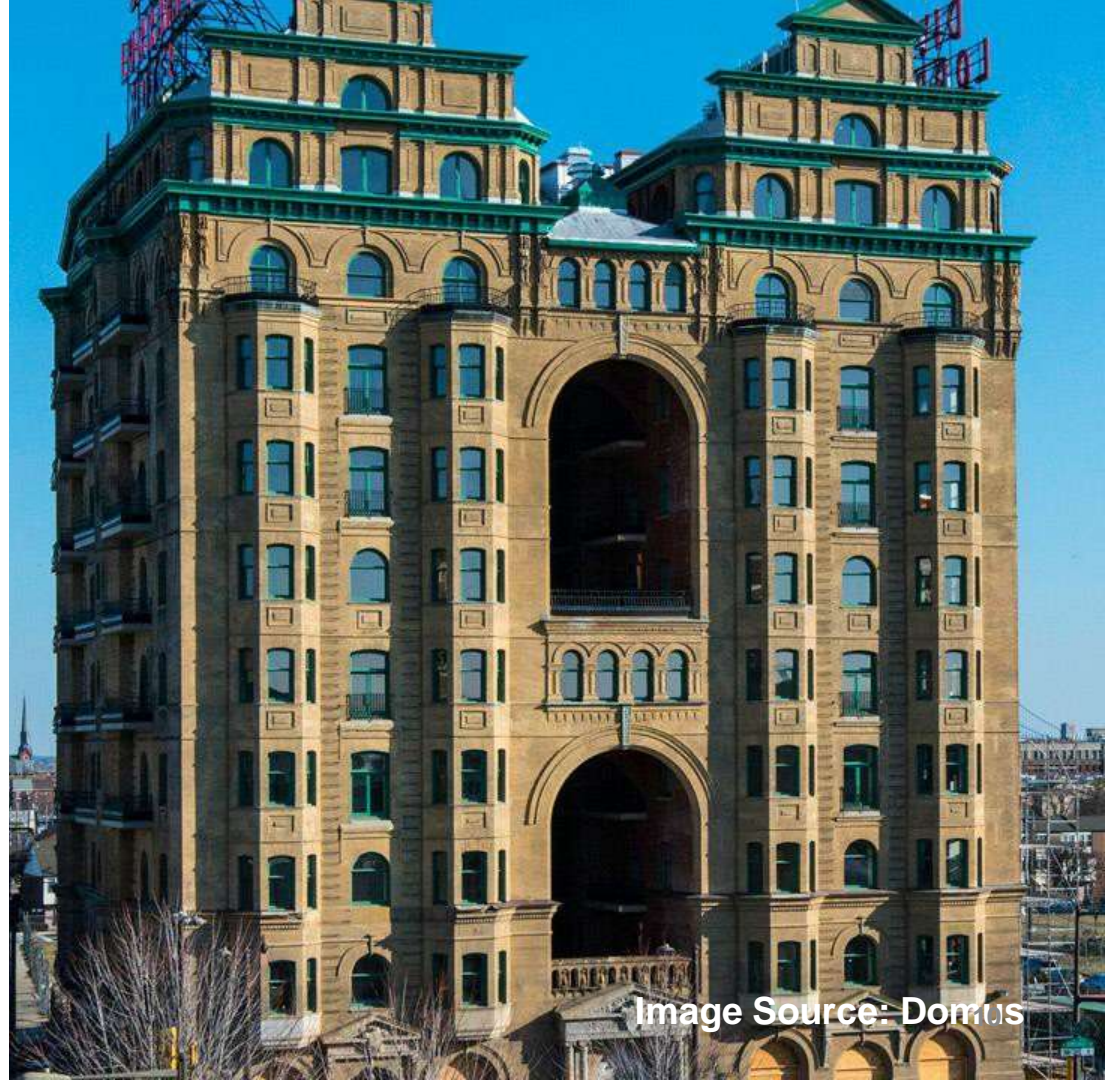


Image Source: Domus

Snapshot:

Peer City Context



	PHL	NYC	CHI	BALT	NOLA	BUF	STL
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% Pre-1945 Buildings	68%	62%	65%	70%	No Data	86%	79%
Population % Δ (2000 - 2017)	5%	9%	-4%	-5%	-22%	-11%	-9%
Median Family Income	\$40,300	\$55,300	\$51,400	\$41,500	\$37,700	\$31,700	\$38,000

Snapshot:

Financial Incentives for Building Reuse



● State ● Local

	NYC	CHI	BALT	NOLA	BUF	STL
Tax Credit	●	●	●	●	●	●
Tax Abatement	●	●	●	●	●	●
TIF / PILOT Funding	●	●	●	●	●	●
Low-Cost Loans	●	●	●	●	●	●
Grants/Rebates	●	●	●	●	●	●

Sources: Interviews with local preservation professionals, based on available data.

Snapshot:

Regulatory Incentives for Building Reuse



● Formal Mechanism ○ Proposed / Not Widely Used

	NYC	CHI	BALT	NOLA	BUF	STL
Use/Code Modification	●	○	●	○	●	
Parking Relief	●	●	●	●	●	
Density Bonus/TDR	●	●		○		
Permit Fee Waivers		●				
Technical Assistance/Other	●	●	●	●	●	●

Sources: Interviews with local preservation professionals, based on available data.



Peer City Incentive Highlights

Source: Hidden City Philadelphia

Property Tax Incentives:

Baltimore City Historic Tax Credit



- Lauded as one of the most comprehensive tax incentives offered at the municipal level **specifically targeting designated** historic properties
- **10-year tax credit** against local property taxes owed on 100% of improved property value post rehabilitation
- Requires **substantial rehabilitation** equal to a minimum investment of 25% of initial property value
- Applies to both **interior** and **exterior** work

3,300
BUILDINGS

\$850M
LEVERAGED TO
DATE

\$800M
IN PIPELINE

Code Incentives:

Buffalo Unified Development Ordinance ("The Green Code")



- Buffalo is only the 3rd city in U.S. to adopt a citywide **"form-based" code**.
- **"Legalizes" historic buildings and uses**, including corner markets & taverns.
- **New Adaptive Reuse Permit** allows new uses not otherwise allowed in the zone.
- **Eliminates minimum requirements for parking** in new projects, making Buffalo the first major city in the U.S. to do so.



Market-Based Incentives:

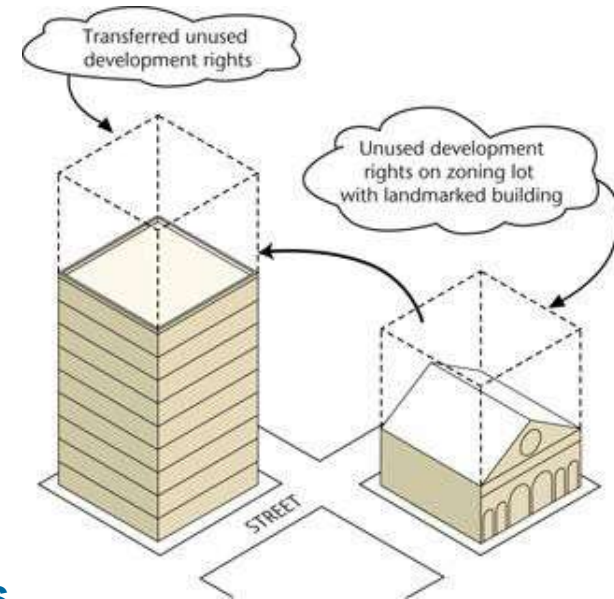
Transfer of Development Rights



TDR programs allow low density historic properties to sell their unused FAR to eligible receiving properties to achieve greater density.

A competitive real estate market with **high demand** for additional development beyond AOR zoning is fundamental to successful TDR programs.

- Key traits of successful TDR programs include appropriate **transfer ratios**, the existence of a **TDR bank**, a **consistent administration process**, and clear zoning regulations with **little to no alternatives** to TDR for bonus development.



Incentive Zoning:

Chicago Neighborhood Opportunity Bonus

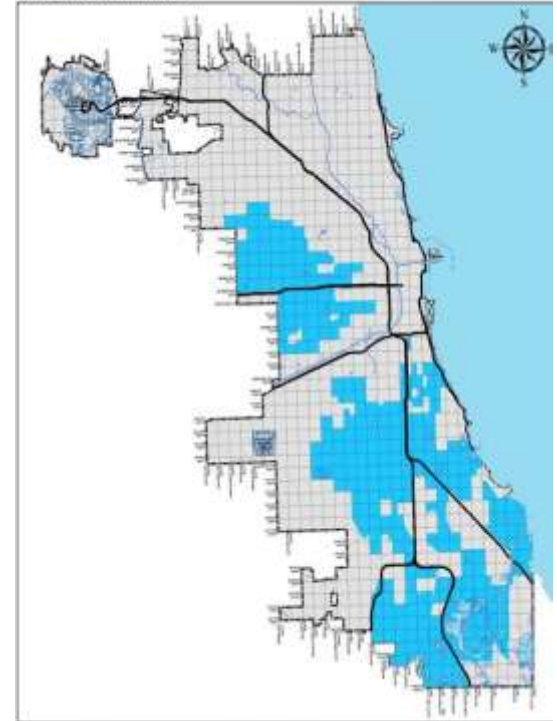
Chicago zoning code's downtown floor area bonus system **allows developers to purchase bonus floor area** for downtown development projects through a **single voluntary payment** into the Opportunity Fund.

Funds are then dispersed to:

- 80% for commercial corridor development
- **10% for adopt-a-landmark program**
- 10% for public realm & transit improvements within 1-mile radius of fund-generating site



Investment Zones



Packaged Incentives:

Phoenix Adaptive Reuse Program

(non-peer city example)

Comprehensive program promotes adaptive reuse, offering development guidance, streamlined processes, reduced timeframe, and cost savings.

- City establishes a **specific staff point contact** for each project.
- Up to \$7,000 in **fee incentives to small businesses** renovating buildings for new uses.
- Regulatory incentives **remove barriers to infill development** and **incorporate flexibility** in standard development requirements.

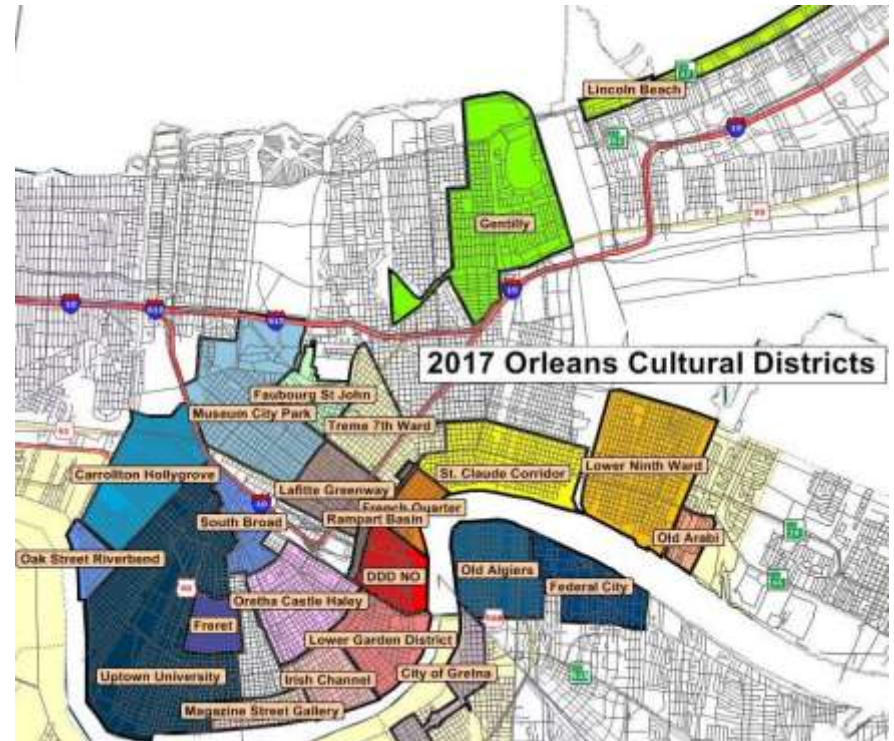


Expanding Eligibility:

New Orleans Cultural Product Districts



- Louisiana allows cities to designate CPDs to **revitalize communities through cultural activity**.
- Buildings **50+ years old** become eligible for state HTCs.
- **611 commercial** and **85 residential** tax credit projects statewide have leveraged over \$1.9B and \$25.5M.
- New Orleans has **24 cultural** districts covering much of the city.



Expanding Eligibility:

San Francisco Legacy Business Registry & Historic Preservation Fund (non-peer city)



First-of-its-kind program in the country recognizing longstanding businesses and nonprofits as valuable community-serving cultural assets.

Key Program Elements:

- **Registry of businesses** in operation for 30+ years that contribute to neighborhood identity.
- Business Assistance **Grants to Legacy Businesses** of \$500 per FTE per year, capped at \$50k/year.
- Rent Stabilization **Grants to landlords** that extend leases to Legacy Businesses of \$4.50 PSF of space leased per year (capped at \$22.5k/year.)

Business closings and relocations in San Francisco

In 1994

693

In 2014 (estimated)

4,378



Preliminary Takeaways

Source: Hidden City Philadelphia

Key Takeaways



- ✓ Effectiveness of local programs can be greatly amplified when coordinated with **broader policy incentive programs** and **layered incentives**.
- ✓ Removal of **regulatory barriers** to reuse can be a powerful incentive.
- ✓ **Regulatory overlays** and **analytic tools** can help target incentives to achieve goals within specific markets, geographies, and building types.
- ✓ **Value capture mechanisms, voluntary fund payments, among other capital sources** can be used to funnel existing resources towards neighborhood development.
- ✓ Effective programs **collect metrics, evaluate impacts,** and **refine** incentive programs on a regular basis.



Thank you