



**National Trust for  
Historic Preservation**  
*Save the past. Enrich the future.*

## **Cover Memo**

DATE: JANUARY 18, 2018

TO: PHILADELPHIA HISTORIC PRESERVATION TASK FORCE

FROM: NATIONAL TRUST FOR HISTORIC PRESERVATION

RE: HISTORIC PRESERVATION & BUILDING REUSE: BEST PRACTICES RESEARCH

Dear Task Force Members:

Included in this memo are three reports by the National Trust for Historic Preservation synthesizing research and analysis on a select group of best practices in historic preservation and building reuse in the United States. The National Trust's work is divided into three categories reflecting subcommittees formed in support of the Philadelphia Historic Preservation Task Force: (1) Historic & Cultural Resource Survey (2) Outreach & Education to Build Constituency and (3) Incentives for Building Reuse.

The attached memos are a compilation of National Trust data and research, supported by interviews conducted between November 2017 and January 2018 with local advocacy groups and senior staff at municipal historic preservation agencies from a select group of U.S. cities; including Chicago, St. Louis, New York City, Buffalo, Baltimore, and New Orleans. We based this list on the National Trust's wide-ranging work around the U.S., with input from Patrick Grossi at the Preservation Alliance for Greater Philadelphia and Jon Farnham, Executive Director of the Philadelphia Historic Commission. As appropriate, we studied other innovative programs and tools around the country.

In the next phase, with feedback from the subcommittees and the public, our team will drill down to investigate a refined set of best practices in greater detail. Finally, we anticipate that the National Trust will work with the Task Force, and its subcommittees to identify a set of recommendations for an improved preservation apparatus in Philadelphia.

Seri Worden  
Senior Field Officer  
National Trust for Historic Preservation



## Memo

DATE: JANUARY 18, 2018

TO: PHILADELPHIA HISTORIC PRESERVATION TASK FORCE

FROM: MIKE POWE, PH.D., DIRECTOR OF RESEARCH, PRESERVATION GREEN LAB, NATIONAL TRUST FOR HISTORIC PRESERVATION  
REINA MURRAY, GIS PROJECT MANAGER, NATIONAL TRUST FOR HISTORIC PRESERVATION

CC: PHILADELPHIA HISTORIC PRESERVATION TASK FORCE SURVEY SUBCOMMITTEE

RE: HISTORIC / CULTURAL RESOURCE SURVEY: BEST PRACTICES RESEARCH

Following background research and interviews with representatives of six peer cities and two additional cities with exemplary survey practices, the National Trust has distilled findings related to historic and cultural resource survey into the following four key takeaways:

**1. There is no single “right way” to conduct a historic or cultural resource survey.**

Cities design survey methodologies and protocols based on the size of the city, the resources available, the extent and types of properties to be studied, and the purpose of the survey. For instance, in Los Angeles, SurveyLA was designed to inform good city planning, to capture both architecturally and cultural significant places, and to grow popular support and appreciation for preservation and for older and historic places. Accordingly, a process was designed involving volunteers, community context statements, and digital data collection of the entire city. In contrast, survey efforts currently underway in Alexandria, Virginia, are designed for resource efficiency, leveraging volunteer surveyors using a survey app on mobile devices and focusing on older sections of the city that have not previously been surveyed.

**2. Who “owns” survey efforts and how they coordinate with other government agencies and non-governmental partners relates directly to how survey results are utilized.**

Effective leadership and ownership of the survey process portends effective use of survey results. The New York Landmarks Preservation Commission acts as an effective “owner” of survey in New York, conducting survey primarily for internal use by city staff and ensuring that survey results are readily accessible across city departments and agencies. Results are used to identify potential property designation and inform good city planning, and the data is actively managed by an in-house GIS specialist housed within the commission itself. On the other hand, when ownership is mismanaged or shifted, the results can be diminished or

go unsustainable. In New Orleans following Hurricane Katrina, FEMA and the National Park Service's Cultural Resource GIS team conducted widespread survey of the older areas of the city. While this led to rapid survey and designation, it has also provided less opportunity for follow-up and less sustained momentum in years since.

**3. Outreach to partnerships, stakeholders, and the general public strengthen the survey results and strengthen the survey's usefulness.**

More non-expert involvement leads to more non-expert value. Los Angeles and Alexandria saw survey as an opportunity to boost popular support of preservation and greater recognition of community history. In Los Angeles, prior to beginning the field survey process in an area, six months were devoted to community outreach and engagement, resulting in significant community input in the development of context statements. These context statements prepared for each community area, ethnic group, etc., means richer results. In Alexandria, the physical act of field survey is led and conducted by volunteers, who are trained by city staff in the use of the mobile app.

Furthermore, while architectural significance may be more visible than cultural significance to a non-native surveyor, that doesn't make architectural significance more important. Interviewee representatives from Chicago and St. Louis mentioned that survey is often tied to architectural significance, and they saw this as a limitation of surveys that occur without outreach and public engagement. Community history and cultural significance require community participation.

**4. New technologies offer improvements in survey speed and allow cities to tailor depth and breadth of survey itself.**

Using smartphones and other mobile devices, customized surveys can be deployed quickly across many surveyors at once. Many cities that have conducted survey efforts recently represent a new generation of survey and leverage mobile applications, smartphone cameras, etc., rather than paper, pen, a clipboard and a camera. Los Angeles, Alexandria, and Buffalo have all leveraged digital data collection in the field in their recent efforts. Other large cities like Detroit have created and deployed short, customized survey format with large base of volunteers and managed citywide survey in weeks instead of years.

Leveraging existing datasets and predictive modeling can also inform strategic prioritization of areas with dense concentrations of historic and cultural resources. For instance, in St. Louis, existing parcel data was used to identify priority survey areas with midcentury buildings. Methodologies such as Penn's Character Studies Project, Artifacts, Inc.'s GIS-based predictive modeling, and the Preservation Green Lab's Character Score and Reuse Opportunity Modeling also offer potential paths for dividing and prioritizing smaller areas within large city boundaries.

Additional detail on the survey efforts of peer cities and cities with exemplary survey methodologies can be found below:

## BALTIMORE, MARYLAND

Type of Survey	District-by-district survey directly tied to nomination and designation
When Completed	Ad-hoc / ongoing
How Conducted	Traditional survey – Paper, pen, camera
Who Involved	Community organizations take on survey for purposes of designation
Other Notes	Statewide grants to neighborhoods led a lot of low and moderate-income neighborhoods to survey themselves and get listed on the national register

## NEW YORK, NEW YORK

Type of Survey	Continuous survey led by city officials
When Completed	Ad-hoc / ongoing
How Conducted	Traditional survey – Paper, pen, camera. Incorporated into geodatabase
Who Involved	Staff from New York City Landmarks Preservation Commission
Other Notes	Survey data is used to identify potential designations in areas with development pressure. On-staff GIS professionals digitize records for sharing with other city agencies. Goal is to inform better city planning.

## CHICAGO, ILLINOIS

Type of Survey	Citywide survey of properties built before 1940
When Completed	Twelve-year process completed in 1996
How Conducted	Traditional survey – Paper, pen, camera
Who Involved	City staff and contractors
Other Notes	Citywide survey led to color-coding of historic resources. “Orange-rated” buildings (non-designated) now have 90-day demolition review. Survey focused on architectural more than cultural significance.

## NEW ORLEANS, LOUISIANA

Type of Survey	Survey of older areas of city
When Completed	Last major survey conducted after Hurricane Katrina in 2005-2006
How Conducted	Hand-held GPS receivers and GIS software
Who Involved	Effort funded by FEMA and led by NPS to evaluate all affected properties concerning NR eligibility post-Katrina
Other Notes	Little ongoing survey happening in New Orleans today

## BUFFALO, NEW YORK

Type of Survey	Reconnaissance survey of properties downtown and in two industrial areas
When Completed	2013
How Conducted	Mobile devices and survey application
Who Involved	City contracted consultants to lead survey process
Other Notes	Survey was part of "Preservation Ready" initiative; aim was to determine eligibility for various incentive programs and historic tax credits

## ST. LOUIS, MISSOURI

Type of Survey	Thematic surveys of particular types of buildings
When Completed	Midcentury modern survey completed in 2013
How Conducted	Original properties identified using assessor data; filtered down to select properties to field assessment and expert analysis
Who Involved	Contractors and consultants funded through grants from the MO SHPO
Other Notes	Currently, most of City of St. Louis focus is on thematic survey of undesignated properties scattered throughout the city.

## LOS ANGELES, CALIFORNIA

Type of Survey	Citywide survey
When Completed	Twelve-year process completed in 2017
How Conducted	Custom survey on desktop GIS augmented by contractors using GIS on laptops in the field; inventory now hosted and managed through Arches
Who Involved	Extensive public outreach and participation; city staff, contractors, and volunteers
Other Notes	SurveyLA aims to inform good city planning. Survey covers both architecturally significant buildings through contractors and preservation professionals and cultural resources through community outreach programs and development of context statements.

## ALEXANDRIA, VIRGINIA

Type of Survey	Targeted survey of older, unsurveyed areas
When Completed	Currently underway; ongoing
How Conducted	Mix of mobile devices/app and traditional paper, pen, clipboard and camera, depending on surveyor
Who Involved	Small city staff directing larger group of volunteers
Other Notes	Given limited budget, city is working at steady pace and leveraging time of community volunteers and college students as much as possible. Getting public involved is seen as an opportunity to bolster support for preservation and appreciation of old buildings.



## **Memo**

DATE: JANUARY 18, 2018

TO: PHILADELPHIA HISTORIC PRESERVATION TASK FORCE

FROM: ROB NIEWEG, SENIOR FIELD DIRECTOR & ATTORNEY, NATIONAL TRUST FOR HISTORIC PRESERVATION  
DENISE GILMORE, COMMUNITY DEVELOPMENT SPECIALIST, NATIONAL TRUST FOR HISTORIC PRESERVATION

RE: PUBLIC OUTREACH AND EDUCATION FOR HISTORIC PRESERVATION: BEST PRACTICES RESEARCH

### **1. Introduction: Building a Public Constituency in Support of Historic Preservation.**

“Cities are only successful when they work for everyone. People are at the center of our work. Preservation projects can create opportunities for community residents at all income levels to live, work, and play in a diverse and thriving environment.” – *Ten Principles for ReUrbanism: Reuse and Reinvestment in the 21<sup>st</sup> Century*, National Trust for Historic Preservation.

The purpose of the National Trust for Historic Preservation’s research and of this summary is to answer the Outreach & Education Subcommittee’s question:

Across the country, how do local non-profits and city agencies use outreach and education programming to build a public constituency for historic preservation?

This summary will help the Task Force and the interested public to identify the best practices for building a constituency for historic preservation in Philadelphia. What do we mean by a “constituency?” For these purposes, a preservation constituency is the body of city residents and community members who are informed about preservation tools and strategies, who are engaged in preservation activities, and who are supportive of preservation goals and institutions. The community benefits of an active and effective preservation constituency include:

- Neighborhood residents have access to information about historic preservation.
- Preservation plans, objectives, and programs are informed and shaped by the public’s needs and vision.
- Progress for preservation is understood and appreciated by the public.
- Misperceptions and controversy impacting preservation are mitigated.
- Provision of resources for preservation is supported by the constituency.
- Elected and appointed officials appreciate the public’s interest in preservation.

To gather information, between November 2017 and January 2018 the National Trust contacted city agencies and local non-profits in eight cities to identify a range of their current outreach and education practices for consideration by the subcommittee and interested public. In effect, we have taken a snapshot of outreach and education practices in Baltimore, Boston, Buffalo, Chicago, New Orleans, New York City, St. Louis, and Washington DC. (We also drew on our own experience leading and cooperating with local agencies and groups.) We have compiled that input for presentation on January 18. Between January and April 2018, based upon the subcommittee's response, we will deepen our research focus.

## **2. Outreach and Education by City Historic Preservation Agencies.**

Local preservation agencies are governmental offices, usually housed in the city's planning division or economic development division. Generally, the mission of these local agencies is to protect historic properties through regulation pursuant to local law. For example, "Established in 1955, the Philadelphia Historical Commission is the City of Philadelphia's regulatory agency responsible for ensuring the preservation of historically significant buildings, structures, sites, objects, interiors and districts in Philadelphia." Staffed by preservation experts, these governmental agencies pursue a range of activities, including:

- Survey and document historic properties
- Designate significant landmarks and historic districts
- Review permit applications for changes to historic properties
- Provide technical assistance to owners of historic properties
- Administer incentive programs
- Staff the appointed members of preservation commissions
- Conduct preservation-based urban planning
- Present information to neighborhood groups and civic associations
- Inform the interested public
- Partner with non-profit preservation groups

### *Examples of Public Outreach and Education by City Agencies:*

In St. Louis, the Cultural Resource Office convenes monthly public hearings of the City's 9-member preservation board, like most preservation agencies, and provides to the public audio recordings of the hearings on the agency's webpage. The agency provides to individual property owners needed technical assistance by appointment and at a counter or by telephone during regular business hours. The agency responds to requests for assistance from neighborhood-level groups seeking historic preservation tools to improve the quality of life in their communities. The agency maintains a list of addressees who receive the preservation board's monthly agenda.

In Chicago, the Landmarks Division makes accessible for public use on its website relevant and useful information about design standards, guidance about permit applications, maps of historic districts, information gathered by survey, and designation reports describing landmarks and historic districts. The agency

seeks to collaborate with partners like the Chicago Architectural Foundation to conduct walking tours for the public.

In New Orleans, the staff of the Historic District Landmarks Commission provides information to the public via the commission's user-friendly and well-designed website. Interestingly, the agency has initiated a pilot outreach project by convening informal strolls through neighborhoods. The staff uses these strolls to meet people and tell them what the agency does and how the agency does it.

In New York City, staff of the Landmarks Preservation Commission supports the public's interest in potential designations of historic districts -- like many preservation agencies. Prior to designation, the agency will convene or participate in meetings with property owners and neighbors to educate stakeholders about the designation process and regulatory responsibilities. Immediately following designation, the agency will remind property owners of their responsibilities. Over time, the agency will return to raise awareness about the historic district and to strengthen regulatory compliance by property owners.

In Washington DC, staff of the Historic Preservation Office proactively goes to neighborhood meetings and events of all sorts to meet residents to advocate and advise about maintaining the integrity of historic districts. Among other goals, the agency's strategic plan expressly calls for partnerships to: "Increase public advocacy for historic preservation and cultural heritage programs" and "Expand public information about preservation policies, the review process, and properties that may merit protection."

*Takeaways about Outreach and Education by City Agencies:*

- ✓ Practically, the top priority for most city preservation agencies is their timely and efficient processing of permit applications submitted by individual owners of historic properties.
- ✓ General information is available online to the public. Customized assistance is available to individuals at the agency's office.
- ✓ Typically, a preservation agency responds to requests from the public, rather than initiates outreach with the public. For instance, the agency accepts invitations from grassroots groups, public officials, and the agency's non-profit partners, to make presentations at neighborhood meetings about historic preservation, designation, and regulation.
- ✓ In many cities, the historic preservation arena is politicized and – understandably – there are sensitivities about an agency's involvement in creating and maintaining a constituency.
- ✓ Preservation offices report that the agencies are under-resourced, and that outreach and education for constituency building usually is not seen as a primary function of preservation agencies.

### **3. Outreach and Education by Local Historic Preservation Non-profits.**

Local preservation groups typically are non-profit organizations, usually with 501(c)(3) tax status. These groups are founded and directed by volunteer trustees. The non-profits we interviewed employ two or more professional staff. Generally, the mission of these groups is to advocate on the citywide level for protection of historic resources by raising awareness of the community benefits of historic preservation. For example, “The mission of the Preservation Alliance is to actively promote the appreciation, protection, and appropriate use and development of the Philadelphia region’s historic buildings, communities and landscapes.”

Typically, local preservation non-profits reach out and educate through walking tours, social events, publications, social media platforms, technical assistance, and strategic advocacy. Staffed by preservation experts and volunteer advocates, these non-profit groups promote preservation by:

- Informing, engaging, and activating their members and allies
- Advocating to influence elected and appointed officials and other decision-makers
- Researching and filing nominations to designate significant landmarks and historic districts
- Highlighting endangered historic properties
- Honoring excellent preservation projects
- Advising owners and developers of historic properties
- Supporting the preservation-related activities of neighborhood groups and civic associations
- Informing and educating the interested public
- Partnering with city government preservation agencies

#### *Examples of Public Outreach and Education by Non-profit Groups:*

In Baltimore, for example, Baltimore Heritage, Inc. each year offers to the public a program of 70 walking tours to 35 places throughout the city. Baltimore Heritage hosts the walking tours to build its constituency, in person and face-to-face – and not via mass marketing. The group’s programming is designed to resonate with, and matter to, the constituency. Constituency building is a top priority for Baltimore Heritage, and the group’s staff and volunteers make a conscious effort year-round to broaden and diversify the group’s constituency.

In Buffalo, creating a broad and diverse constituency is part of Preservation Buffalo Niagara’s strategic plan. The group regularly communicates with its members and friends through a weekly e-newsletter and its active social media presence. Preservation Buffalo Niagara manages its database of constituents using software that allows the group to sort constituents by city council districts. The group responds to requests for help from grassroots neighborhood groups by providing technical assistance. Preservation Buffalo Niagara also proactively identifies neighborhoods that merit preservation but have not been surveyed or designated.

In St. Louis, the Landmarks Association of St. Louis for 30 years has provided public school (4<sup>th</sup> – 12<sup>th</sup> grades) programming about historic architecture, development patterns, and sustainability. Each year from April through October, the Association also hosts walking tours for the public (especially day-trip visitors) every Saturday to carry the message that preservation-based adaptive reuse has rescued formerly vacant historic buildings throughout downtown. The Association sponsors special walking tours in the spring and fall to highlight certain neighborhoods outside downtown and the current issues impacting quality of life there.

In New Orleans, the Preservation Resource Center uses a multi-pronged approach to build its constituency of people who live in and who love New Orleans. The Center publishes a sophisticated magazine, maintains a strong social media presence, and presents a rich set of programs, including tours, happy hours, and other events. The Center's key public message is: "Historic preservation is economic development." The Center also cultivates special relationships with property owners, developers, and architects who have strong influence over the protection of historic properties.

In New York City, the New York Landmarks Conservancy works to build a constituency for preservation through its e-alert and direct mail programs, well-publicized projects and public events, and targeted outreach to the real estate development community. Of interest is the Conservancy's interaction with the city's grassroots network of Community Boards. With the city preservation agency, the Conservancy responds to Community Board requests for presentations and assistance about individual development projects as well as about general land-use issues.

*Takeaways about Outreach and Education by Non-profit Groups:*

- ✓ Strategically, the top priority for many preservation non-profits is to influence key decision-makers to protect landmarks and historic districts. Typically, significant effort is invested to cultivate positive relationships with decision-makers, especially elected and appointed officials.
- ✓ All non-profits take purposeful steps to maintain and expand their memberships. This is a formal relationship with dues-paying members. Most preservation non-profits also are active on social media and cultivate informal interactions with regular followers.
- ✓ Many non-profit preservation groups take action to build their circle of supporters as a constituency for preservation. Some non-profit groups are intentional about broadening and diversifying their constituency.
- ✓ Non-profit preservation groups report that they are under-resourced. It is acknowledged that constituency building is a continuous and labor-intensive enterprise.

#### **4. Best Practices for Outreach and Education to Build Constituency.**

For consideration by the Task Force and by the public, here are best practices that we have identified in conversation with the National Trust's interviewees who lead preservation agencies and non-profits in Baltimore, Boston, Buffalo, Chicago, New Orleans, New York City, St. Louis, and Washington DC.

##### ***To achieve your mission, create a diverse and broad constituency.***

- ✓ The mission of local government agencies is to protect historic properties through regulation for the public benefit; the mission of local non-profit advocacy groups is to protect historic resources by raising public awareness and public support. An informed, engaged, and supportive public constituency can help accomplish these two complementary missions.
- ✓ City populations are diverse, and the public constituency for preservation must be inclusive. City government agencies and citywide non-profit groups have a responsibility to serve community members throughout the city and to help preserve historic places that tell the full stories of the city's multi-faceted heritage. Effective non-profits and agencies are intentionally inclusive as they plan, implement, and evaluate their objectives and programming.
- ✓ To that end, some preservation agencies and non-profits create for themselves a comprehensive strategy for outreach, education, and constituency building. A formal, written strategy with measurable outcomes – and specific plans to achieve a broad and diverse constituency – is a best practice for constituency building.

##### ***To build a constituency, reach out to your constituents on their terms and where they already are.***

- ✓ Constituency building is about cultivating relationships and building trust with people, rather than mass marketing to an email database. This means listening to people and learning about their needs and vision for their community. Importantly, it means incorporating what you have heard from constituents in the agency's or the non-profit's plans, objectives, and programming.
- ✓ In consultation with constituents, the agency and non-profit together should explore ways to proactively identify under-served neighborhoods that have yet to benefit from preservation, rather than reacting to an invitation from a civic association.
- ✓ Person-to-person interaction in the neighborhoods is essential. To be effective, staff of the agency and the nonprofit go where their constituents already are – to the constituents' own places and at times convenient to them – to listen and learn.

- ✓ The language we choose is important. When an agency or non-profit is providing information about historic preservation, it is most effective to do so using language that is readily comprehensible by a layperson. We must engage in true, respectful conversations with people, rather than one-way presentations to people.

***Make an organizational commitment to invest in constituency building.***

- ✓ An effective preservation constituency requires a sustained commitment to outreach and education year after year. This means an ongoing investment in staffing, funding, programming, and a constituency-building strategy.
- ✓ Establish a system to manage information about the organization's constituents. To be effective, the organization will actively collect contact information, maintain a current list, and segment the list to "target" customized audiences.
- ✓ Partnerships help to leverage limited resources. The agency and non-profit should consider their existing assets. When and where are the agency and non-profit already meeting people? How can the agency and non-profit partner to capitalize on these existing opportunities to build a public constituency?

**5. Conclusion and Next Steps.**

Today, historic preservationists across the country envision an inclusive and representative movement that "grounds its work in human needs and aspirations" to become "a prevalent, powerful, and practical force to sustain, improve, and enrich people's lives."

"A preservation practice more firmly rooted in people can be more inclusive in the identification, understanding, and protection of historic places. It can democratize the process so that all Americans are empowered to share the stories and meanings of the places and traditions that matter to them." – *Preservation for People: A Vision for the People*, May 2017, National Trust for Historic Preservation.

In the view of the preservationists and advocates we interviewed for this research project, outreach and education to build a preservation constituency is an important way for agencies and non-profits to meet their missions and to better serve community members. Constituency building is not a highly technical or specialized activity. Instead, at this scale, it is about intentionally reaching out to make real relationships with people, face to face. Constituency building is essential to success, and – in many ways – it will set the tone and the direction for everything else the agency and non-profit will do.

Following the January 2018 meetings with the Task Force and Outreach & Education Subcommittee, the National Trust will continue its information

gathering. This work may include:

- ✓ Pursuing information about the constituency-building practices of other types of city agencies and of citywide non-profits beyond the historic preservation movement.
- ✓ Learning from nimble neighborhood-level non-profits with well-developed constituencies.
- ✓ Deepening our focus on specific tactics for outreach and education to build constituency.
- ✓ Evaluating software for managing and segmenting lists of constituents.
- ✓ Reviewing sample strategic plans and organizational budgets for outreach, education, and constituency building.



# Memo

DATE: 24 JANUARY 2018  
TO: PHILADELPHIA HISTORIC PRESERVATION TASK FORCE  
FROM: ANTHONY VEERKAMP, DIRECTOR OF POLICY, PRESERVATION GREEN LAB  
DI GAO, REAL ESTATE SPECIALIST  
CC: PHILADELPHIA HISTORIC PRESERVATION TASK FORCE INCENTIVES SUBCOMMITTEE  
RE: INCENTIVES FOR BUILDING REUSE BEST PRACTICES RESEARCH

## Goals and Priorities

The National Trust has been asked to assist the Incentives subcommittee by researching historic preservation incentives provided by peer cities, with the aim of identifying best practices to be considered for recommendation by the Task Force. This memo summarizes the preliminary findings of that research, focusing on six peer cities: Baltimore, Buffalo, Chicago, New Orleans, New York, and Saint Louis.

Incentives programs can be effective tools to guide growth and development in a way that supports community objectives without relying on additional regulation. Successful incentives are designed to address roadblocks to preservation and building reuse, whether actual or perceived. They can be tailored and targeted to meet local needs, policy priorities, and fiscal and political constraints. However, preservation incentives will only be effective to the degree to which homeowners and developers take advantage of them.

In our research, we have defined “preservation incentives” broadly to include not incentives targeting the rehabilitation of designated historic resources, but also those that encourage the reuse of older buildings and the protection of intangible cultural heritage.

Among the types of incentives that we have explored are income and property tax incentives, financial assistance (grants and loans), zoning incentives (density bonuses and transfer of development rights), regulatory relief from building code or parking requirements, technical assistance, packaged incentives, and public realm improvements. We have focused on local incentives, but have included some state incentives that are implemented locally, as well as ones that might require state enabling legislation.

Incentive programs can be funded in a wide variety of ways. Some programs are supported through federal grants, some are funded directly from the General Fund, Tax Increment Financing (TIF) and Special Service Area (SSA) taxing districts are common funding sources for grants and low-interest loans. Indeed, many incentive programs such as regulatory relief have little or no direct fiscal impact, while tax credit and abatement programs may impact general fund revenue without having any significant expenses associated with them. All incentive programs, however, have the potential to boost government revenue by promoting economic development, thus offsetting any direct program costs. For example, the recently renewed

federal Historic Tax Credit returns \$1.20-1.25 in tax revenue to the U.S Treasury for every federal dollar invested.

## **Philadelphia Context**

Philadelphia is the sixth-most populous city in the United States and is widely regarded as the birthplace of American democracy. Within the city's 134 square miles, there are nearly half a million buildings dating back as far as the late 1600s. More than 85 percent of these buildings are at least 50 years old, with a median construction date of 1925. Fewer than one in four buildings in Philadelphia dates from after World War II.

The relative scarcity of postwar buildings, reflects a long-term population decline; between 1950 and 2000, Philadelphia lost 554,055 people, or over a quarter its population. Recently, this decline has reversed, with population increasing by over 60,000 since 2000. However, Philadelphia's return to population growth and economic prosperity has not been evenly shared throughout the city. Nearly 40% of new residents have located in Center City and University City, while large swaths of the city still confront high levels of poverty, vacancy, and abandonment.

The unevenness of Philadelphia's economic recovery means that the city must contend with both displacement and disinvestment at the same time. Where real estate markets are stressed, historic and older buildings are vulnerable to abandonment, demolition by neglect, and political pressure to address blight through demolition. While low property values may reduce project costs, low returns of investment and risk perception discourage much needed investment in struggling areas. Additionally, public policy goals of rehabilitating historic buildings and promoting economic development must be weighed against the risk of displacement that might result from rapid outside investment.

Meanwhile, in strong and transitioning markets, development pressure may support investment in older and historic buildings, but where zoning exceeds prevailing FARs (or where variances are easy to come by), there will be pressure to demolish older buildings in favor of denser new construction.

In both hot or cold markets, Philadelphia offers few tools and incentives to encourage homeowners and developers to pursue rehabilitation and reuse. Given the wide range of threats to historic and older buildings, "one-size-fits-all" approaches to the City's preservation strategy are unlikely to yield desired results. Rather than search for a single silver bullet, Philadelphia will be best served by providing a menu of preservation incentives that address the challenges and opportunities facing Philadelphia's diverse building typologies, market conditions, neighborhoods, and community development goals.

## **Highlighted Incentives**

Following are brief overviews of incentives that the National Trust has identified that might be adapted for use in Philadelphia.

### **❖ Property Tax Incentive: Baltimore Historic Restoration & Rehab Tax Credit**

**Purpose & Structure:** In 1996, the City of Baltimore introduced the Historic Restoration & Rehabilitation Property Tax Credit with the goal of helping to preserve Baltimore's neighborhoods by encouraging restoration and rehabilitation of residential and commercial historic properties. The Baltimore Historic Restoration & Rehabilitation Tax Credit (BHRRTC) is administered by the local Commission on Historical and Architectural Preservation (CHAP) and the City Department of Finance, and is a 10-year tax credit granted on 100% of the taxes owed on the increased property value resulting from qualifying

rehabilitation exterior and interior work. To be eligible for this tax incentive, qualifying expenses must represent a minimum of 25% of the initial full cash value of the property. The tax credit is computed once and applied for the entire 10-year life of the credit, and is fully transferrable to a new owner for the remaining life of the credit. A numerical example illustrating the mechanics of the tax credit is provided below:

**Calculation of the BHRRTC - Simplified Example**

I. Pre-Improvement Full Cash Value	\$100,000
II. Post-Improvement Full Cash Value	\$300,000
III. Baltimore City Tax Rate	0.02268
IV. Tax Credit Percentage	100%
<i>Historic Tax Credit: (II – I) * III * IV</i>	<i>\$4,536</i>
<b>Total Savings on Property Taxes over 10 years</b>	<b>\$45,360</b>

Source: CHAP website

**Significance:**

- The BHRRTC is notable for being among the most comprehensive tax credits offered at the municipal level **specifically targeting** historic buildings.
- The City’s program can leverage state and federal historic tax credits, as well as brownfield, new markets, and affordable housing tax credits, resulting in a **deeper level of tax credit subsidy** than areas with only state and federal tax credits available.
- This program is widely hailed as a necessary and critical tool that has supported the rehabilitation of valuable historic assets under otherwise prohibitively **challenging market conditions**.

**Impacts:** To date, more than 3,300 rehabilitation projects have participated, with over \$850 million invested in historic properties. More than 2,000 restorations are in the pipeline, which will result in an additional \$800 million in investment. A historic homeowner may further benefit by combining the credit with the State of Maryland’s 20 percent Sustainable Communities income tax credit Maryland Sustainable Communities Tax Credit Program, which offers a one-time state income tax credit equal to 20 percent of qualified rehabilitation expenditures, up to \$50,000 in a 24-month period.

❖ **Property Tax Incentive: Louisiana Restoration Tax Abatement**

**Purpose & Structure:** The Restoration Tax Abatement (RTA) Program incentivizes the rehabilitation of historic commercial properties and owner-occupied private homes by providing the right to pay property taxes based on the assessed valuation of the property for the year prior to the start of the project for five years after completion of the work. There is an option for a five-year renewal with in most jurisdictions, including New Orleans. Improvement projects must be approved by the Louisiana Division of Historic Preservation.

The credit is transferable to a new owner for the remaining life of the credit. Eligible expenses include building materials, machinery and equipment that becomes an integral part of the structure, and labor and engineering.

**Significance:** The RTA is available for both National Register-designated historic properties, as well as existing buildings in downtown or economic development districts. In most cases, the financial benefit applies to additions to a building as well as to work on the building itself.

❖ **Zoning Code Incentive: Buffalo Unified Development Ordinance “Green Code”**

**Purpose & Structure:** The recently-adopted Unified Development Ordinance (UDO), Buffalo’s first comprehensive zoning update since 1953, is a “form-based” code. Instead of trying to separate uses, form-based codes focus on regulating the look, feel and function of urban space as a whole. It promotes walkability, density, mixed-use development and complete streets redesigns.

The UDO supports efforts to preserve the character of the city’s historic neighborhoods, and “legalizes” many of Buffalo’s historic buildings and neighborhood developments that were rendered noncompliant by the previous zoning code. Among the uses allowable under are corner tavern and corner store, open-air markets, artisan industrial uses, roof-top solar and residential wind turbines. The UDO prohibits the demolition of a principal structure in the neighborhood center zones without an approved site plan for the construction a new structure.

**Significance:** Buffalo became only the third U.S. city, after Miami and Denver, to adopt a citywide form-based code. The UDO eliminates minimum requirements for parking in new projects, making Buffalo the first major city in the U.S. to do so (recently Hartford Connecticut followed suit.)

**Impacts:** The environmental review of the UDO noted that “to ensure that historic properties are rehabilitated and remain economically viable, the UDO includes an Adaptive Reuse Permit [that] allows for adaptation of these buildings...for some additional uses that may not otherwise be allowed in a particular zone... [The review process] will allow for the continued investment in historic resources while still protecting the character of the surrounding neighborhood.”

Furthermore, “for NR districts, in particular those in residential neighborhoods, the UDO developed form standards based on predominate existing urban character, including fenestration, setbacks and heights. This will ensure new infill development is consistent with the existing development in historic districts even if state and federal review is not required for a project.”

❖ **Market-Based Incentives: Transfer of Development Rights (TDR) Programs**

**Purpose & Structure:** TDR programs provide a mechanism for protecting historic properties by allowing the transfer of unused development potential to another property. TDR programs using market incentives to encourage the voluntary redirection of development away from areas or properties that a community wants to preserve, toward places where a community wants to grow.

Of the over 200 communities in the U.S. that have adopted TDR programs, about two dozen include historic preservation as the primary focus. Since TDR programs need to be carefully tailored to local markets, we have included general observations here drawing on experiences in several cities, including New York, Atlanta, Nashville, New Orleans, Seattle, and San Francisco.

Most TDR programs allows a property owner to sell development rights directly to another property owner, but some jurisdictions form a “TDR bank” to buy, sell, and hold TDR or facilitate private TDR transactions.

**Significance:** A TDR program will only be effective if development pressure is such that property developers routinely seek higher FARs than what is allowed by the baseline zoning. Some cities like New Orleans lack sufficient development pressure, while others like Atlanta, have high baseline zoning that accommodate development pressure. Even if a city has strong growth pressures that exceed baseline zoning, a TDR program won't be effective if there are easier ways for a developer to get added density.

❖ **Density Bonus Incentive: Chicago Neighborhood Opportunity Bonus Ordinance**

**Purpose & Structure:** In 2016, Chicago enacted the Neighborhood Opportunity Bonus Ordinance with the goal of ensuring that the growth of downtown drives equitable development throughout the City. The changes simplify and update the downtown floor area bonus system, accommodate ongoing central area growth through an expanded downtown zoning district, and generate funds to catalyze investment on Chicago's West, Southwest and South Sides.

Under the new Neighborhood Opportunity Bonus Ordinance, developers can purchase bonus floor area for downtown development projects through a single voluntary payment into the Neighborhood Opportunity Fund. Funds are then competitively distributed as follows:

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

**Significance:** The previous zoning code granted downtown density bonuses in exchange for the provision of on-site amenities, such as building setbacks, winter gardens, green roofs and other design features in the downtown. Under the new ordinance, the benefits of new downtown investment are redirected to underserved communities in Chicago's south and west sides, as well as historic resources across the city.

Ongoing downtown development pressures are accommodated by adding four areas along the perimeter of the existing downtown (D) district that are well-served by transit have been made eligible for D district zoning after approval by the Chicago Plan Commission and City Council.

❖ **Louisiana Cultural Districts (New Orleans “Cultural Products Districts”)**

**Purpose & Structure:** Created in 2007, the Louisiana Cultural Districts Program allows a local government to designate Cultural Districts with the goal of revitalizing communities, decreasing vacancies, increasing jobs, and improving the sense of community by creating hubs of cultural activity. Most cultural districts focus on a cultural asset such as a major art institution, art and entertainment businesses, or artisan production.

The program provides two tax incentives:

- Properties within the districts are eligible for Louisiana's 25% State Commercial Historic Tax Credit Program for income-producing buildings and the 18.5% State Residential Tax Credit Program for owner-occupied historic structures to help cover rehabilitation expenses. In New Orleans, properties over 50 years old may be eligible for state historic tax credits. (Properties are not eligible for the Louisiana Restoration Tax Abatement

unless also listed in the National Register or located in downtown or economic development districts.)

- Sales of original, one-of-a-kind works of visual art in Cultural Districts are exempt from local and state sales tax. (The 0% state tax has been temporarily revised to 3% until June 30, 2018, after which the 0% tax rate will be restored.)

**Significance:** Fifteen states have state Cultural District programs; some, like Louisiana's, use the designation to expand the reach of traditional preservation incentives, without all of the additional regulatory burden associated with formal designation.

**Impact:** As of 2016, 83 cultural districts have been certified statewide, with 24 of these in New Orleans. 611 commercial and 85 residential tax credit projects were completed in Cultural Districts, leveraging over \$1.9B and \$25.5M respectively, in qualifying and associated costs.

### ❖ **San Francisco Legacy Business Registry & Historic Preservation Fund**

**Purpose & Structure:** San Francisco's Legacy Business Program recognizes longstanding, community-serving businesses as valuable cultural assets to San Francisco, and offers grants to encourage their continued viability and success. The program has two parts:

- The Legacy Business Registry is open to businesses that have operated in San Francisco for 30 or more years and have contributed to a neighborhood's history and/or the identity of a particular community. The Historic Preservation Commission provides an advisory recommendation as to whether the business meets this criterion. The business must commit to maintaining the physical features or traditions that define the business, including craft, culinary, or art forms. The Office of Small Business manages the program and provides educational and promotional assistance to Legacy Businesses.
- The Legacy Business Historic Preservation Fund offers two grants:
  - Legacy Businesses are eligible for Business Assistance Grants of \$500 per full-time employee per year. The grants are capped at \$50,000 a year;
  - Landlords who extend the leases of such businesses for at least 10 years may apply for Rent Stabilization Grants of \$4.50 per square foot of space leased per year. The grants are capped at \$22,500 a year.

**Significance:** The program is the first in the nation to recognize notable small businesses as historic assets and incentivize their preservation. It has moved San Francisco's preservation program beyond the protection of buildings to include support for the traditional businesses that are fundamental to any city's historic character. The Legacy Business Historic Preservation Fund was created through a November 2015 ballot measure that voters approved by a 57% to 43% margin, demonstrated widespread public support for a broad interpretation of cultural heritage.

**Impact:** To date, over 140 businesses have been added to the Registry.

### ❖ **Packaged Incentives: Phoenix Adaptive Reuse Program**

**Purpose & Structure:** Began as a pilot program in 2008, this comprehensive program promotes the adaptive reuse of existing buildings to preserve history, contribute to economic vitality, and create more vibrant neighborhoods. The goal is to promote growth and development in areas served by light rail and existing public infrastructure.

The program offers development guidance, streamlined processes, reduced timeframe, and cost savings. Fee incentives are available to small businesses renovating existing buildings

for new uses. An eligible adaptive reuse project may utilize up to \$7,000 in incentives toward site plan and commercial construction plan review and permit fees to establish new occupancy. A wide variety of incentives is available to remove barriers to infill development and incorporate flexibility in standard development requirements.

**Significance:** The Phoenix Adaptive Use program demonstrates what can be achieved by focusing on removing barriers to small developers undertaking small projects. One key component of the program is that Planning & Development establishes a specific staff point contact for each project who has knowledge and responsibility for the policies and procedures.

## **Preliminary Findings**

- 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.