Rust Belt Real Estate:

Leveraging Rehabilitation Tax Credits

Preservation Studios LLC, Buffalo, NY

Batavia, NY March 24, 2015

PRESERVATION STUDIOS

PRESERVATION STUDIOS

A full-service historic preservation firm

Rehabilitation Tax Credit Services

Historic Resource Surveying

Historic Districting

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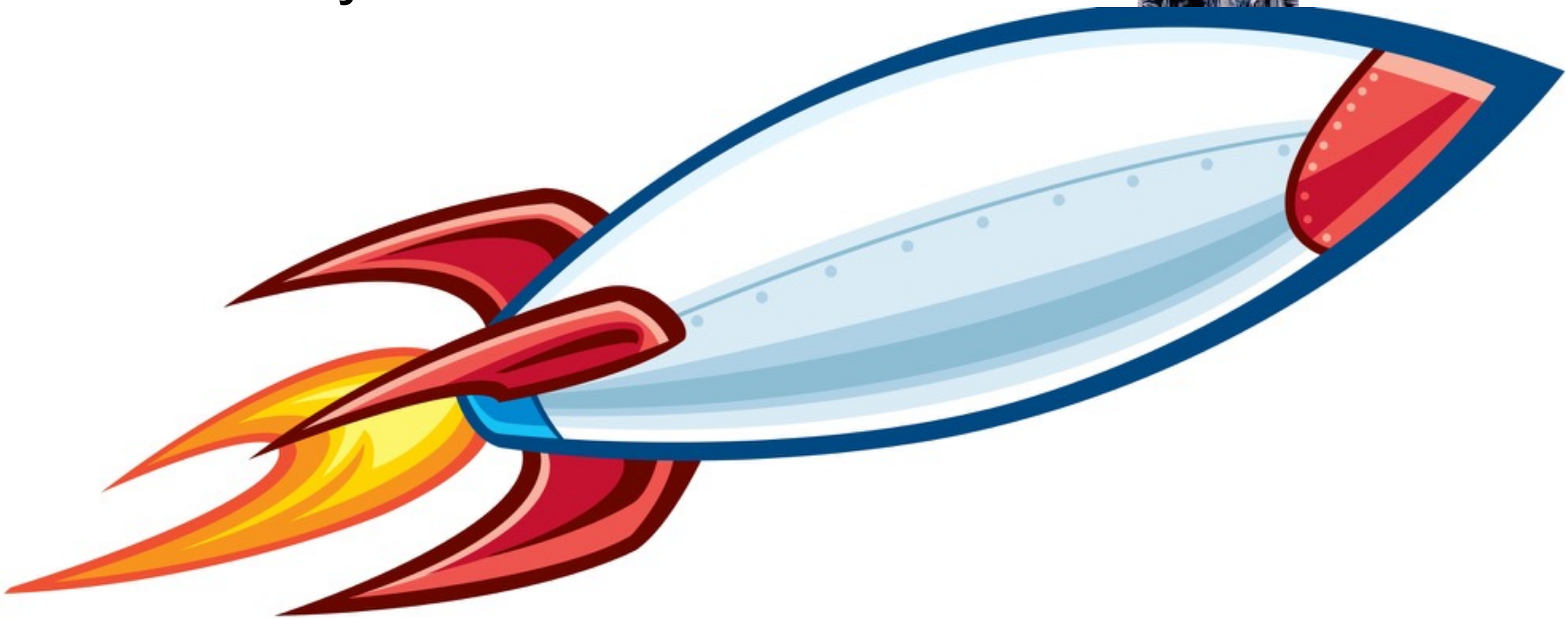
Part 1:

The RTC Program

"As I hurtled through space,
one thought kept crossing my mind -
every part of this rocket
was supplied by the lowest bidder."

- Astronaut John Glenn



Why Do We Need Preservation Incentives in Upstate New York?

Cunningham Carriage Factory
Rochester, NY
Photos: Michael Puma

Capital Costs

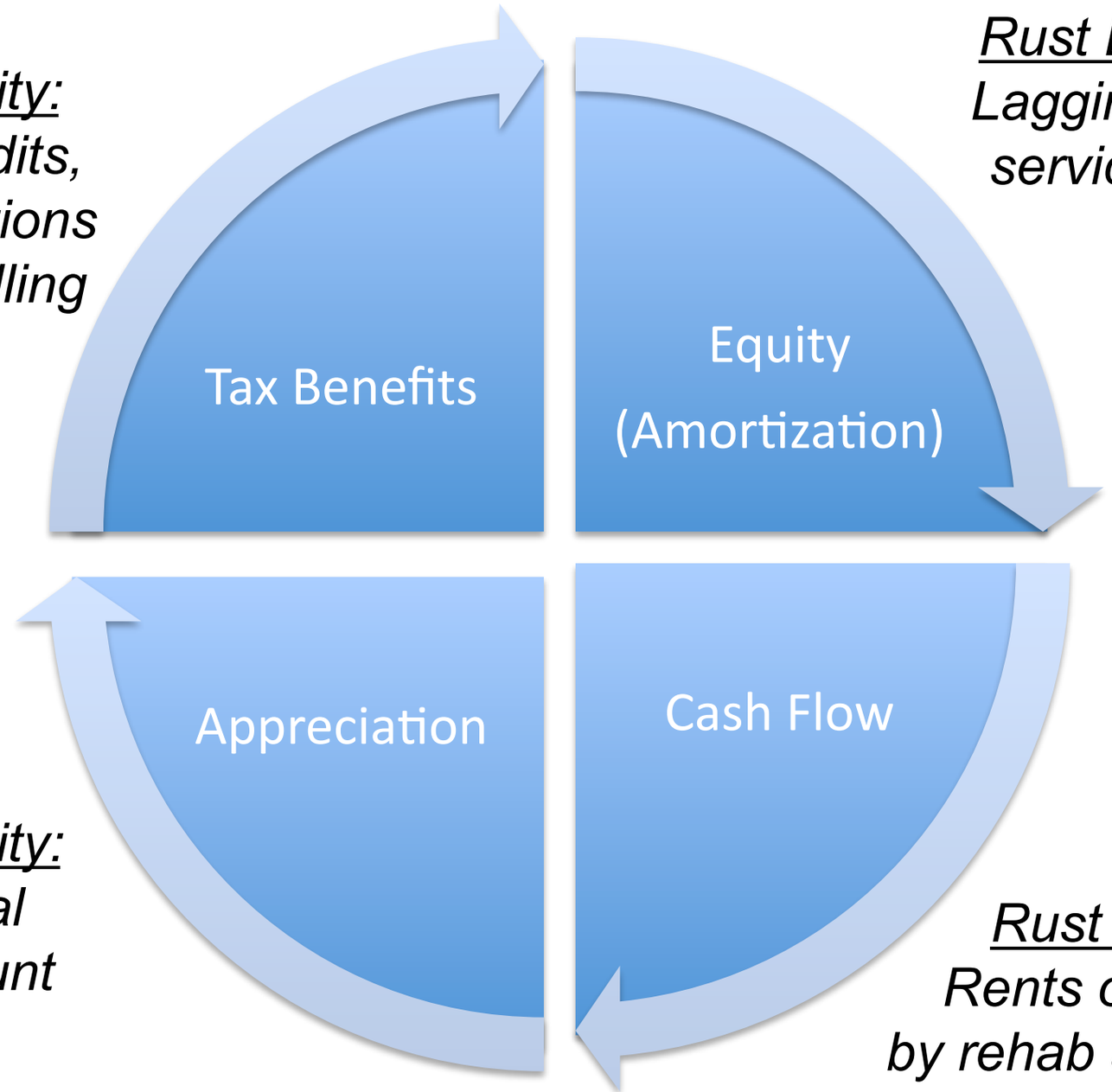
Capital Sources

Rust Belt Real Estate 101: Bridging The "Gap"

Rust Belt Real Estate 101: "The Gap"

Financial Feasibility Indicators

Rust Belt Reality:
Without tax credits, standard deductions are less compelling



Rust Belt Reality:
Lagging rents cap serviceable debt

Rust Belt Reality:
Sluggish local economies stunt growth

Rust Belt Reality:
Rents often outpaced by rehab and legacy costs

$73.8 Billion	**Total RTC Investment**
2.47 Million	**Total Jobs Generated**
504,297 (27%)	**Housing Units ('Affordable')**

Rehabilitation Tax Credits - 1977-2014

$4.32

RTC Investment (Billions)

Rehabilitation Tax Credits - 2014

Average RTC Project Size (Millions)

$5.67

Rehabilitation Tax Credits - 2014

19,786

Housing Units Created With RTCs

Rehabilitation Tax Credits - 2014

33%

Percentage of Housing = “Affordable”

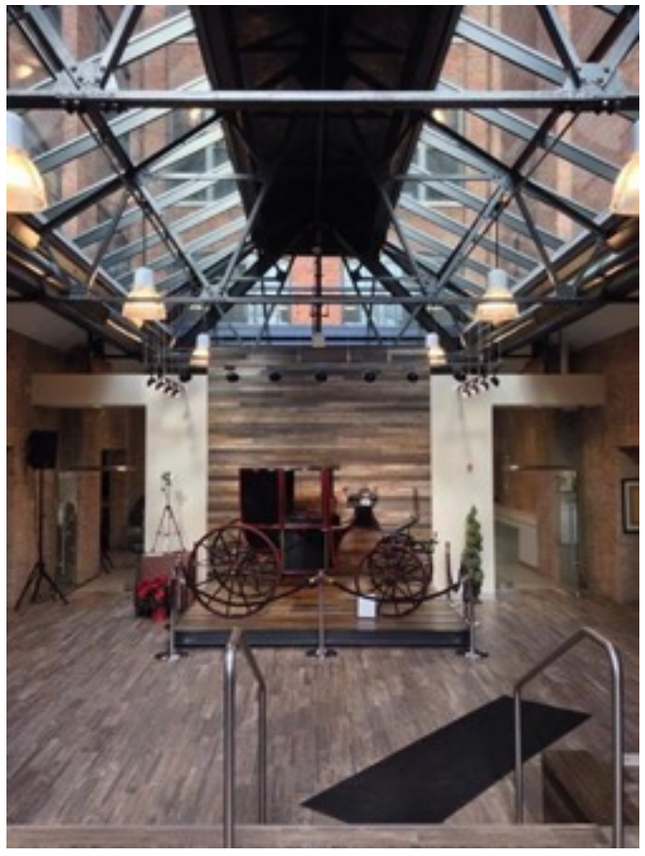
Rehabilitation Tax Credits - 2014

77,762

U.S. Jobs Created By RTC Program

Rehabilitation Tax Credits - 2014

Why Do We Need Preservation Incentives in Upstate New York?



Hard Costs = $12,000,000

Soft Costs = $ 1,700,000

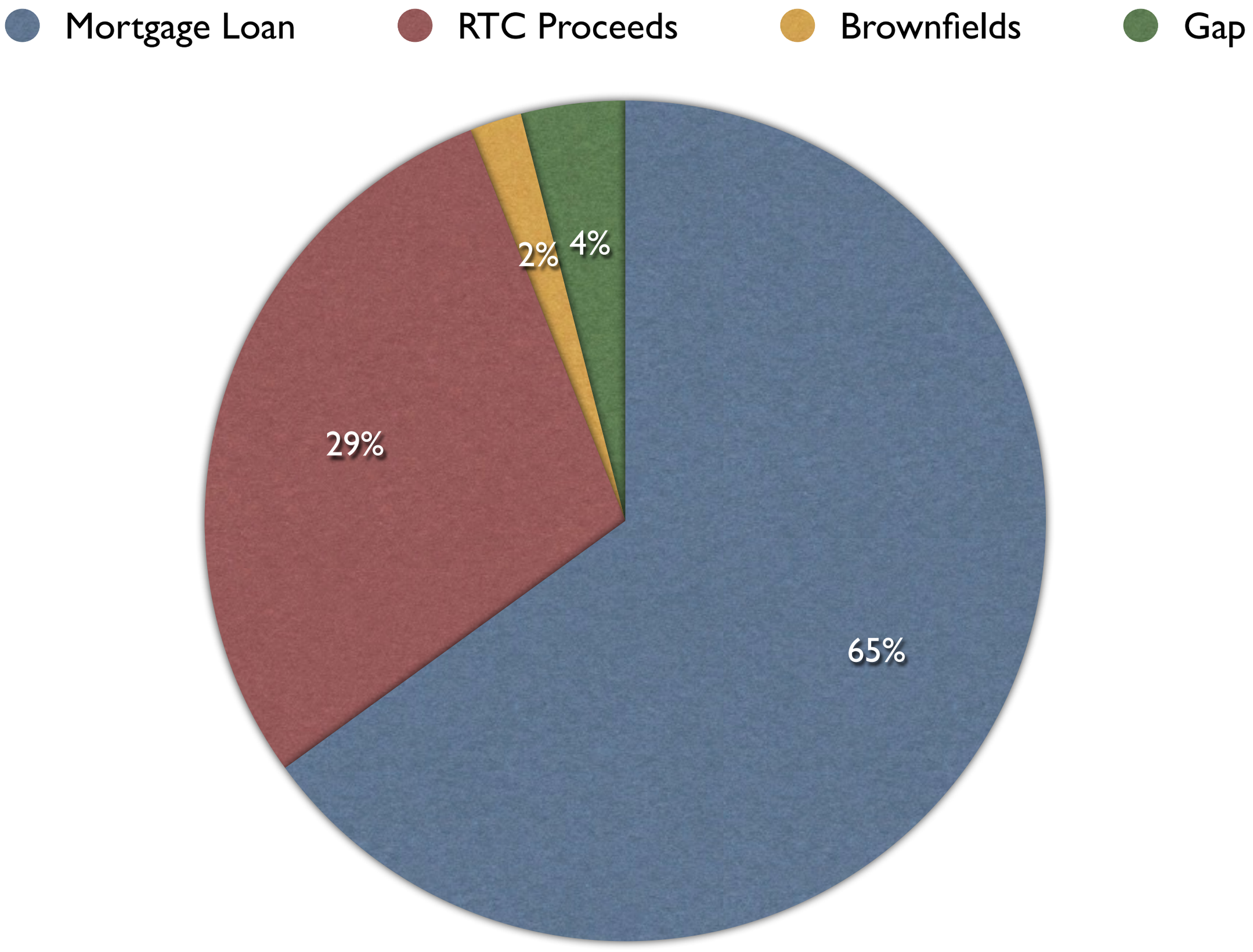
Purchase = $ 500,000

Dev. Fee = $ 1,800,000

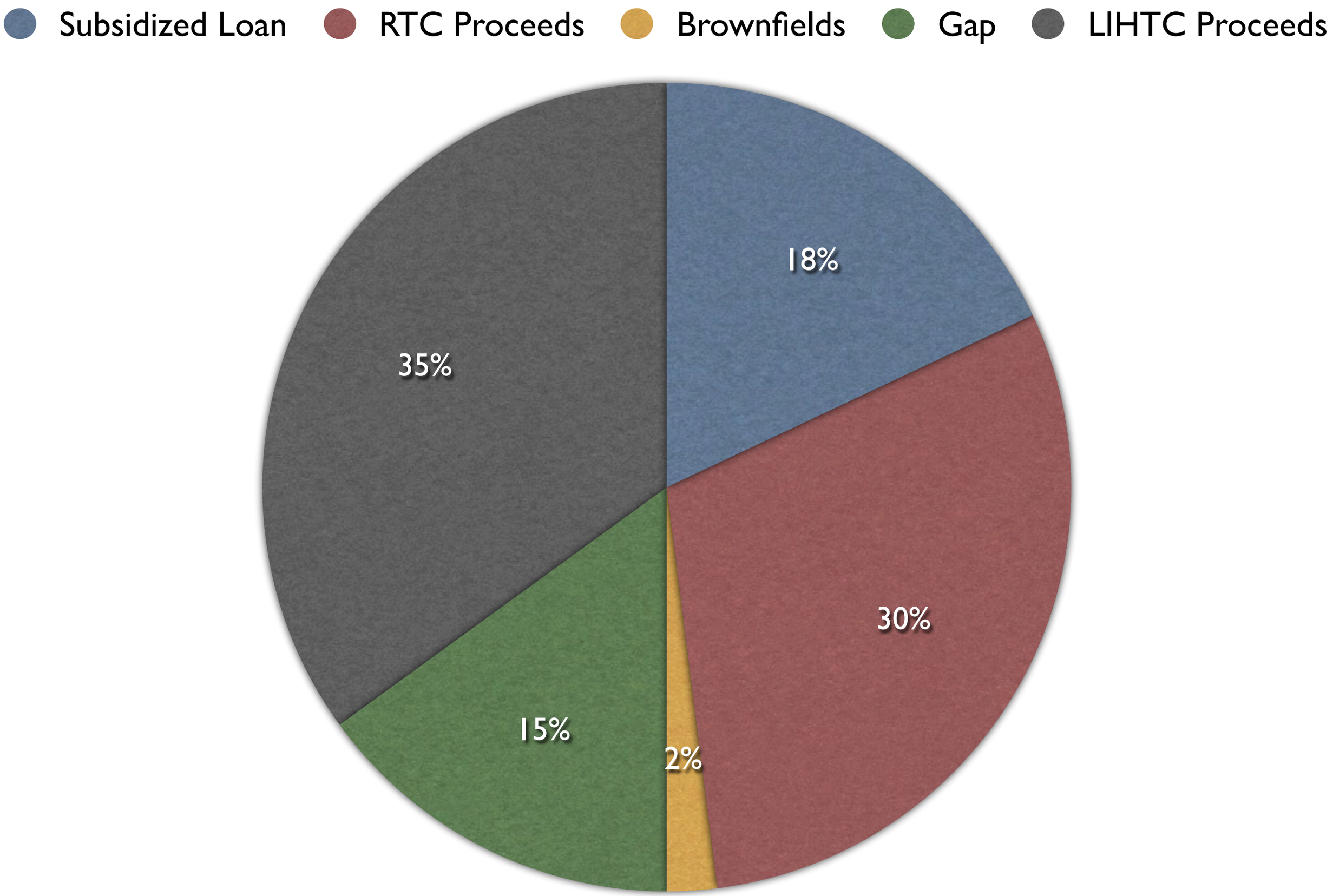
TOTAL $16,000,000

Cunningham Carriage Factory
Rochester, NY
Photos: Michael Puma

Impact of RTCs - Market-Rate Project



Impact of RTCs - Affordable Housing Project



1. **Does your building qualify?**

2. **Will your plans qualify?**

3. **Estimate project costs**

4. **Assemble your team**

5. **Make a financing plan**

Rehabilitation Tax Credits: Getting Started

Part II:

Qualifying Your Building

PRESERVATION STUDIOS

Establishing Historic Contexts

Significance Beyond Age

Qualifying A Building for RTCs

Historic Buildings have:

- Significance
- Integrity
- And are typically at least 50 years old

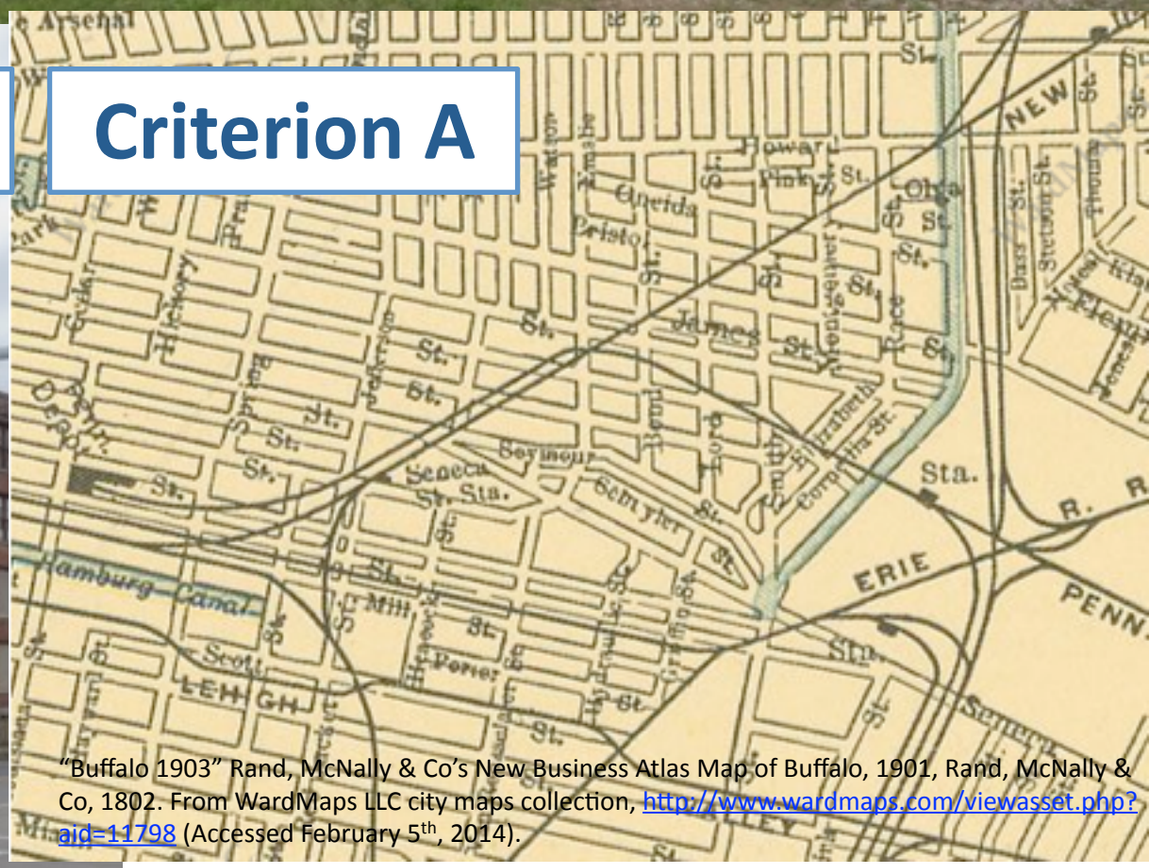
Four Criteria for Significance

- A: Association with pattern of events
- B: Association with an individual
- C: Association with architectural style or work of a master
- D: Potential to yield information (Archaeology)

F.N. Burt Box Factory

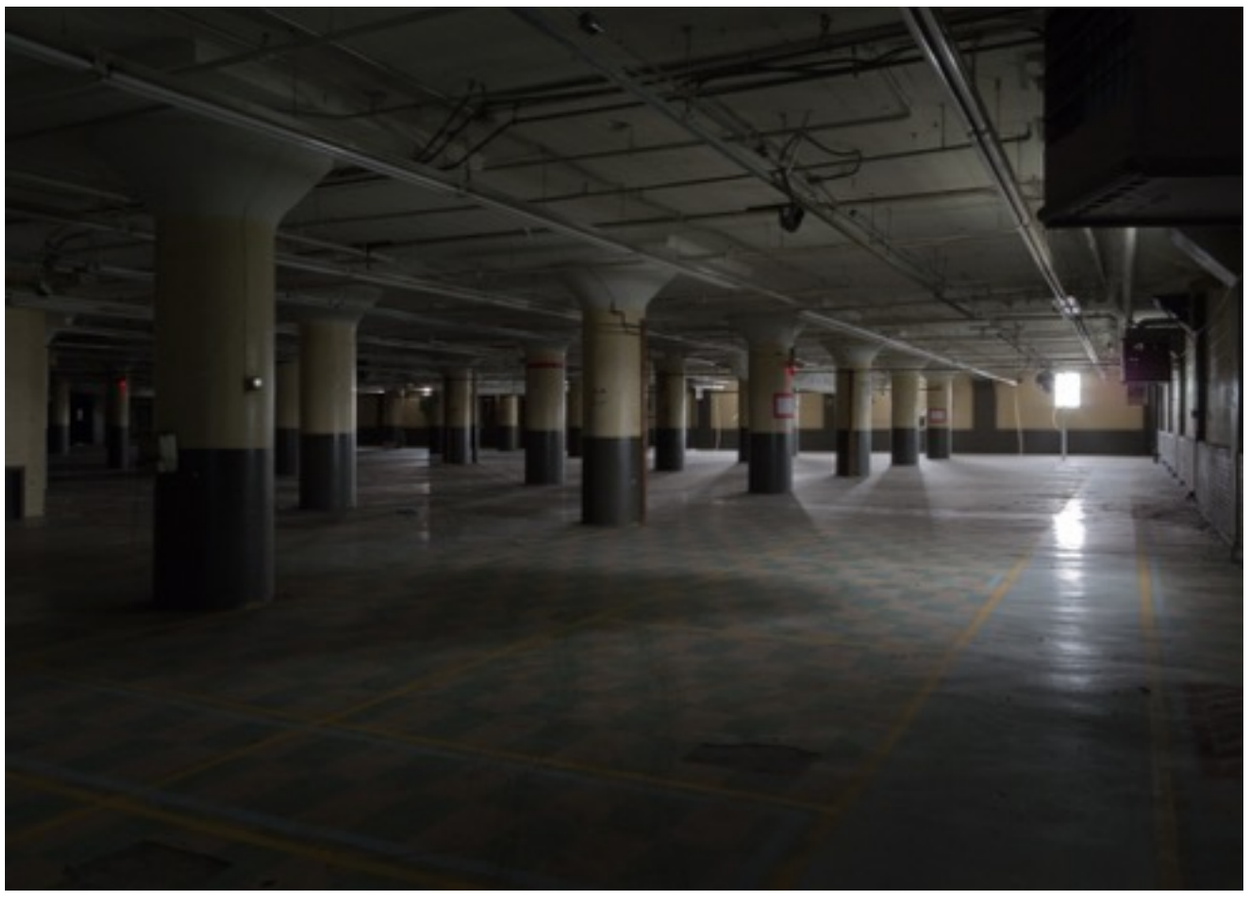
500 Seneca St.
Buffalo, NY

- Built in parts from 1901-1927
- F.N. Burt vacated in 1959
- Bought by New ERA Cap in 1986
- Vacant since 2004



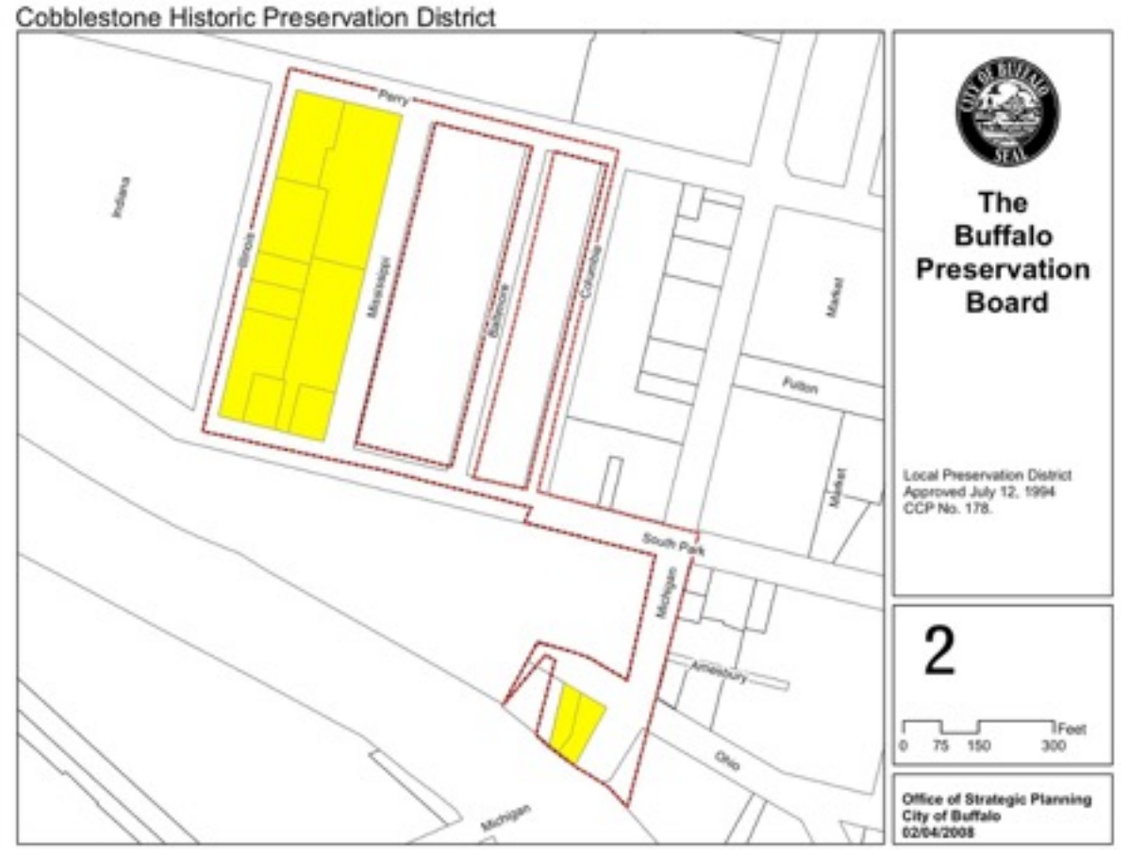
"Buffalo 1903" Rand, McNally & Co's New Business Atlas Map of Buffalo, 1901, Rand, McNally & Co, 1802. From WardMaps LLC city maps collection, http://www.wardmaps.com/viewasset.php?aid=11798 (Accessed February 5th, 2014).

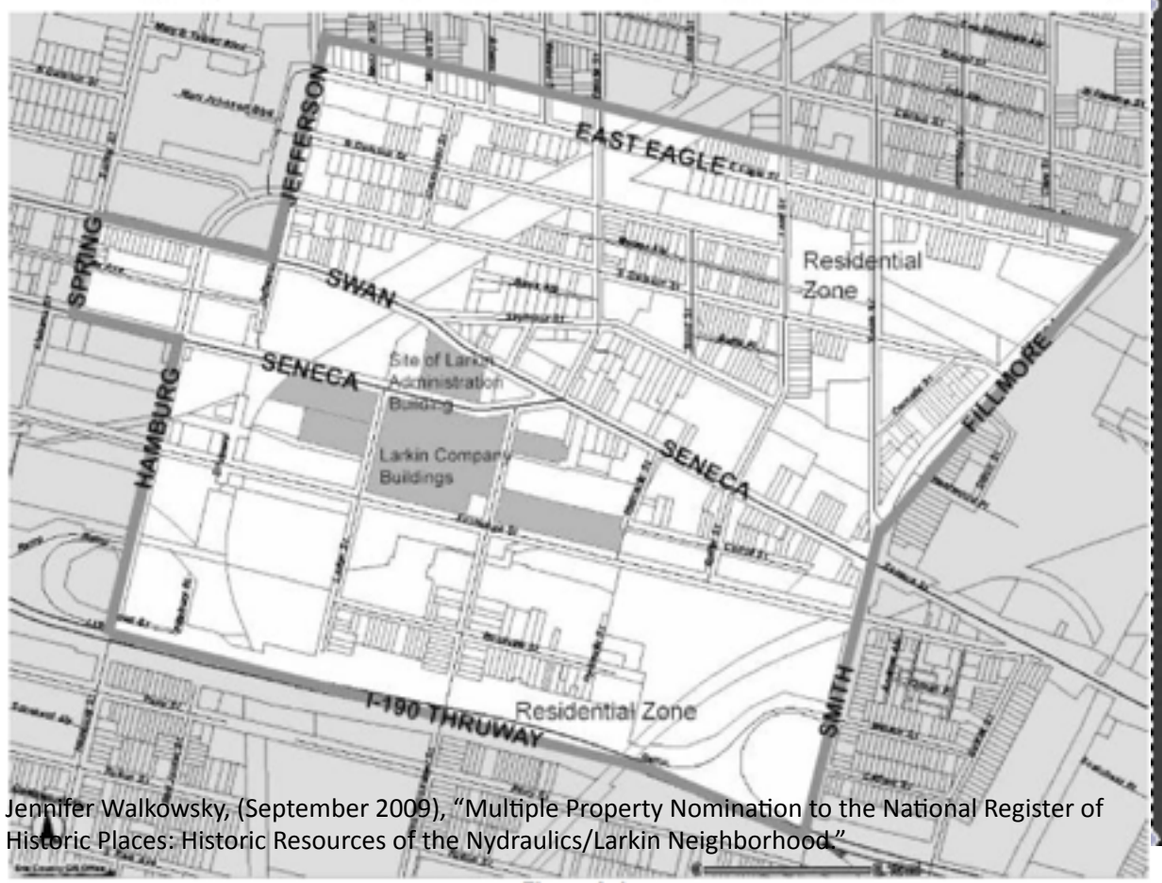
Seven Points of Integrity



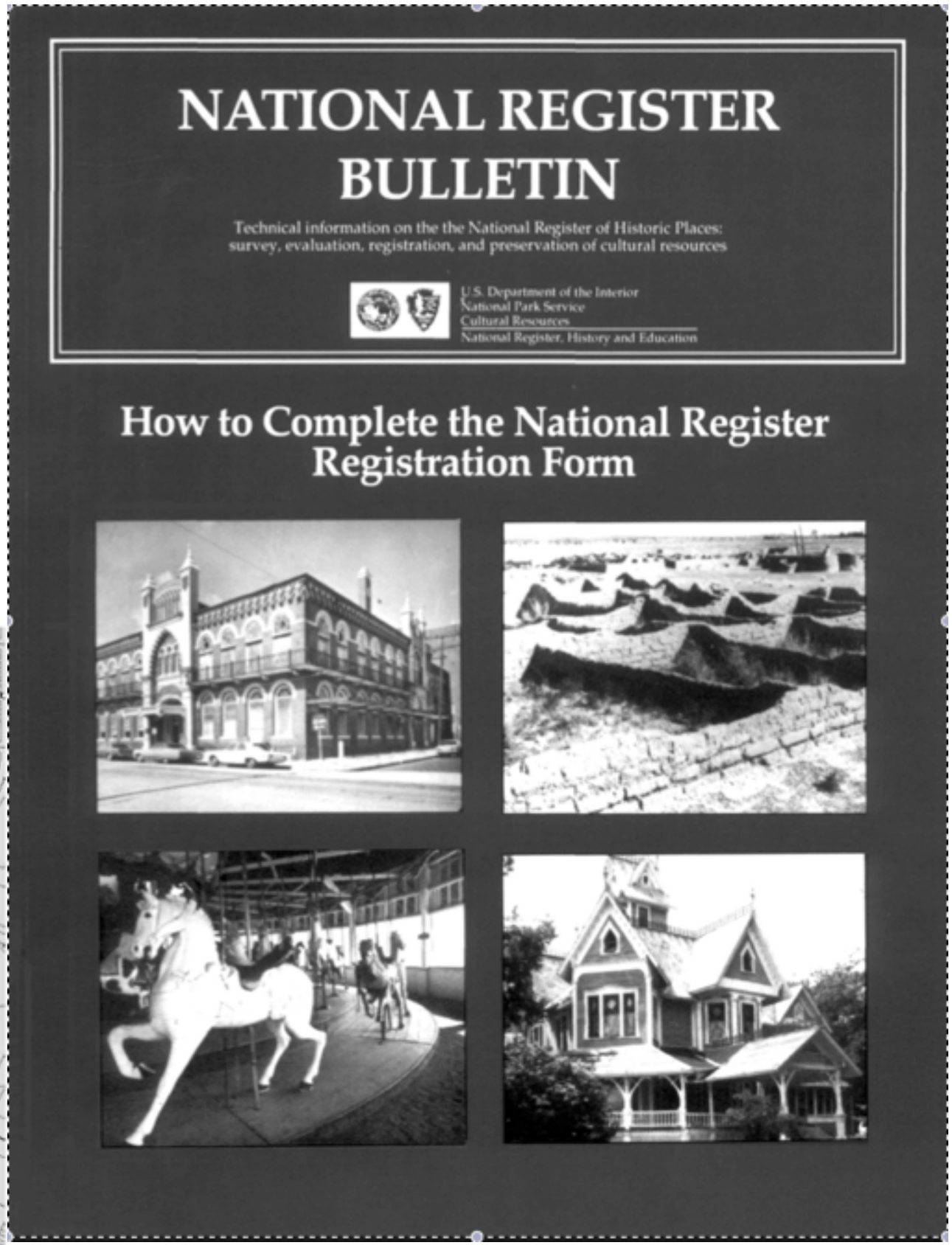
- Location
- Design
- Setting
- Materials
- Workmanship
- Feeling
- Association

Types of Listings





Jennifer Walkowsky, (September 2009), "Multiple Property Nomination to the National Register of Historic Places: Historic Resources of the Nydraulics/Larkin Neighborhood."

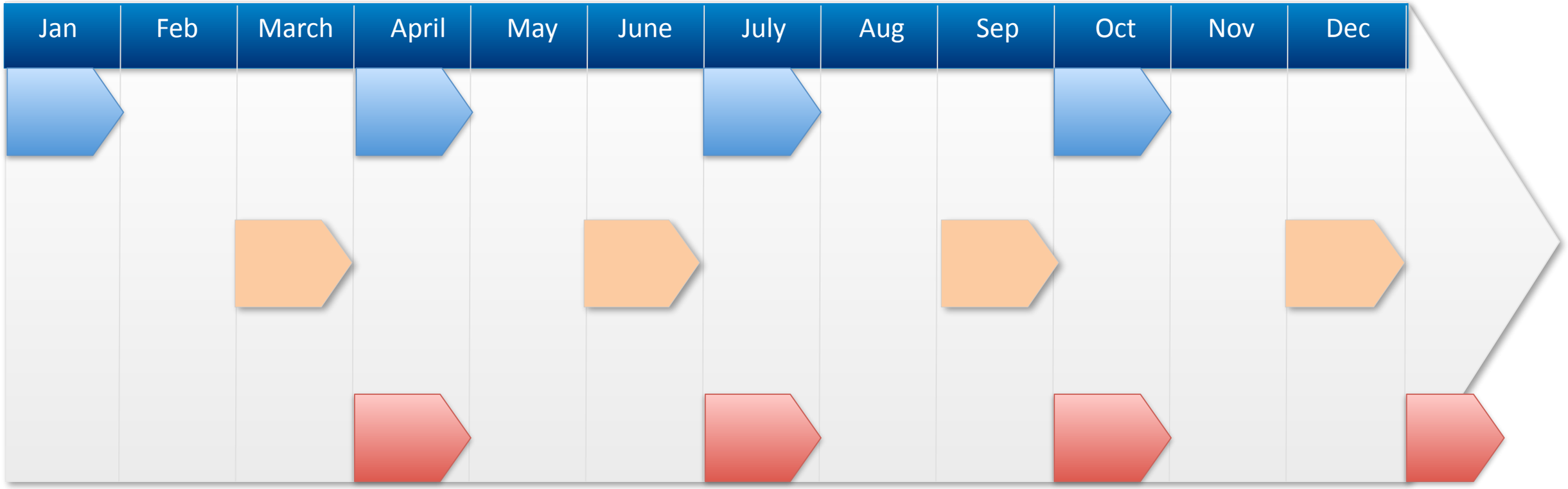


National Register Timeline

Formal NR Submission for next hearing

NR Review Board Hearing

Entered into National Register if passes hearing.



NY State Board of Historic Preservation Hearing

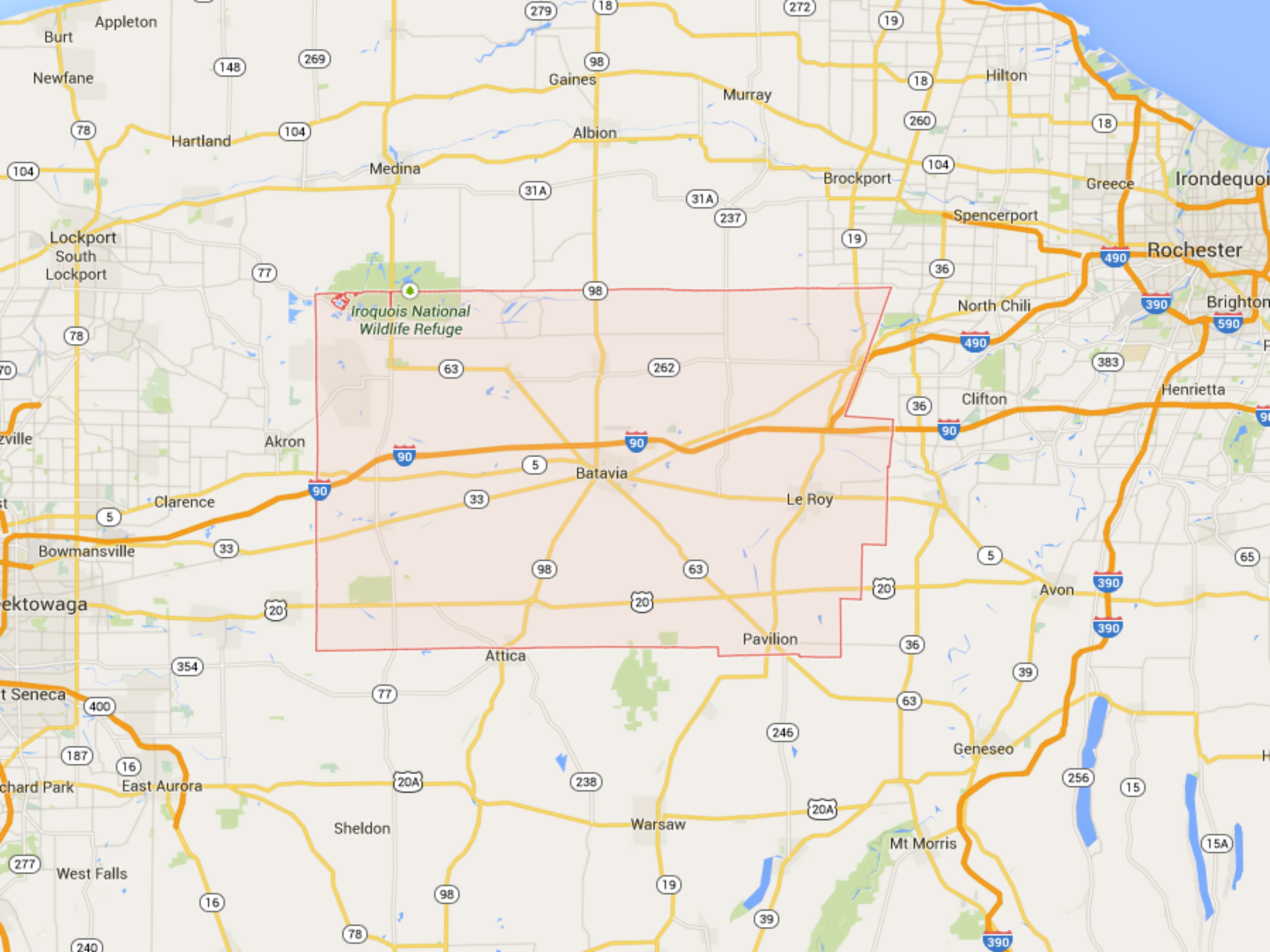
- Four quarterly hearings each year.
- Board determines which Nominations get sent to the National Park Service

Review Period Timing

- 30 Days NY SHPO
- 30 Days NPS

Part 1 of Historic Preservation Certification

- Mechanism that allows buildings determined eligible for the National Register to begin their rehabilitation.
- Often used to help determine whether building is significant enough for NR
- For buildings in a historic district, often requires a short write up.
- Buildings that are already individually listed do not need a Part 1.


Appleton
Burt
Newfane
Hartland
Gaines
Murray
Albion
Medina
Hilton
Brockport
Greece
Irondequoi
Spencerport
Rochester
Lockport
South
Lockport
Iroquois National
Wildlife Refuge
North Chili
Brighton
Clifton
Henrietta
Akron
Batavia
Le Roy
Clarence
Bowmansville
Avon
Pavilion
Attica
Geneseo
East Aurora
Sheldon
Warsaw
Mt Morris
West Falls
279
18
272
19
148
269
98
18
260
104
78
104
31A
237
36
490
390
590
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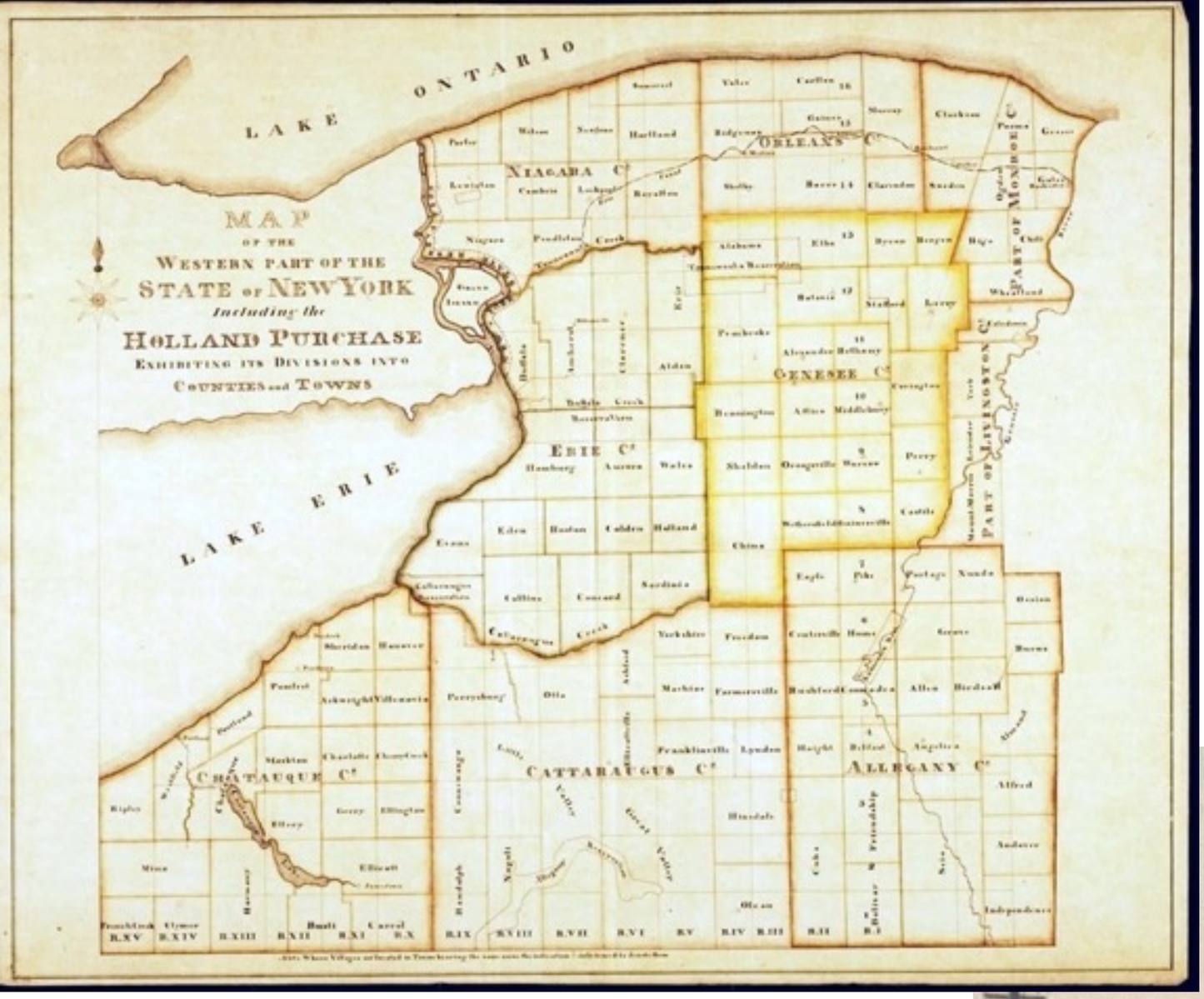


1802-1832: Holland Land Company, farming culture, commercial development along Routes 20 and 63.

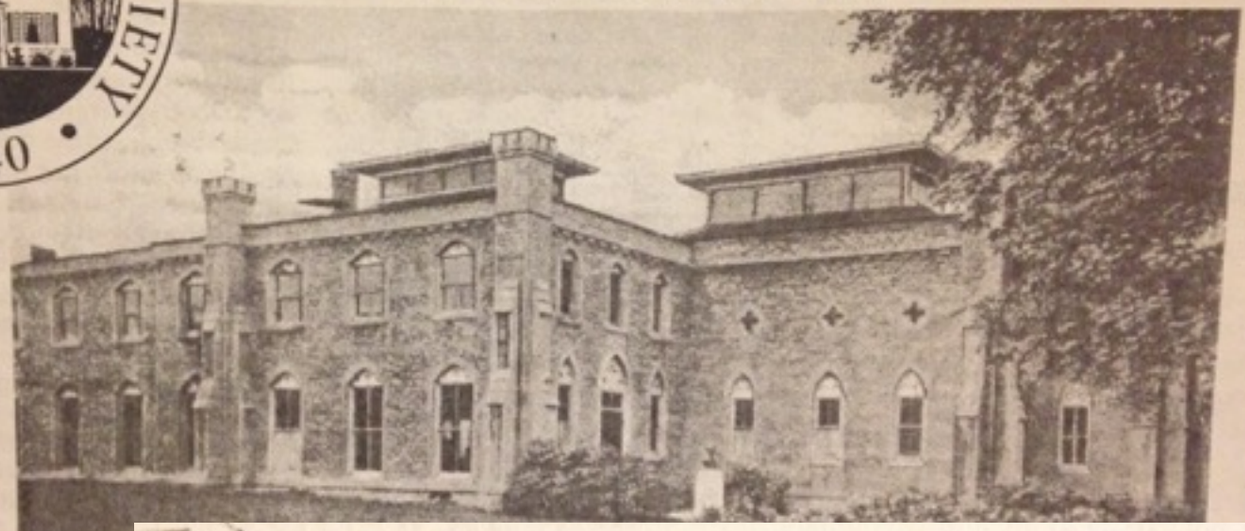
1850-1900: Influence of Railroad– denser village cores, small scale industry

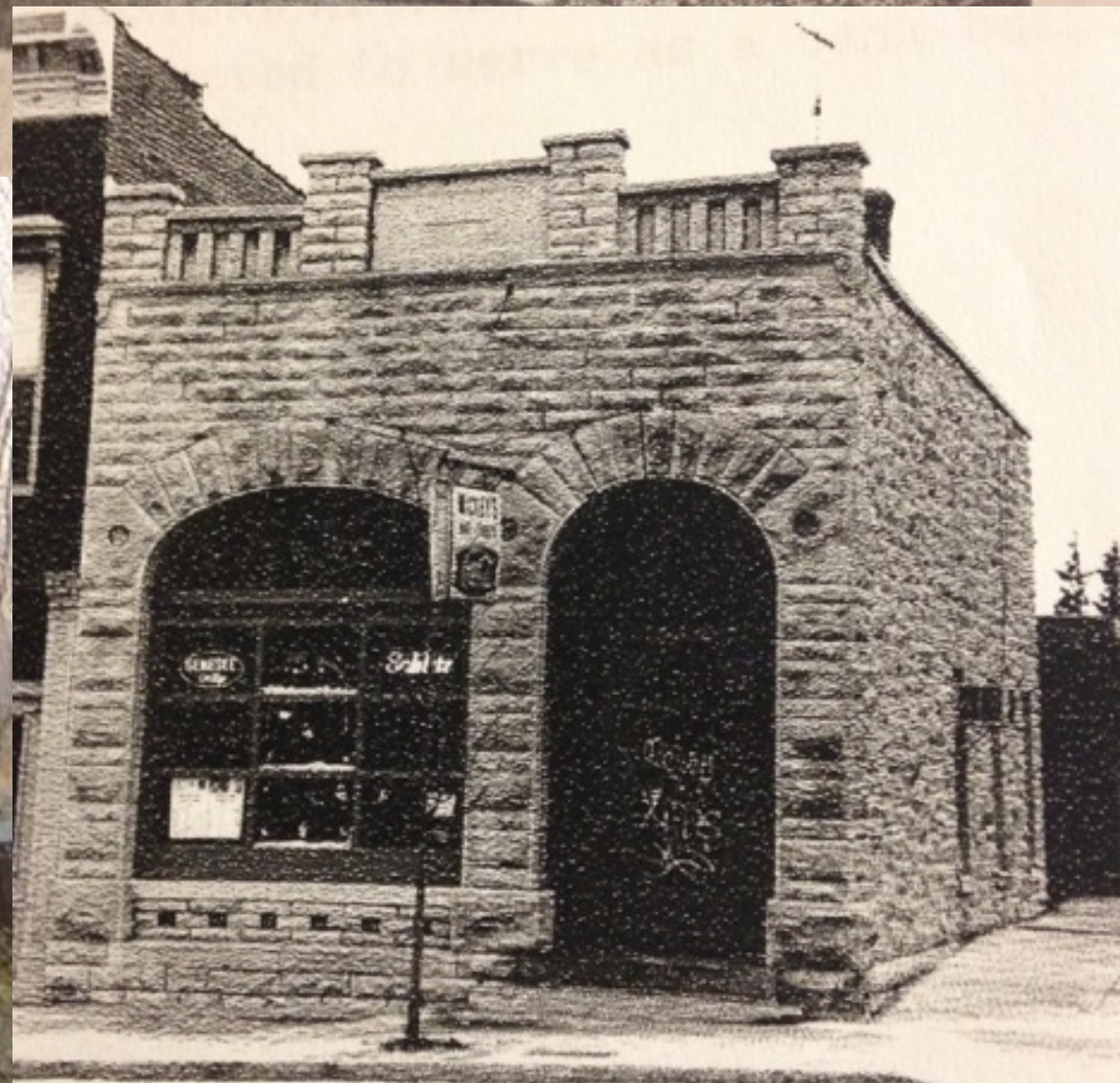
http://www.rootsweb.ancestry.com/~nycleroy/Photos/lgBataviaNYCentralDepot1910.jpg

LEROY HISTORICAL SOCIETY
1940

Volume XVIII Number 2 2007

Le Roy's Limestone Industry -- Part II





Village commercial districts
Municipal Buildings
Agricultural Resources

1900-1960: Auto-oriented development-- influence of state roads on pre-I-90 architecture

Part III:

Qualifying Your Rehab Plans

PRESERVATION STUDIOS

The Part II Process and Applying the Standards

1 PRESERVATION BRIEFS

Assessing Cleaning and Water-Repellent Treatments for Historic Masonry Buildings

Robert C. Mack, AIA
Anne Grimmer

U.S. Department of the Interior
National Park Service
Cultural Resources
Heritage Preservation Services

Inappropriate cleaning and coating treatments are a major cause of damage to historic masonry buildings. While either or both treatments may be appropriate in some cases, they can be very destructive to historic masonry if they are not selected carefully. Historic masonry, as considered here, includes stone, brick, architectural terra cotta, cast stone, concrete and concrete block. It is frequently cleaned because cleaning is equated with improvement. Cleaning may sometimes be followed by the application of a water-repellent coating. However, unless these procedures are carried out under the guidance and supervision of an architectural conservator, they may result in irrevocable damage to the historic resource.

The purpose of this Brief is to provide information on the variety of cleaning methods and materials that are available for use on the *exterior* of historic masonry buildings, and to provide guidance in selecting the most appropriate method or combination of methods. The difference between water-repellent coatings and waterproof coatings is explained, and the purpose of each, the suitability of their application to historic masonry buildings, and the possible consequences of their inappropriate use are discussed.

The Brief is intended to help develop sensitivity to the qualities of historic masonry that makes it so special, and to assist historic building owners and property managers in working cooperatively with architects, architectural conservators and contractors (Fig. 1). Although specifically intended for historic buildings, the information is applicable to all masonry buildings. This publication updates and expands *Preservation Brief 1: The Cleaning and Waterproof Coating of Masonry Buildings.* The Brief is not meant to be a cleaning manual or a guide for preparing specifications. Rather, it provides general information to raise awareness of the many factors involved in selecting cleaning and water-repellent treatments for historic masonry buildings.

National Park Service
U.S. Department of the Interior

Technical Preservation Services
National Center for Cultural Resources

ITS
NUMBER 11

Interpreting The Secretary of the Interior's Standards for Rehabilitation

Subject: Interior Alterations to School Buildings to Accommodate New Uses

Applicable Standards:
1. Compatible Use
2. Retention of Historic Character
5. Preservation of Distinctive Features, Finishes and Craftsmanship
9. Compatible New Additions/Alterations

Issue: The rehabilitation of any historic building should take into consideration the preservation of significant interior spaces, materials, and features that define the building's historic character. Choosing a compatible new use for a historic building that retains interior character-defining features can be challenging but, with planning and care, produces satisfactory results.

The school after rehabilitation. Windows, doors, and transoms were repaired. The building was not cleaned.

Application *(Compatible treatment)*: A school was rehabilitated into 24 market-rate residential apartments. Begun in 1893, and dedicated in 1898, the two-story brick building was enlarged in 1926 by the addition of three bays and a third story. Details used on the 1926 addition were identical to those of the original structure. Both the interior and exterior of the recently vacated school were in nearly pristine condition prior to rehabilitation.

The simple plan of the school followed directly from the rectangular footprint of the buildings: classrooms and cloakrooms on each side of a central corridor with stairwells at either end. The two identical staircases, each rising from the basement to the third story, were separated from the corridor by sets of glazed fire doors with multi-paned transoms and sidelights. Panelled and glass doors with transoms lined the halls, which also retained their wainscotting, baseboard, coat hooks, metal or plaster ceilings, and wood cove molding. The large classrooms retained similar features, and some even contained original lighting fixtures and built-in cabinets. All molded window and door casings remained.

The plan after rehabilitation showing the successful insertion of approximately one unit per classroom.

A comparison of before and after photographs documents the sympathetic rehabilitation work. In the hallways, transoms were retained but infilled with fire-rated drywall on the classroom side, the coat hooks were removed, a sprinkler and fire safety system was installed, some doors were fixed in place, and carpeting was installed. Otherwise, the hallways were kept intact. Six apartments were created on each floor - three on each side of the corridors. With few exceptions, the plan was retained by inserting only one unit per classroom.

Typical Part II Application

145 Swan Street, Buffalo, NY

145 Swan Street was built in 1901 on a site that slopes from the north to the south, resulting in a slight change in grade from the front to the rear. Jacob Dold, a prominent Buffalo meatpacker, hired the firm of Bethune, Bethune, & Fuchs to design the building. It was originally designed as a three-story warehouse building, but the plans were amended to include an additional floor, which is how the building currently appears. The building remains only one of two buildings on this block of Swan Street as a result of urban renewal demolitions during the mid-century.

The masonry building rises four stories and is divided into three bays on the primary (north) façade. An egg-and-dart molding visually separates the first and second floors. The first floor is divided into three distinct bays by brick and sandstone pilasters. Although the storefronts were altered (c.1960s), some original prismatic transoms remain intact. The transoms will be retained and repaired in-kind, new storefronts will be installed that imitate the design of the original storefronts based on the original 1901 blueprints.

The second through fourth floors are identical and separated into three bays that correspond to the organization of the first floor. Four projecting pilasters frame and define each of the three bays from the second to fourth floor. A projecting cornice originally topped the building, but it was removed and replaced with a flat concrete panel (c.1960s). The original window frames remain intact, but a previous owner removed the sashes. The west elevation is a blank wall and composed of red face brick and is partially painted. The rear (south) elevation is composed of the same brick as the west elevation and has various styles of metal sash windows.

Each floor is an open floor plate only punctuated by structural wood columns that are aligned with the pilasters of the primary façade that divide each bay. Original hardwood floors and columns remain intact and in fair condition. A small freight elevator is located in the southwest corner of the building with an adjacent staircase that serves every floor. The original location of the staircase was to the north of the elevator. An additional staircase is located in the northeast corner, but is of modern construction and only goes to the third floor. After rehabilitation the building will have a commercial tenant for the storefront space and the remainder of the building will be apartments.

Number 1: Site Plan

Describe existing feature and condition	**Describe work and impact on feature**
- Rectangular site plan on a 0.19 acre lot. The building abuts a five-story masonry structure to the east that is also being rehabilitated. The remainder of the site consists of asphalt parking lots (S-7).	- The site will receive new landscaping, fencing, and will be repaved. **Photos:** S-1 to S-9 **Drawings:** A-7, HF-C, C-1 to C-4, L-1

Number 2: Exterior: Masonry

Describe existing feature and condition	**Describe work and impact on feature**
- The primary façade (north) is composed of tan face bricks laid in common running bond (S-1). The west and south elevations are composed of red face brick laid in one row of headers for every five rows of stretchers and have been painted in some sections (S-7, S-8). The masonry is in good condition overall, but there is some discoloration and mortar deterioration - Windows on the rear (south) elevation have rough-cut stone sills (S-8) while the north façade has flat stone sills (S-1). The sills on the rear are in good condition, but the sills on the front are in poor condition and have heaved from their settings.	- Masonry restoration will be required. Any masonry that is being cleaned will be done with the gentlest means possible as described in Preservation Brief #1. Deteriorated mortar joints will be selectively raked out and repointed with new mortar to match existing in composition, color, texture, and tooling. - The stone sills on the south elevation will be retained. Any undamaged sills on the north façade will be removed and reset. The sills that are beyond repair will be removed and replaced in-kind. **Photos:** S-1, S-7, S-8 **Drawings:** HF-7, A-7, A-9

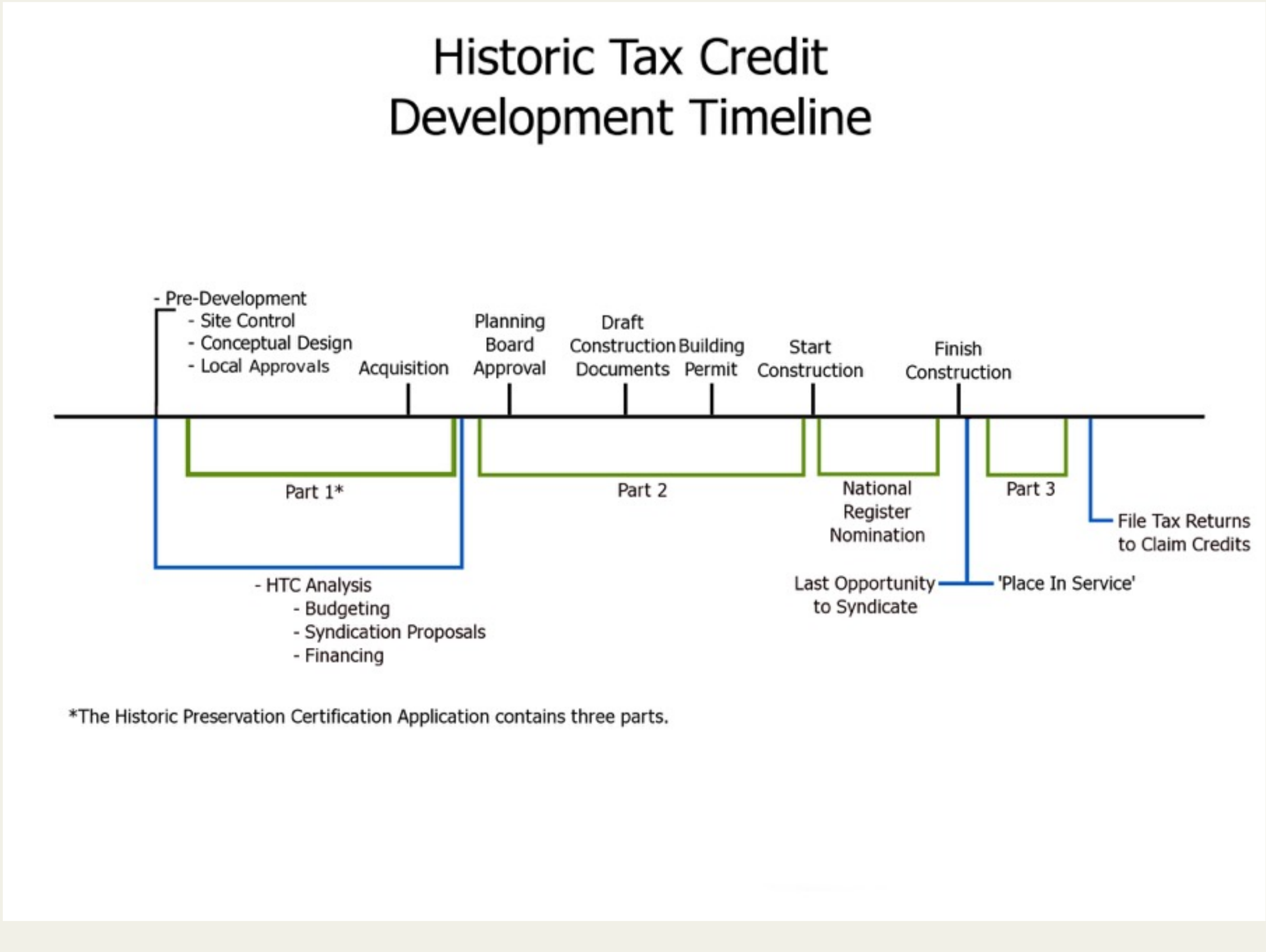
Number 3: Exterior: Miscellaneous Details

Describe existing feature and condition	**Describe work and impact on feature**
- A stone egg-and-dart molding wraps the top of each brick pilaster (S-3, S-5). The molding was removed on the front of the pilasters when signboards were installed (S-2) c.1960s. - A non-original, flat concrete panel is present at the top of the building on the primary façade (S-1). This panel replaced a projecting cornice (c.1960s) that was composed of a string of dentils below an egg-and-dart molding. - Three billboards exist on the west elevation (S-7).	- The non-original signboard will be removed and the existing egg-and-dart molding will be retained. Damaged or removed egg-and-dart molding will be repaired or replaced in-kind. - The non-original concrete panel will be removed. The egg-and-dart molding and row of dentils will be replicated as it appeared historically. Any physical evidence will be utilized for an accurate location and size of the features. - The billboards will be retained. **Photos:** S-1 to S-3, S-5, S-7 **Drawings:** HF-7, A-7, HF-9, A-10, HR-1

Number 4: Exterior: Roof

Describe existing feature and condition	**Describe work and impact on feature**
- The building has a flat asphalt roof that slopes downward from the rear to the front the building (R-2). It is accessed by a	- The existing roof will be removed entirely and replaced with new EPDM membrane over new insulation boards in thickness as

Part II Submission and Review Period



The Standards for Rehabilitation

- 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.
- 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.
- Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
- Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
- Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.
- 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.
- 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.
- Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
- 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.
- 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.

Applying the Standards: Factory Buildings

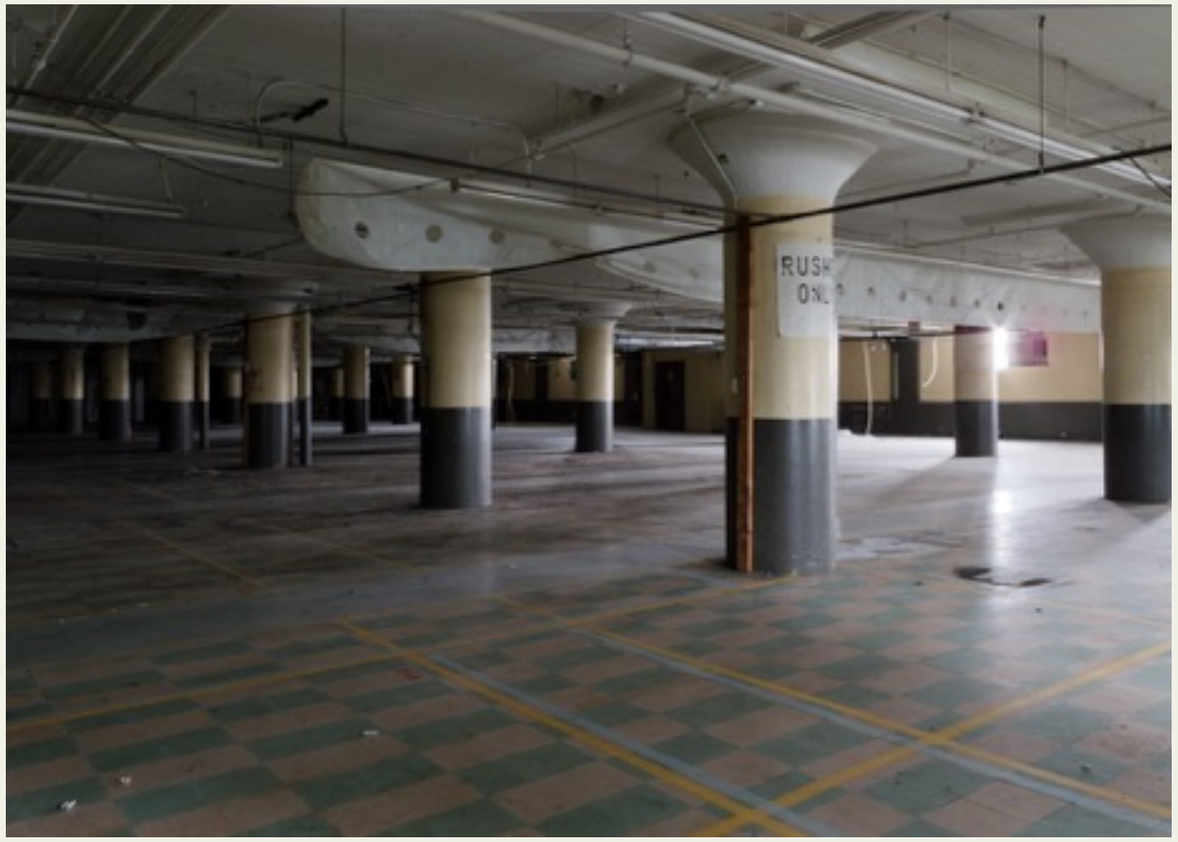
Project Architect: CJS

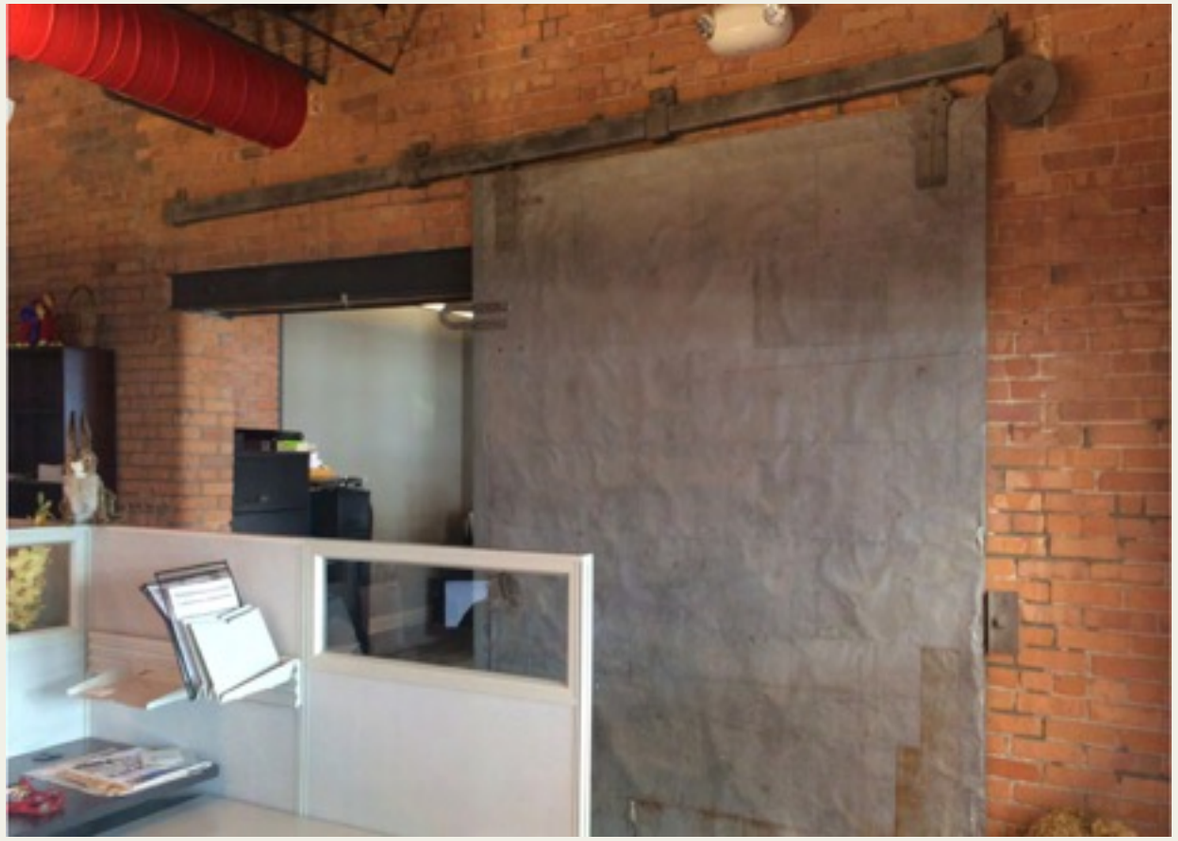
<u>Standard No. 1</u>

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.

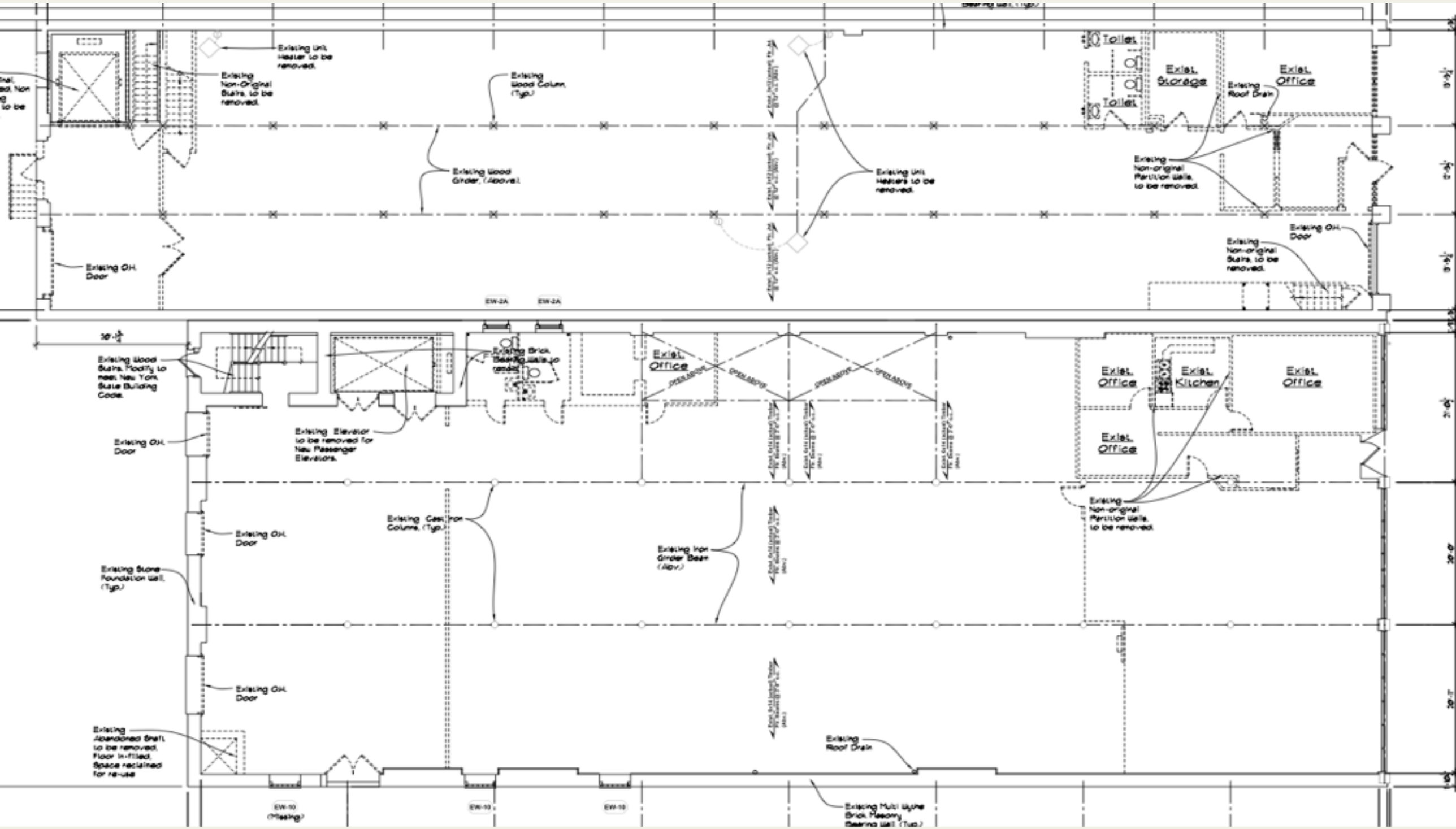
Project Architect: SWBR

Applying the Standards: Factory Buildings



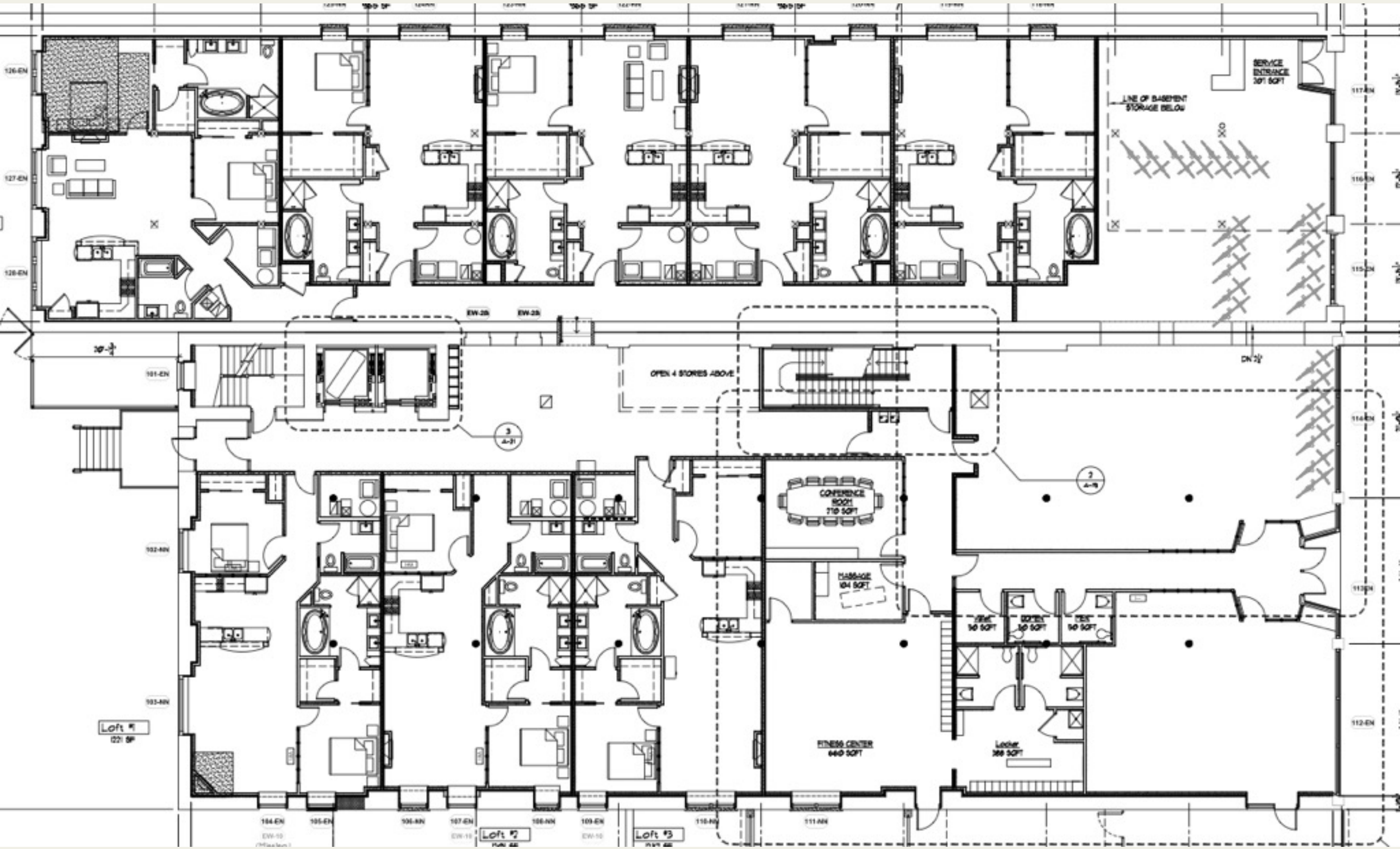


Applying the Standards: Factory Buildings



Project Architect: Buffalo Design Collaborative

Applying the Standards: Factory Buildings



Project Architect: Buffalo Design Collaborative

Applying the Standards: Factory Buildings

Applying the Standards: Church Complex

Project Architect: SWBR

<u>Standard No. 2</u>

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

- NPS currently does not allow the main volume of the church to be divided significantly

- Although this present problems when attempting housing in a church, there are some creative solutions

Applying the Standards: Church Complex

Applying the Standards: School Buildings

Project Architect: Frizlen Group

<u>Standard No. 3</u>

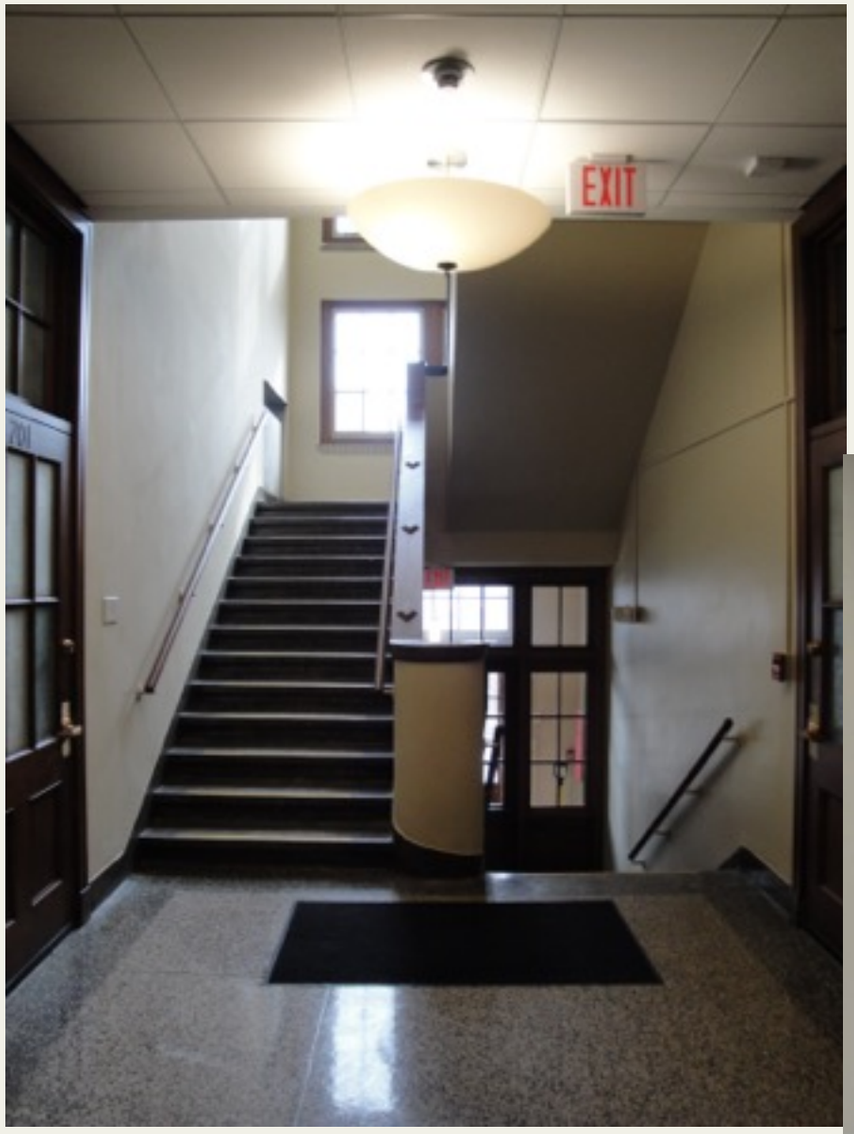
Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

Applying the Standards: School Buildings

Reusing materials that would otherwise be discarded goes a long way with the overall project approval

It works on a case-by-case basis, but when original features can be relocated and reused in other spaces Without creating a false sense of history it’s a plus

Applying the Standards: School Buildings



Vertical Circulation

Corridor Width

Original Hallway Features

Applying the Standards: Important Changes Over Time


Project Architect: SWBR

<u>Standard No. 4</u>

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

Applying the Standards: Highly Finished Space

<u>Standard No. 5</u>

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

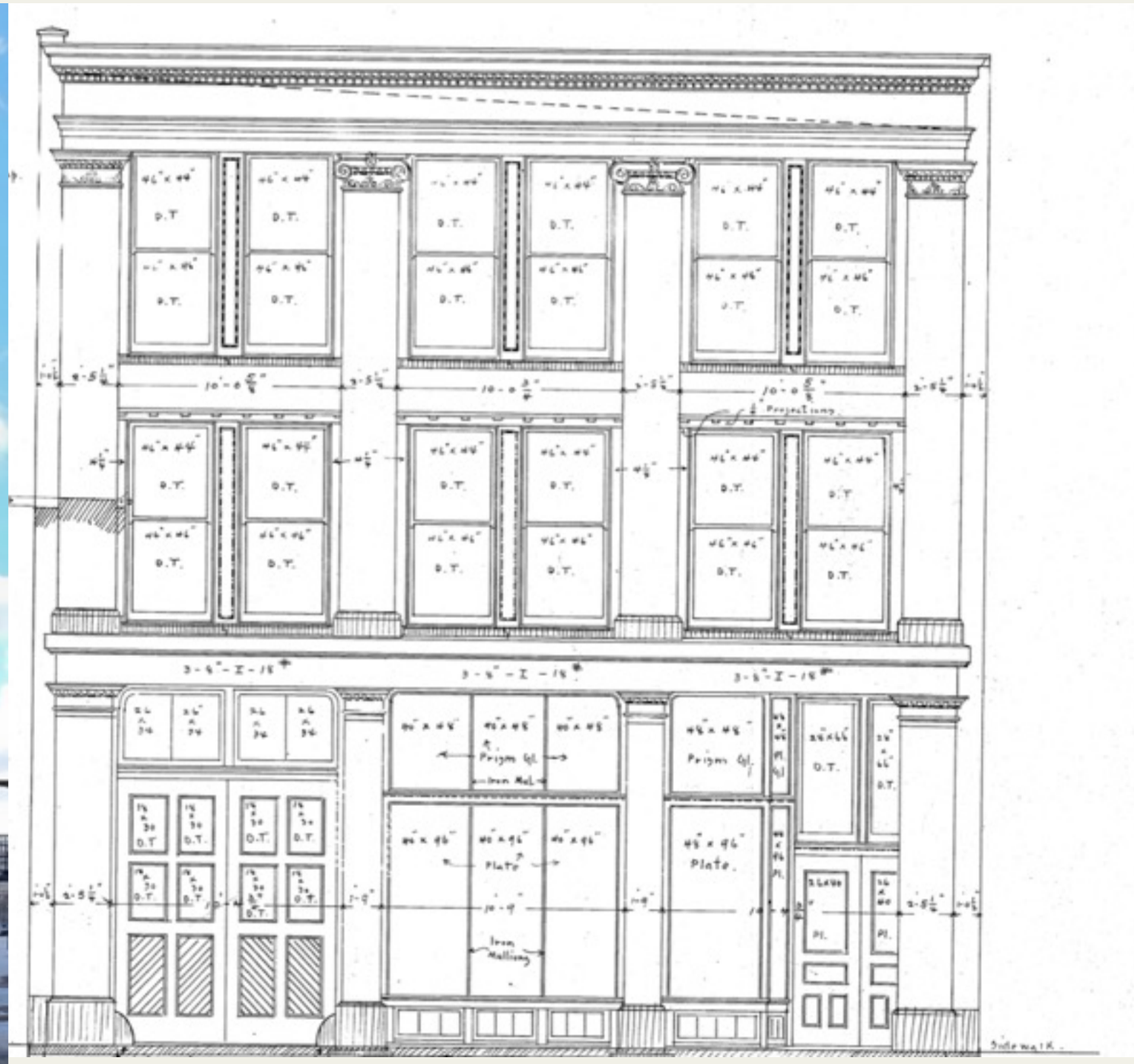
Applying the Standards: Repair or Replace In-Kind

<u>Standard No. 6</u>

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.

Applying the Standards: Repair or Replace In-Kind

Project Architect: Buffalo Design Collaborative



Applying the Standards: Repair or Replace In-Kind

Applying the Standards: Gentlest Means Possible

<u>Standard No. 7</u>

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.

Project Architect: SWBR

Applying the Standards: Archeological Resources

<u>Standard No. 8</u>

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

Applying the Standards: Appropriate Additions

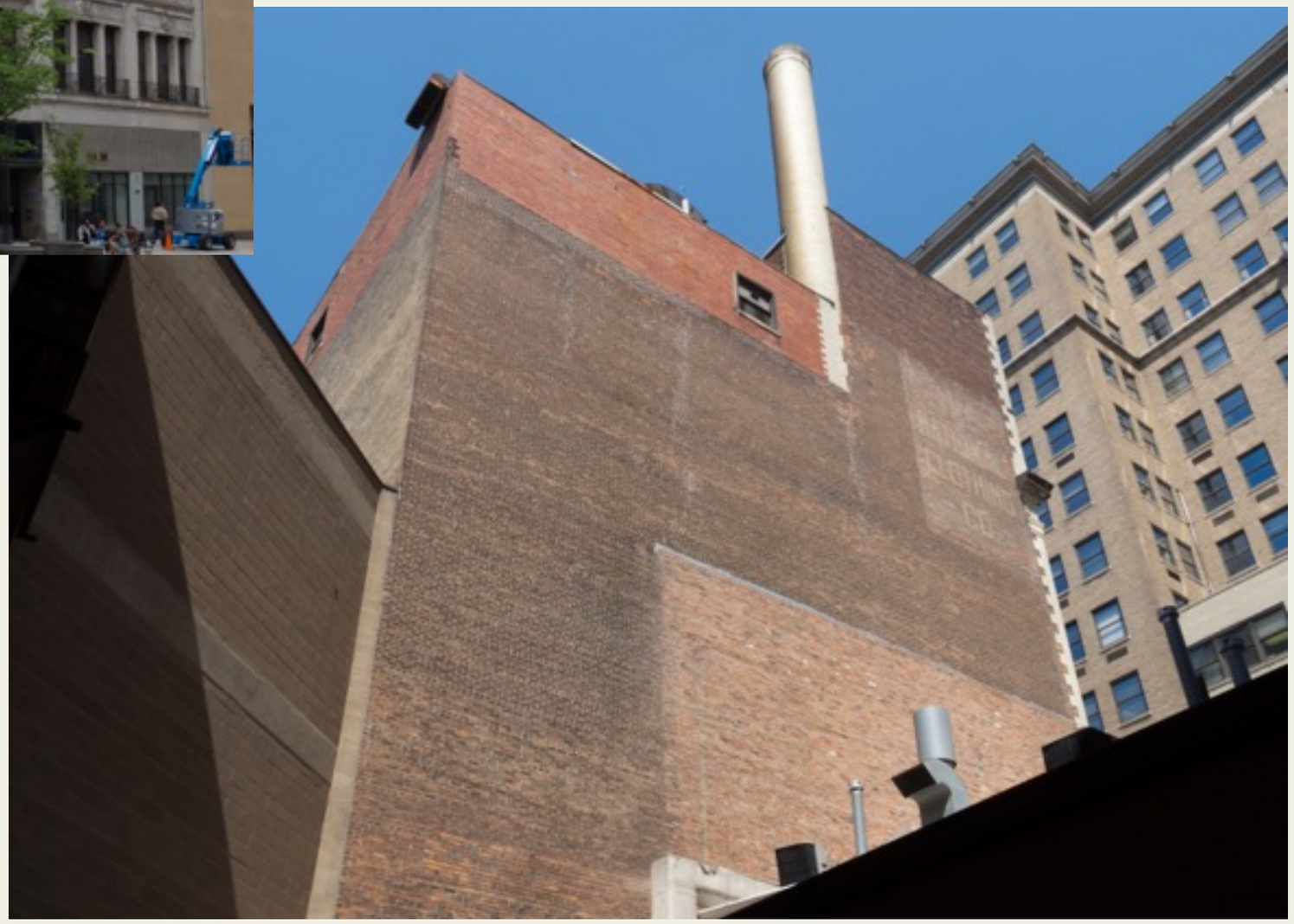
<u>Standard No. 9</u>

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.

Applying the Standards: Appropriate Additions

<u>Standard No. 10</u>

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.



Applying the Standards: Other Common Design Items

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Project Architect: Buffalo Design Collaborative

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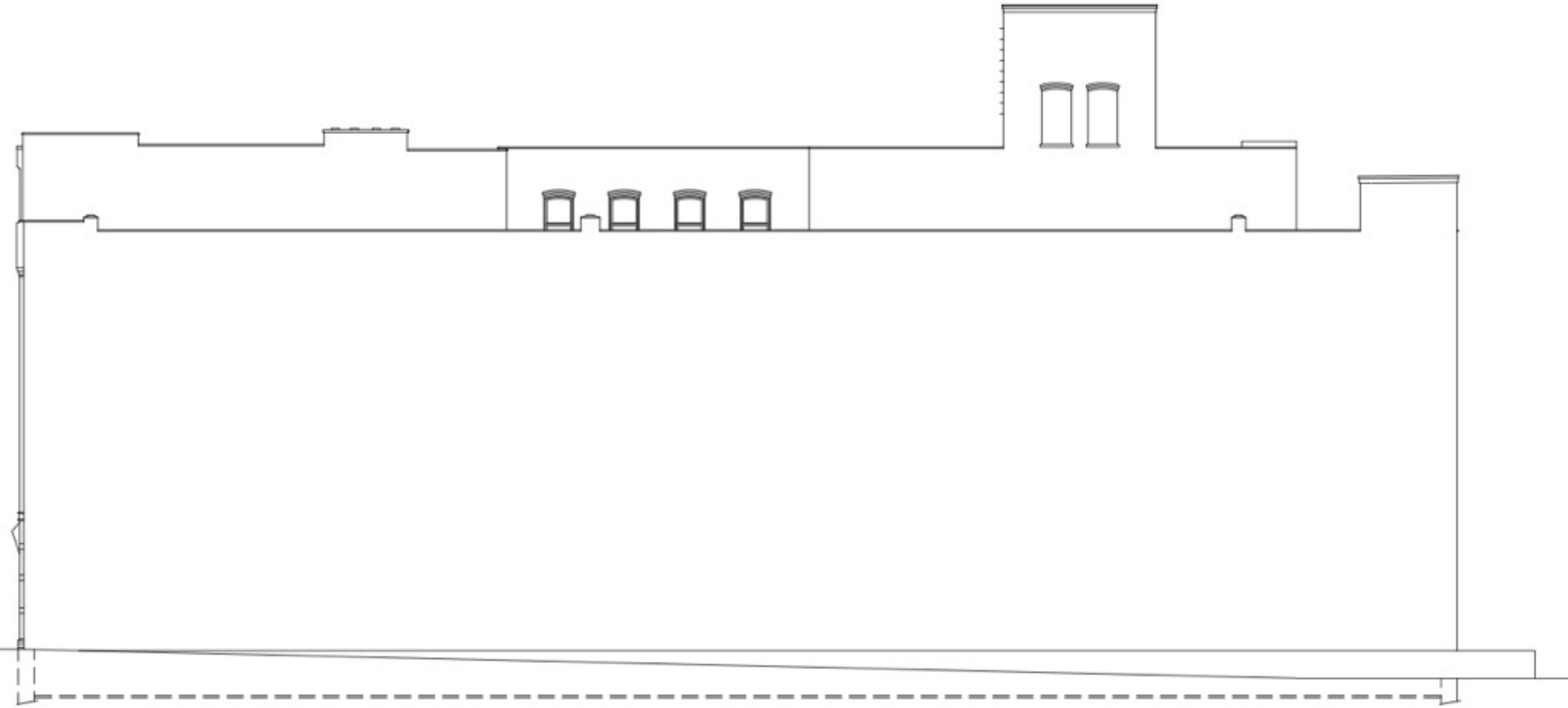

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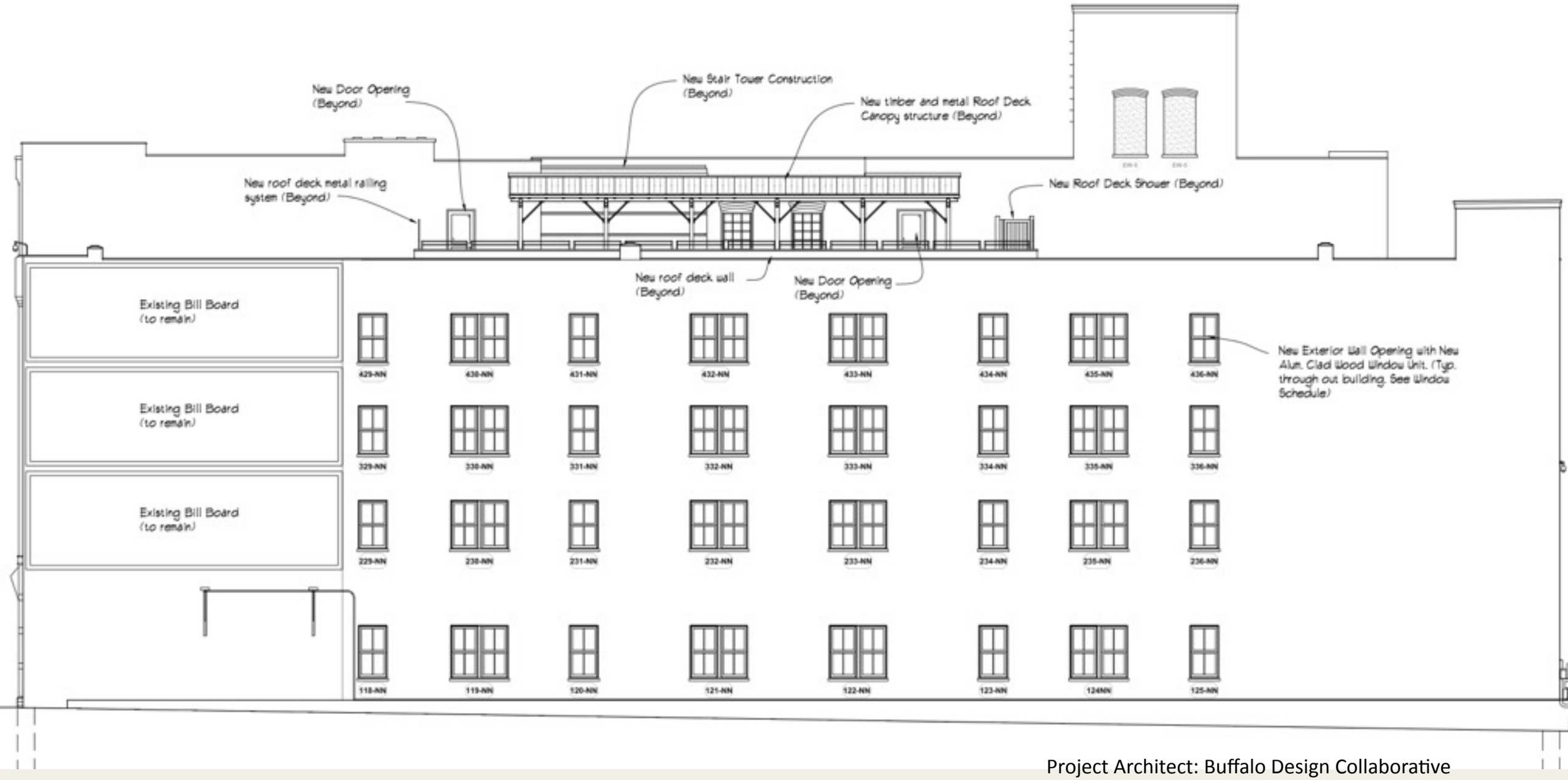
Applying the Standards: Other Common Design Items



Project Architect: Buffalo Design Collaborative

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