

ORIGINAL

# Recycling of Obsolete Buildings

An Information Bulletin of  
the Community and Economic  
Development Task Force  
of the



# URBAN CONSORTIUM

Supported by  
U.S. Department of Housing  
and Urban Development  
Office of Policy Development  
and Research  
Washington, D.C. 20410

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U. S. Department of Housing and Urban Development  
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## PREFACE

The Urban Consortium is a coalition of 34 major urban governments working together with federal officials and private industry to encourage the development and transfer of products and systems which will address pressing urban problems. To accomplish its goal, the Consortium works through a group of Task Forces to systematically identify the common needs of its members, establish priorities, develop research and development (R&D) agenda, and stimulate public and private investment to support the R&D priorities.

An important underlying concept of the Urban Consortium is that meaningful local participation in federal research programs will help assure that R&D efforts are directly responsive to the most critical local government problems and that successful solutions will be actually utilized. The Consortium provides local officials with a structured means of cooperatively working with the national research community. As such, it represents an innovative and coordinated problem-solving effort for America's major urban jurisdictions.

To date, the Community and Economic Development Task Force has been one of the Consortium's most active components. This Task Force consists of senior-level local government officials with broad experience and expertise in the subject area. It has engaged in a systematic process to identify priority R&D need topics, investigate each topic and develop an overall R&D agenda and specific research initiatives in community and economic development.

This Information Bulletin is one of a series of reports developed by the Community and Economic Development Task Force. Each Bulletin covers a priority need topic and is designed to serve two purposes. First, it provides the members of the Task Force with a common information base from which an overall R&D agenda and specific research initiatives can be developed. Second, it provides the Department of Housing and Urban Development, local government officials and others with a general statement of a priority need area.

Each Bulletin provides a brief overview of current issues and problems surrounding the specific need topic, a description of some current activities underway to address the need, a discussion of potential research initiatives, and a listing of information resources on the topic.

In addition to this Bulletin on Recycling of Obsolete Buildings, Bulletins

have also been prepared on the following topics:

- o Residential Abandonment in Central Cities
- o Business Retention
- o Inhibiting Effects of Codes on Low and Moderate Income Housing
- o Disinvestment in Urban Neighborhoods
- o Updating Census Information for Local Government Use

There are two priority need areas where the Community and Economic Development Task Force has decided to initiate research efforts. Research Initiative Reports have been prepared on these two topics:

- o Neighborhood Resource Allocation Strategies
- o Land Use Information Systems Transfer

An overview report, Community and Economic Development Needs Summary, describes the overall process which the Task Force used in identifying, analyzing and prioritizing urban research and development needs in community and economic development.

The work of the Community and Economic Development Task Force and the preparation of all Task Force reports has been supported by the U. S. Department of Housing and Urban Development, Office of Policy Development and Research under contract #H-2357. The overall program of the Urban Consortium is supported by the National Science Foundation/Research Applied to National Needs.

Public Technology, Inc. (PTI) serves as Secretariat to the Urban Consortium and provides all staff support to the Consortium and its Task Forces. PTI is a non-profit organization that functions as the research and development arm of local and state governments. It was established in 1971 by the major public interest groups representing state and local governments. The executive directors of these groups comprise the Board of Directors of PTI. The U. S. Department of Housing and Urban Development representatives are Alan Siegel, Director, Division of Community Development and Management Research, Office of Policy Development and Research, and Nancy Steetle, Special Assistant, Office of the Assistant Secretary for Community Development and Planning.

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## I. THE PROBLEM/NEED BACKGROUND

### The Problem Statement

An increasing number of urban jurisdictions are faced with the problem of what to do with both private and public buildings which have, for one reason or another, outlived the original purpose for which they were built. These buildings may be considered obsolete in terms of their original function. They may be abandoned, vacant or being used for very marginal economic activities. Yet, in many cases, they are structurally sound, and may be suitable for recycling. Recycling is defined as the conversion and outfitting of an older structure to a new use. Unless productive new re-uses can be found and implemented in these structures, they will undoubtedly deteriorate and cities will lose potentially valuable economic and architectural assets.

The potentially recyclable structures in urban areas are much more than just landmarks and museum pieces. They are multi-story industrial buildings, warehouses and loft structures which have often been replaced by more efficient, single-story suburban plants. They are expansive railroad stations which no longer service the volume of passengers they once did. They are schools, post offices and other special-purpose public buildings which have been closed for economic or other reasons. They are gas stations abandoned during the energy crisis. And, they are simply any other structure capable of being adapted for a new use.

These obsolete buildings may, in fact, be one of the central city's most unique but often untapped resources. With effective "recycling" of these structures, the cities may be better able to retain and/or attract some of the businesses and middle-class families which have recently been leaving the central city in large numbers. One of the major attractions to any city is its individual character. Unique buildings, when properly adapted to new functional uses can provide some degree of interest and stimulation. The unprecedented migration of middle-income suburbanites into Boston in recent years can be traced, in part, to that city's outstanding recycling program.

Recycling is becoming increasingly attractive as a means of providing distinctive, high-quality and economically viable space, as well as a means to preserve a city's architecture. Recycling buildings can be a valuable aid to redevelopment, extending the life not only of individual buildings but of

whole neighborhoods. Thus, there is good cause for cities to be interested in the plight of recyclable structures, and it would seem appropriate for local government to play an active role in recycling these buildings with new uses.

However, there has not been extensive recycling experience in many local jurisdictions. Several questions present themselves: Are the public and private sectors sufficiently aware of the potential benefits of recycling? What are the physical and economic constraints involved? How do local regulatory controls impact recycling efforts? What are the financing considerations? What are the most appropriate forms of local government intervention?

An understanding of the various issues and the development of comprehensive rather than ad hoc strategies is necessary if local government wishes to have a meaningful impact on recycling in its jurisdiction.

### Background

While the modification of facilities to make them suitable for current needs has certainly been occurring for some time, and is particularly active in Europe, concerted efforts to recycle obsolete central city structures is relatively new in the United States.

Both the leadership and responsibility for preservation and restoration efforts in the U. S. rested with the private sector during the 19th and most of the 20th century (e. g. , Mount Vernon and Williamsburg). However, during the middle of this century, the public role began to take shape. Noteworthy federal accomplishments included the establishment of the National Trust for Historic Preservation in 1949, the National Historic Preservation Act of 1966, and the National Preservation Environmental Policy Act of 1969. At the local level, special preservation districts were established in Charleston, S. C. and New Orleans (the Vieux Carre) as early as the 1930's, and various regulatory efforts have been expanding ever since.

The preservationist movement established itself as a major national effort in the 1960's. Yet, even then, its greatest initiatives were usually found in the private sector. Moreover, emphasis was still being given to historic monuments and architectural gems, with the benefit of the adaptive use of a wider range of building types generally overlooked. However, in the 1970's several factors caused the preservationist movement to broaden its focus to include more commonplace structures.

As late as the 1960's in the U. S. , a seemingly endless supply of land and other resources discouraged any sustained interest in adapting old but sound structures to contemporary needs. However, a changing socio-economic

climate in the 1970's more than anything else has enhanced the alternative of adapting existing structures instead of new construction. The dramatic inflation in the cost of new construction, a scarcity of both energy and materials, and a shortage of lending dollars have encouraged many developers to take a second (or perhaps first) look at the feasibility of adaptive re-use. It is in fact seriously doubtful whether the growing enthusiasm for recycling would be as strong as it is today without the economic pressures of recent years.

Another less tangible but still significant factor which has stimulated recycling is the heightened historic and environmental awareness in the country. Examples of this change in societal attitude are abundant. The preservationist movement, often criticized as a narrow and even elitist effort, is clearly expanding its scope from National Register landmarks to both more commonplace old structures and general neighborhood conservation. Professional journals readily demonstrate how recycling has caught the fancy of the architectural profession. Increasingly frequent citizen protests to demolition programs show grassroots support for restoration. The National League of Cities has adopted Urban Conservation as a major policy initiative. Undoubtedly the Bicentennial, the nostalgia craze and other public happenings have all been factors in the greater public sensitivity to old structures of all kinds.

Thus, the climate for recycling is being strongly enhanced by many forces. The American Institute of Architects estimates up to \$10 billion committed to such construction in 1975. In many instances, the private sector unilaterally has been able to successfully undertake major recycling projects. Trolley Square in Salt Lake City, Ghiradelli Square in San Francisco and Butler Square in Minneapolis are just three of many outstanding examples. However, with a sound understanding of the issues involved and the tools at its disposal, local government can also become a major positive force in stimulating further recycling activity.

## II. MAJOR ISSUES

### Awareness of the Hidden Assets of Obsolete Buildings

The first required step towards recycling is an awareness of the potential for re-use and the benefits to be derived. As noted earlier, an almost exclusive concern with new construction in the past inhibited the development of much interest in recycling. Moreover, many corporate and public egos have traditionally demanded new buildings for their headquarters or office space.

However, once socio-economic changes and new societal concerns induced developers to consider recycling, developers began to recognize the many benefits and hidden assets they had heretofore overlooked.

Such assets include:

- o Choice locations downtown or perhaps along a rediscovered waterfront;
- o A spaciousness, openness and sense of human scale usually not found in contemporary structures;
- o Generally sound construction, often masonry, wall-bearing structures which in many cases may be considered overbuilt by contemporary standards;
- o Pleasing aesthetics, architectural detail, and popular appeal that could attract potential tenants, lure shoppers and diners, and increase tourism;
- o The likelihood of reduced energy expenditures in structures originally designed for natural, not artificial climate control;
- o The probability that recycling of an existing building will be less disruptive to the surrounding neighborhood and have less of a relocation workload associated with it.

One important issue to be considered concerns the proper role of local governments in promoting an increased awareness of the potentials of recycling.

## Physical Conditions

Unlike new construction, there has been no standard formula for doing things in the recycling field. Although the design professions are continually accumulating relevant knowledge and skills, recycling is still very much a young building science. In many ways, individual projects require that solutions be evolved, even during the midst of construction. But so far, available technology and imaginative design have generally been able to meet the needs of recycling (e. g. , inserting steel columns in an old grid or adding steel beams to span spaces).

The task of recycling an established structure offers both opportunities and constraints to the developer and designer.

On the one hand, the established structure may place insurmountable limitations on an architect's design concept. Structures of this sort usually have to be rewired, fire-proofed, re-elevated, air-conditioned and carpeted. They sometimes require costly bracing of both interior and exterior walls as well as fire safety improvements. They conflict in many ways with current codes, and they may require the use of hard-to-find, specialized craftsmen.

On the other hand, such structures offer an exciting challenge to the creativity of the designer to find the unique design opportunities hidden within them. Oftentimes, these structures are overbuilt by today's standards, as in the case of industrial buildings constructed to carry much heavier loads than their new adaptive use will likely place on them. Many older buildings possess architectural character and detail which is difficult to duplicate today. Moreover, construction problems are generally eased somewhat due to the inside work and shorter construction schedule.

## Government Regulatory Controls

Most studies of recycling projects indicate that codes and zoning, the two major local government regulatory controls, are a major source of irritation and discouragement for developers of recyclable buildings.

Neither of these controls, in their traditional sense, are particularly well-suited for this unique enterprise.

Codes generally set minimum standards for new construction, and they are very much oriented in that direction. Few of them officially recognize the unique problems encountered in recycling and restoration. Codes were generally non-existent when many of the structures in question were built. Thus,

in many ways, they are irrelevant to older buildings, as in the case of buildings exceeding performance tests without using specified contemporary materials.

In a similar manner, zoning can be stifling to recycling. Many potentially recyclable structures pre-date modern zoning laws. Zoning laws often tend to segregate land uses, while many recyclable structures are most suitable for mixed-use development. Zoning laws impose parking and site-use requirements on these structures which the original architect could have hardly foreseen. A particularly illustrative case involves the conversion of buildings in an industrial area to residential use where the parking requirements for the initial use differ greatly from that of the re-use.

The issue here is what can local governments do to eliminate or overcome such obstacles? Which are the most critical?

### Economics of Recycling

As in the case of physical design, the economics of re-use is still an imprecise science. The design professions still have a long way to go in developing the kind of standard knowledge on costing that they have compiled on new construction. The basic problem in this area relates to the different inherent situations from project to project.

As in new construction, costs vary substantially. For example, costs have ranged from \$13/square foot at Boston's Chickering Piano Factory (now a housing and arts/crafts complex) to \$40/square foot at San Francisco's famous Ghiradelli Square.

In general, however, many studies have documented that rehabilitation costs can be lower than new construction costs, because of the decreased use of costly materials such as steel and considerable time savings during construction. It is often possible to phase renovation and cash outlay within an existing structure to a degree that new construction does not allow. Moreover, even if standard square foot cost comparisons between rehabilitation and new construction are not favorable, the fact remains that the unique and charming design features of recycled buildings could only be duplicated by much more costly non-standard new construction.

### Financing

Not surprisingly, financing remains the most important and troublesome obstacle still to be overcome in recycling. At a recent conference, the President of the National Trust for Historic Preservation noted: "We have

enacted legal controls to protect them. But we have yet to solve the problems of economics and finance. It is the last frontier, and a crucial frontier, upon which to embark".

Recycling is in most instances a private sector function, and obviously the availability of conventional financing is critical. In this regard, there seems to be a genuine need to educate the financial community to the financial feasibility of recycling projects. Most financiers are accustomed to thinking that something old (particularly in the city) is of lesser value. They are not accustomed to issuing long-term mortgages to century-old structures in central cities. Part of this reluctance is due to their natural conservatism, but much of it is due to the apparent greater risk of unforeseen construction difficulties, compared to their alternate investment opportunities. However, over time, more and more of the largest developers and financial institutions are becoming involved in this field. However, in response to the challenge stated above by the President of the National Trust, what are the proper forms of local government intervention in the financing area? How can the public sector best reduce or share in the risk involved in recycling?

### III. CURRENT APPROACHES

The potential for positive local government impact on recycling is large when one considers its powers of land use controls, code regulations, taxing, financial resources allocation, purchasing and leasing, provisions of public facilities and services, borrowing and lending, condemnation and demolition. Thus, there is much that local government can do to provide the conducive climate and setting in which recycling activities may take place.

Different approaches will be required in different sets of circumstances. But, if a local government is serious about encouraging recycling and has some imagination, a full battery of tools are at its disposal.

#### Government Re-Use

The most direct way that local government can bring about recycling is to do it itself. It should be remembered that public and quasi-public agencies comprise one of the largest segments of the office market in most central cities. Moreover, many of the most interesting examples of obsolete buildings are publicly owned.

To maximize the potential for government recycling of old structures, local government may consider building into their capital improvements programming or governmental facilities planning process a formal mechanism to consider the use of available existing structures, prior to deciding on a new construction alternative. Seattle's Office of Urban Conservation and the Federal General Services Administration have both been working on such a mechanism.

When local government does, in fact, open its eyes to recycling, some of the results can be exciting:

- o Ventura, California has converted a Roman Doric courthouse for use as a branch library.
- o Baltimore renovated a warehouse to serve as a neighborhood community center.
- o Greenwich Village in New York adapted a Victorian Gothic courthouse

for use as a branch library.

- o Louisville, Kentucky is recycling a 15-story hotel for use as Board of Education offices and a special school.
- o Boston is converting a 19th century coal storage facility on the waterfront to a station for fire and police patrol boats.
- o Minneapolis acquired the Old Federal Courts House there as surplus federal property and is converting it to a complex of county offices and cultural facilities.

### Government Leasing

An equally effective tool is for local government to make a decision to lease space in a privately recycled building. This may prove to be a decisive factor in the developer's ability to secure project financing.

Some examples of where local government leasing made a significant impact include:

- o Seattle, where city agencies, a post office, the transit authority and state government all rent space in Pioneer Square and comprise an important part of the rental market there.
- o East Dallas, Texas, where leasing a half of a vacant and privately-owned library building for a neighborhood rehabilitation program office saved the structure from demolition.
- o Washington, D. C., where guaranteed government office tenancy of the Warner Building enabled its owner to undertake major renovation of the structure.

### Serving as the Middleman

In some instances where city use is not appropriate and there are obstacles which hinder timely private acquisition, the city may serve as a middleman in buying a building and selling it as a redevelopment package (just as Urban Renewal Agencies sell land). This may be a necessary tactic to save many a building. Examples include:

- o Seattle has established the Historic Seattle Preservation and Development Authority and provided it with a \$600,000 revolving fund to

acquire endangered or stagnating structures and solicit buyers and developers for them. The fund is modeled after similar private efforts in Savannah, Georgia, Annapolis, Maryland and Charleston, South Carolina.

- o Tacoma, Washington sold its city jail to a private developer who recycled it into a small shopping plaza.
- o Dallas purchased Union Terminal to save it from demolition, and it later became a key part of a major joint venture with private developers to redevelop a part of downtown Dallas.

### Positive Regulatory Tools

While many if not most of the regulatory tools cities may use to promote recycling are often historic preservation tools, they may still be useful in many instances to stimulate recycling of more commonplace buildings as well. Cities have been particularly creative in developing innovative zoning techniques, which are important in terms of developing the proper environment in which recycling may take place.

The major efforts include:

- o Local plans for historic preservation, including building surveys, which help to educate the public to the value of preservation, increase overall awareness, and serve as the basis for program development.
- o Designation of historic districts or structures, with appropriate controls over the kinds of changes and developments taking place in a designated area so as to assure a developer that incompatible designs and uses will be prohibited. An example of such a control would be purchase of facade easements.
- o Incentive zoning, where bonuses are granted for certain types of public amenities as land uses or for retaining historic buildings as part of a total development.
- o Transfer of development rights, where air rights over a landmark are sold for use on another site, with the proceeds able to be used to benefit the landmark.
- o Refinements of local codes and zoning ordinances to assure that they reasonably accommodate the realities of recycling.

A full understanding of these and other regulatory tools (which are appropriate under what conditions?) is essential for local government to provide the appropriate setting in which recycling can be stimulated.

### Removal of Bureaucratic Barriers

In many cases where economic conditions are suitable, positive efforts by local government may not be as important as removing bureaucratic barriers to recycling. Local laws, regulations and bureaucracy are often one of the strongest obstacles to recycling. In these instances, local government would do well to recognize its obstructionist position, and simply get out of the way. Specific initiatives to refine codes and zoning ordinances to assure that they reasonably accommodate the realities of recycling are often very meaningful steps. Examples of such initiatives include:

- o A 3-sentence change in the New York City Zoning Resolution permitted the establishment of residences for artists (ateliers) in vacant industrial loft buildings, previously zoned only for industry.
- o Salt Lake City allows special considerations in building code variances for sites listed on the National Register as long as the life safety requirements are maintained and the restored structure is safer than the original (e.g., permitting fire sprinklers in lieu of noncombustible material).
- o Nearly all studies of major recycling projects cite common-sense, flexibility and compromises on codes by building officials, and many jurisdictions have developed special rehabilitation codes, appeals boards, etc. to deal with the special requirements of historic structures.

### Public Improvements

In many instances, the most meaningful public response may be to provide supportive public improvements and services to enhance an area being recycled and complement private efforts. Both Community Development Block Grants and the local Capital Improvements Program can be used for this purpose. Parking facilities, public utilities, recreational and open space areas, and complementary amenities seem to be particularly important in improving the viability as recycling as economic ventures.

Examples include:

- o Seattle has provided \$2.1 million of public improvements in its

Pioneer Square restoration project which included period street lights and drinking fountains, walkways, street furniture, parks and a pedestrian mall. An economic evaluation report on the city's investment showed a \$10 million increase in assessed valuation, plus increases in sales and liquor taxes, tourist dollars, and employment (a sort of multiplier effect).

- o In its Waterfront Renewal Project, Boston provided street improvements, brick and granite sidewalk installation, period light standards and landscaping to enhance warehouses being recycled to housing.
- o Seattle is also experimenting with free bus service into Pioneer Square.

### Financial Incentives

As with any desirable public objective, the recycling of obsolete buildings can be greatly stimulated by various public financial incentives. Given the risks involved in some circumstances, a public effort to reduce or share in the risk may be essential. Such incentives may be especially necessary where the probable alternative is the loss of the building. There are several different forms this can take:

- o The assembly of properties by an Urban Renewal Agency and sale of these properties to redevelopers at a fair market re-use value (which inevitably results in a lower price). The Boston Redevelopment Authority has undertaken several projects of this type.
- o Long-term leases of properties owned by the city or Urban Renewal Agency to private developers, who are better able to secure conventional bank financing with such a lease. The development of the old City Hall in Boston into a high-quality office and restaurant complex was made possible through such an arrangement.
- o The use of the Federal Property and Administrative Act of 1949 (the "Surplus Property Act") which permits the transfer of federal properties of historical and architectural merit to local governments at no cost for the purpose of historic preservation. Such property may be put to revenue-producing uses (i.e., leasing to a private developer) provided that profits are used for preservation activities. Boston is currently utilizing this mechanism for portions of the Boston Naval Shipyard at Charlestown.
- o The use of city or city-controlled federal funds (e.g., General

Revenue Sharing, Community Development Block Grants, Section 312 loans) to help reduce rehabilitation costs for recycling. Examples include mortgage subsidy programs, mortgage insurance programs and revolving loan funds.

- o The use of city influence to direct other resources (i.e., Section 8 Housing Allocation, State Housing Finance Agency loans, etc.) towards recyclable buildings. The Massachusetts Housing Finance Agency has fostered the conversion of the Chickering Piano Factory to housing, a Masonic Hall to low-income elderly housing, and the Mercantile Wharf Building to a mixed residential/commercial use.
- o The support of private investors by key municipal leaders when they are seeking private funds can in many cases be a critical factor in securing approval of those funds. Deposits of municipal funds can be leveraged to induce lending for recycling projects.

### Tax Relief

While it may require special enabling legislation, tax relief can offer an important incentive for restoration. Several states have authorized localities to grant tax exemptions or freeze taxes for properties of historical or architectural merit. Many localities may wish to consider abatement on increased assessment due to rehabilitation, or use abatement to stimulate conversions to low/moderate income housing uses.

Examples include:

- o A special technique first used in Sacramento is tax increment financing whereby the incremental tax increases resulting from a project are reinvested back into the area by paying off public improvement bonds.
- o New York City's J-51 Program provides incentives for the conversion of non-residential structures (e.g., industrial loft buildings) to residential use by permitting a 12-year exemption from taxes on the increase in assessment due to the alteration and an abatement of property taxes for a period of 9-20 years.

In the case of both tax relief and the various financial incentives cited above, cities need to develop greater expertise in understanding which incentives are the most effective. The key, of course, is to stimulate the maximum amount of private investment with the minimum public investment.

At the federal level of taxation, several observers claim that federal tax

policies tend to encourage new construction over rehabilitation, thus serving as a disincentive to recycling. There is some question as to the degree of this disincentive. For a discussion of some proposed tax revisions, see New Approaches - Federal Legislation.

### Federal Programs

HUD's Community Development Block Grant (CDBG) Program is a major potential source of funds for recycling and related activities. Property acquisition, historic preservation, rehabilitation, public improvements and various mortgage subsidy programs are all eligible activities in this program.

In addition, HUD carries out an Innovative Project Program under Title I of the Housing and Community Development Act of 1974 where unique demonstration projects are funded. For example, the Massachusetts Department of Community Affairs was recently awarded a grant to study "The Removal of Obstacles to Building Re-use and Conservation at the Local Level", which will investigate how a community can put building re-use into its overall strategy for Community Development. This follows the DCA's most recent study, "Old Buildings - A Renewal Resource", which identified and analyzed recycling projects in Massachusetts from the local government point of view. Certain aspects of planning work related to recycling are eligible for Section 701 planning funds.

The National Endowment for the Arts through its Architecture and Environmental Arts Program provides grants for creative research, planning, feasibility and design activities. Urban Conservation (including recycling) seems to be an important area of concern, and thus the NEA may represent another potential funding resource.

The National Trust for Historic Preservation was chartered by Congress in 1949. It can provide general information materials and technical consultation on recycling activities. It also provides financial assistance through consultive service grants for securing professional consultation on preservation problems and a limited grant and loan fund for local non-profit preservation organizations.

Under a 1972 amendment to the Surplus Property Act, the General Services Administration is permitted to transfer federal surplus buildings of historic and architectural merit to state and local governments without charge.

### Federal Legislation

In addition to the well-known historic preservation and environmental

protection legislation of the 1960's and 1970's, two similar significant pieces of tax legislation are currently pending in Congress. These are the Historic Structures Tax Act (S. 667/H.R. 8224) and the Environmental Protection Tax Act (H. R. 6225).

In general, the present federal tax structure has been criticized for encouraging the replacement of old buildings, including those of historic significance, with new ones. The two acts cited above would remove tax-generated pressures for the replacement of historic structures and would provide additional positive incentives for private action that further the objectives of historic preservation.

The major areas of tax policy which would be affected by this legislation are as follows:

- o It would change the treatment of demolition costs by requiring the owner of a National Register Property to add demolition cost to his basis for the land on which the demolished structure stood. This would result in a deferred and diminished tax benefit;
- o It would change the treatment of depreciation by requiring that any improvement constructed on the site of a demolished structure utilize straight-line rather than accelerated depreciation;
- o It would permit the amortization and deduction of rehabilitation expenses over a five-year period;
- o Rehabilitated historic structures would be allowed to qualify for accelerated depreciation under the same rules that now apply to new construction;
- o The charitable donation of fee interests for preservation purposes (e.g., easements, leases, options) of 30 years duration or longer would become an allowable deduction.

#### IV. POTENTIAL RESEARCH INITIATIVES

Based on the preceding discussion and communications with Urban Consortium jurisdictions, it appears that the interest in recycling varies in the country's urban areas.

Concerted recycling is a relatively new phenomenon, and it appears to be one that is just now being discovered in many localities. Naturally, the older cities tend to show the greatest amount of concern; interest in other cities appears to be growing.

To date, most local government efforts (with the exception of jurisdictions like Boston and Seattle) generally have been of an ad hoc nature. With the exception of some of the more glamorous projects, most local efforts and techniques do not appear to be well publicized.

In view of this, two major areas of concern seem to surface:

- o A need for local government officials to gain greater awareness of the many recycling efforts underway around the country and to develop a better understanding of the various tools available to stimulate recycling activities, a practical handbook documenting different projects and strategies may be of great usefulness to local practitioners.
- o A need to analyze the multitude of legal regulatory controls and financial incentives available at the local level to determine which are most appropriate and most effective. Local governments have been imaginative in their development of these various tools, but there appears to have been little comparative analysis of the tools themselves. In fact, with local governments becoming increasingly involved with the use of such tools to stimulate various kinds of activities (i.e., neighborhood revitalization, economic development), a broad analysis of these tools would seem warranted.

## V. INFORMATION RESOURCES

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U. S. Department of Housing and Urban Development  
Division of Neighborhood Preservation Research  
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Contact: Sybil Phillips, Director (202)755-5900

Massachusetts Department of Community Affairs  
Office of Local Assistance  
1 Ashburton Place  
Boston, Massachusetts 02108  
Contact: Gene Bunnell (617)727-3197

Principal for forthcoming study: "Old Buildings - A Renewal Resource"  
Mass. DCA is recognized as a leader in assisting localities in re-  
cycling activities.

Boston Redevelopment Authority  
Conservation and Recycling Division  
Boston, Massachusetts  
Contact: Judy McDonough, Planner (617)722-4300

For information on Boston's recycling efforts.

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