



How to Protect and Preserve the **Historic Places That Matter to You**



Author's Note

This publication was originally intended to be an update of Preservation Pennsylvania's 1998 *Crisis Handbook: A Guide to Community Action*. But, after spending more than four years traveling around Pennsylvania providing technical assistance to those needing help with preservation projects, this seemed to me like an opportunity to not only tell people what to do in the event of a preservation crisis, but to talk about how to avoid them whenever possible. Having recently spent several days in workshops with Donovan Rypkema, I also wanted to fold in many of the valuable concepts and techniques provided in his *Feasibility Assessment Manual for Reusing Historic Buildings*. And while I was at it, I thought I'd do my best to address some common questions and use examples to illustrate some best practices and common pitfalls that I have seen here in Pennsylvania. I sincerely hope that the resulting document is useful to you as you work to protect and preserve the historic places that matter to you.

Sincerely,

Erin Hammerstedt

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Section 1: Understand the Problem and Build Support

Most likely, you are reading this manual because there is a historic property that you are concerned about and you want to do something to help protect or preserve it. In order to be effective, you need to understand what is really happening and why. Only when you have a firm grasp of what the real problem is can you effectively identify what tools might be available to encourage or require action, what resources are needed to utilize those tools, and how to go about doing so.

In order to fully understand the problem, you need to gather information. Begin by finding out who the owner is and what their needs and challenges are. Learn how others feel about the property or project. Although there is little you can do to change them, recognize that outside factors such as national economic trends or real estate market conditions may influence the project. Once you have this information, you can begin to build support for the project.

IDENTIFY THE PROBLEM OR THREAT

In any preservation project, the first thing you need to do is identify the threat or problem.

- Is the building or structure you are concerned about threatened with demolition?
- Is it underutilized or vacant, or being neglected and allowed to deteriorate?
- Are incompatible alterations proposed or being made?
- Is the setting or environment around the property changing in a manner that is harmful to the historic character of the property?
- Are you struggling to make ends meet and considering selling or repurposing your historic property?

To some extent, each of these problems requires a different approach to preservation. But in large part, the steps you will take to help preserve the property are the same and are described in the following pages.

REALITY CHECK – SAVING PLACES IS HARD WORK

Saving historic properties is a tremendous challenge. It can be done, but **the best time to start a preservation project is before the property is threatened and the need is urgent**. This guide generally discusses a path to be taken in preserving a historic property before it becomes a crisis.

If your problem is extremely urgent, it may be too late to make the save. Or, you may have to take drastic action, forgoing the recommended deliberative and public process, and jumping to legal tools like an injunction. Please contact your State Historic Preservation Office or your statewide or local preservation nonprofit for assistance.

URGENCY

The Dansbury Depot in East Stroudsburg, Pa. is an example of a historic building that was literally saved none too soon. The railroad depot had previously been rehabilitated for use as a restaurant, but it suffered from a fire and was closed and left to deteriorate. A developer became interested in acquiring the property to remove the station and build a new multi-story, mixed-use building in its place. The developer began to demolish the building, but a group of citizens rallied and filed an injunction that halted demolition. With incredible communication and advocacy, they raised funds to acquire the building, move it from its original site to a new location on the opposite side of the railroad tracks, and are now rehabilitating it.

Projects like this are extremely difficult; had the community mobilized to acquire the property sooner, they would have had a much easier time and saved a substantial amount of money.



Dansbury Depot after the fire, before acquisition by the developer.



Partially demolished Depot on cribbing awaiting its new foundation. Cover photo of Pennsylvania At Risk in 2010.



Dansbury Depot in its new location, with reconstructed wing.

COMMUNICATE WITH THE PROPERTY OWNER

In many cases, property owners are not doing what we think they should be doing with their historic property, and so we consider them to be the problem. Rather than vilify the property owner and assume their intentions are bad, speak with them to understand their needs and desires for the property. In most cases, you'll find that they mean to do something with their property, but:

- they don't recognize the property as historic or significant;
- they don't know what to do;
- they don't have (or aren't willing to spend) the money to do what needs to be done;
- they don't want the hassle of doing it; or
- doing the project is not within their risk tolerance.

Work with them to identify the issues that are keeping them from preserving the building, and target your efforts on helping them to overcome those specific problems.

Potential solutions might be to:

- provide technical assistance to help them know what steps they need to take to complete the project;
- help them find resources to help finance the project;
- manage the project for them;
- help them think the project through so that some of the uncertainty is eliminated, or modify it so that the return is higher and thus the risk more palatable; or
- help facilitate a change in ownership.

For a discussion of ownership alternatives, please see page 24.

REALITY CHECK

In all but the rarest of cases, the property owner drives what happens to their property. If the owner does not want to participate or relinquish ownership, and there are no tools in place to require action, the project may not be possible.

RESOURCES

If you are the owner of a historic property and need to close it, please see *Preservation Brief 31: Mothballing Historic Buildings* at <http://www.nps.gov/hps/tps/briefs/brief31.htm> for more information. This publication will provide the information you need to help ensure that you take the steps necessary to keep the building secure and stable while you work to find a new use or owner for the property.



The 1885 Balthaser Variety Store and attached residence. By working with the property owner and understanding her situation and needs, the local downtown revitalization group was able to identify potential new uses for this vacant historic property.

BALTHASER BUILDING, Hamburg, Pa.

In an attempt to get an important but underutilized downtown building back in use, Hamburg's Our Town Foundation hosted a workshop to prepare feasibility assessments for the vacant Balthaser Building. They did so in cooperation with the owner, who recently inherited this historic building, which was built in 1885 as a variety store but has been vacant since the mid 1990's.

At the beginning of the process, the owner wasn't sure whether she wanted to sell the property since it is important to her family's history and contains many personal memories and items of sentimental if not monetary value. By working with the study team to assess the potential uses, she concluded that she is ready to sell it. She determined that she needs to make enough money from the sale of the property to cover the inheritance taxes but is willing to establish a reasonable sale price in order to see the building serve the community by contributing to its economic vitality. Her one requirement is that the property retain the Balthaser name as a tribute to her family.



LEARN HOW OTHER PEOPLE FEEL

In order to be effective in preserving a historic property, it is important that you understand who is impacted by the problem and involve them in solving it. You probably have strong feelings about the property, or you would not be getting involved. But you need to remember that others may also have valid opinions and goals that differ from your own. In order to find a viable solution and build public support for the project, you need to make sure you have the right people involved throughout the process.

In addition to the property owner, the people that should be invited to participate include:

- adjacent property owners
- area business owners or neighbors
- current or potential tenants
- municipal representatives or officials
- community groups
- preservation or revitalization organizations

Because they are the ones that are impacted by the problem and will be affected by the project, their opinions count and their talents, energy and resources should not be overlooked.

Seek Common Ground

It is important that you make a real effort to find out how other people see the issue and, more importantly, why they see it the way they do. Listen to the people you don't agree with as carefully as those you do agree with. You will likely find that while people's thoughts regarding the best course of action for a particular project may vary, the underlying reasons behind those thoughts are aligned with the goals of others. Through deliberative dialogue, it may be possible to settle on goals and objectives that satisfy the needs of most, if not all, of the parties involved.

ENGAGING MEMBERS of the COMMUNITY ADDS VALUABLE RESOURCES

Carrying out a preservation project from start to finish will take a lot of time, energy and resources. So it is important that you recognize the talents of those around you and utilize their skills and energy effectively. This will help to ensure that you are able to complete the project, and will engage the community as well. Not everyone needs to be involved in every aspect of the project. You can use some people to help gather information and plan, others to communicate and network, and still others to do the physical work. Be creative and involve as many people as possible in the project, letting them offer whatever they can and do what they're good at and enjoy. Be sure to establish a realistic timeline so that supporters do not get discouraged and lose their momentum during the project.

Boy Scouts and their families worked hard to prepare mortar and repoint the foundation of the Abington Meeting House in southeastern Pennsylvania as part of a larger project.



THE IMPORTANCE OF A SHARED VISION

The citizens in Saltsburg, Pa., are united in their desire to help improve their community. Unfortunately, they have not laid the groundwork to ensure that everyone understands what type of improvement is appropriate in the historic district. As a result, the historic district is threatened by inappropriate changes.

A property owner began to improve their building by installing a stone veneer over an 1840's brick building. They did so without the approval of the local historical and architectural review board (HARB). HARB reviewed the project after it was already started and concluded that the project was not appropriate since it resulted in changes to character-defining features of the building. Despite their recommendation, Borough Council permitted the project because they did not want to keep people from improving their properties.

All of the parties involved were taking action in an attempt to improve Saltsburg. Unfortunately, they were not all on the same page as to what constitutes an improvement, and thus, a historic building was irreversibly altered. An implementable master plan or local design guidelines are tools that may help communities avoid situations like this one.



ADDRESS PRESERVATION PERCEPTIONS

Many people don't understand that historic preservation is simply about working to protect the places that matter to you. Some think that it is all about house museums, or telling them what they can and can't do with their property, and that it is expensive or elitist. Quite likely, you will need to understand common local perceptions of preservation and help to educate the community about what preservation is and isn't and how it can benefit them.

National Register of Historic Places

The National Register is the nation's official list of historic places that have been deemed worthy of preservation. It is an important tool but is often misunderstood. Generally, listing in the National Register is an honorific designation, which can be useful in tourism and marketing, provides some level of protection from federally funded or licensed projects, and may be used to determine whether a project is eligible for grant funding, where and when grants are available. National Register listing does not regulate what private property owners can do with their property; only a local historic preservation ordinance can do that.



National Register designation does not mean that historic properties cannot be altered or even demolished.

THE NATIONAL REGISTER of HISTORIC PLACES

National Register Listing DOES:

- Provide recognition of a property's significance in history, architecture, engineering or archaeology.
- Make property owners eligible to buy a bronze plaque denoting this important designation.
- Serve as a tool for local planning, heritage tourism and heritage education.
- Provide some protection in the form of consideration and mitigation of adverse effects from federally funded or licensed projects.
- Provide the owner of income-producing properties the opportunity to receive federal tax credits of up to 20% of certified rehabilitation costs. (State tax credits may also be available).
- Provide the nonprofit owners the opportunity to apply for matching grant-in-aid funds for restoration or rehabilitation, when such funds are available.
- Allow the owner to receive technical assistance regarding the maintenance and rehabilitation of the historic property if they so desire.

National Register Listing DOES NOT:

- Place obligations on private property owners or restrict the use, treatment, transfer or disposition of private property.
- Lead to public acquisition or require public access to the property.
- Require federal or state review of proposed alterations *unless* federal money is being used to fund the project.
- Automatically invoke local historic district zoning or local landmark designation that can put restrictions on private property.
- Require preservation (maintenance) or restoration of the property.
- Provide a historical marker for the property, although owners are eligible to purchase one through private vendors.

A property can only be listed in the National Register if the property owner consents to that designation.

A historic district cannot be listed if a majority of property owners objects to the designation.

For more information about the National Register, visit <http://www.nps.gov/nr/>.

REALITY CHECK

The National Register of Historic Places is not the only measure of whether a property is significant or worthy of preservation. Buildings that do not meet the National Register criteria may still be designated as historic locally, and many buildings with no designation can and should be preserved. *See page 12 for more information on how to designate properties as historic.*

RECOGNIZE OUTSIDE FACTORS

It is often relatively clear that factors directly related to the project, such as the intentions and resources of the property owner and the size and condition of the building, have a significant impact on whether a historic preservation project is successful. However, there are a number of other factors—those not directly related to the property itself—that may also effect the project.

Thus, it is important to consider:

- What economic factors and cultural trends might impact the project.
- What real estate and market factors will impact the project and its ability to be completed and sustained.

People often embark on a project with a specific concept or outcome in mind. But all too often, they do not look at the big picture to understand whether that idea or concept is indeed a viable one in the place and time the project occurs.

National Factors

Decisions of the federal government, such as whether its public policies and funding programs support historic preservation, have a significant impact on our ability to complete certain types of projects. So do national social trends, such as people's desire to move out of or into urban areas. National economic conditions also play a role in preservation efforts: interest rates and the availability of financing are critical. And things like the price of gas impact the way people live, including where they choose to live, the types of vacations they take, etc. All of these factors impact the viability of preservation projects. There is little that you can do to change these national factors to help your project, but you need to understand them in order to have a realistic vision of how your project will work.

Local and Regional Factors

It is important to understand regional and local factors that can impact the ability to complete and sustain preservation and rehabilitation projects. For example, is the population of the area increasing or decreasing? If it is decreasing, why? If it is increasing, who is coming? Is there job growth in the area? If so, in what economic sectors? Are there labor shortages or surpluses?

It is also important to understand how people in the area and region feel about projects like the one you are contemplating or conducting. Are they supportive of projects like this? Or are you facing an uphill battle? Do the people currently in the neighborhood have a historic connection to the property or are they newly arrived in the area?

Gather information about local and regional factors at the outset of a project. This information can often be found in municipal and county comprehensive plans, census data, and through conversations with local elected officials, residents, and business and property owners.

Real Estate Market Factors

Understanding local real estate market factors, including sales information, rent levels, vacancy levels and operating costs, among others, is also important. If a building is available for \$500,000 but will only generate \$10,000 per year in rental revenues, it is probably not a good investment. And in a market where a multi-unit apartment building is available for \$30,000, it is unlikely that earning \$1,000 per month for each of the six apartments in the building would be possible.

You also need to understand local financing factors, including the availability, rates, terms and conditions of loans, and the patterns of local lenders. And it is not wise to walk into a community or project without understanding the local supply and demand. What similar buildings, businesses or uses exist, and how are they supported by the community? Is there an opportunity to expand in that area, or is the market saturated?

For best results, take the time to gather this information before moving too far along in your project.

Connellsville, Pa.

Connellsville used to be known as the Coke Capital of the World, since it provided much of the fuel needed for Pittsburgh's steel industry in the early 20th century. However, as the steel industry waned, jobs left Connellsville and the real estate market declined. Many people looked to strip mining as a source of income and used the under-valued real estate in Connellsville to secure bonds for their strip-mining operations. Many of the town's property owners do not reside in Connellsville; some have never been there and never will. They purchased the buildings sight unseen, with no intention of using them for anything other than collateral for their mining bonds. This leaves Connellsville in a relatively unique and challenging situation as they try to rehabilitate their historic buildings and revitalize their community.



After gathering basic information, you now have an understanding of the problem. You know how people feel about the issue(s) and what outside factors might influence the project. So now, it is time to clarify what it is that you are trying to accomplish and define the goals and objectives for the project. That will allow you to communicate effectively and work to build support and advocate for your property, project or issue.

DEFINE YOUR PURPOSE, GOALS AND OBJECTIVES

It is important that you consciously consider, understand, and can effectively communicate what it is that you are trying to accomplish by tackling this problem. Before you go any further, stop to make sure you understand how you feel about the problem and why.

By opposing the construction of a new chain retail store downtown, are you trying to prevent the demolition of a historic building, prevent inappropriate new construction that will detract from the character of a historic district, or protect existing merchants from a loss of business with the opening of a new retail establishment?

Are you fighting to preserve a historic bridge because you feel that the structure is significant and should not be lost, or because you fear that the new bridge will result in changes to traffic patterns that will disrupt the quality of life in the community?

REALITY CHECK – CLEARLY STATE YOUR PURPOSE: MAKE THE CASE FOR SUPPORT

Your project is more likely to be successful if you can clearly state not only that something should be preserved, but why, and what the impacts or benefits of doing so will be.

Define Clear Goals and Objectives

A logical next step is to work with those that have a stake in the project to define goals and objectives. Goals are general or broad intentions. It is critical that you consider not only your goals and the goals of those that agree with your ideas, but the goals of all stakeholders with an interest in the project. Objectives are more specific outcomes or results that are desired. They are usually related to the overarching goals and are achieved through a series of action steps.

What are the objectives of the property owner?

- Do they want to sell the property?
- Do they want to do something to help their community?
- Do they want to preserve a family legacy?
- Do they need a place to house their business?
- Are they looking to generate consistent revenues or build equity?

What are the objectives of a potential developer, investor or future owner?

- Are they trying to do something to benefit or revitalize the community?
- Do they want tax credits?
- Do they need a certain rate of return on their investment?

What are the objectives of involved third parties, such as the municipality, community revitalization organizations, preservation groups or neighbors?

- Are there needs in the community that aren't being met elsewhere?
- Do they have a need for a particular use, such as lodging, housing, retail or community services?
- Do they want to exclude certain uses?
- Do they need the property to generate tax revenues?

Consider the goals and objectives of everyone with a stake in the project and put them in writing for reference and use throughout the project.

IDENTIFYING COMMON GOALS

Highland Hall in Hollidaysburg, Pa. has been vacant since the 1990's and is now threatened with demolition. The property owner recently sent a letter to the Borough Council requesting permission to demolish the building, and the community reacted strongly. Some feared that the Council would likely support a demolition application, resulting in the loss of a significant historic building. Others hoped that they would do just that to eliminate the eye sore in their neighborhood.

Council toured the building, then hosted a lively discussion seeking public input. Despite their differing opinions, consensus was reached: all agreed that they would like to see the building be rehabilitated, as long as action to do so begins soon.

As a next step, a variety of parties with differing perspectives will work together to try to find a feasible reuse for the property and develop an action plan to make it happen.



Hollidaysburg's Borough Council tours Highland Hall to assess its current condition.

BUILD SUPPORT

Public support is important to any preservation project. So how do you build the case necessary to gain that support? First, present positive, well-researched testimony. Make sure you are making truthful and accurate statements. (For instance, don't say something is what the community wants if you'd only heard from a handful of people). Use that testimony to generate positive media coverage. Continue to involve the public and local politicians, and keep them informed of your progress.

As explained above, an important first step in building support is providing well-researched testimony. It is important to listen to the public and understand their concerns. Listen not only to those who are making their opinions heard (the squeaky wheels), but try to engage others, as well. You need to be creative, and try to talk to them in a place and at a time when they are comfortable. They might not want to attend a public meeting but might be happy to talk with you while watching their children play at the park or waiting for the bus. If you do hold a public meeting, make sure you advertise it in languages and places that will reach a variety of citizens; and don't underestimate the power of free food! Light snacks and treats make meetings more pleasant and improve attendance. If the voice of your resident curmudgeon is the only one people hear, they won't take your issue or position seriously and may even be pushed the other way.

GATHER PUBLIC INPUT

The city of Connellsville, Pa. was preparing a preservation plan and wanted to know what issues and resources the community felt were important as a first step in defining goals and objectives and prioritizing preservation activities. They began with a walking tour of the community, viewing the town from a visitor's perspective. They then met in small groups to discuss the issues they'd identified. Then each group reported back to the large group to develop common issues, themes and priorities. More than 60 people participated in this workshop, representing a diverse segment of the town's population and interests. The steering committee for the preservation plan could not have identified these issues without real, meaningful public involvement.



REALITY CHECK – EMBRACE OPPOSITION

One of the common denominators of successful rehabilitation projects is a healthy dose of public skepticism during the process. By questioning the project and its merits, opposition can actually strengthen a project by ensuring that alternatives have been considered and a compelling and well-reasoned case can be made for moving forward in the chosen direction. Instead of ignoring those with differing opinions or opposing goals, try to understand their point of view and anticipate their concerns so that you are prepared to address them. Your job is not to convince them that you are right or change their minds, but rather to provide factual information and illustrate for them how completing the project at hand can, indeed, address their concerns. Rather than make them feel like you think they are wrong, which will likely put them on the defensive and impel them to hold their ground, acknowledge their position and work together to find a solution that is satisfactory for everyone.

COMMUNICATE EFFECTIVELY

Public relations and communication is a very important aspect of any successful preservation project. It is important that you develop a consistent, focused message that is relevant to your audience. Keep your message clear, free of preservation jargon, and focused on the positive goals you have developed. Explain to people what is at stake, why historic preservation is important, and how your success will positively affect them and the community. You will be more effective talking about the solution rather than focusing your message on the problem. Reiterate your purpose and key objectives in all forms of communication.

Prioritize your communications efforts. List your various audiences, including the public, elected officials and the media. Develop a communication strategy that is aligned with your goals, and allocate your time and money accordingly.

Tips for Communicating with the Media

Your efforts to communicate with the public and elected officials will be most successful if you develop and maintain good relationships with the media. Start by developing a database of media contacts, connecting directly with the pertinent editors and reporters. Keep in touch with them, and make a case for why they should cover your story for the sake of their audience, not your project. Understand the difference between support and coverage; don't try to get the reporter to support your view, just get them to cover your story. Be concise. Convey necessary and interesting information without being long-winded, righteous or confusing. Always return calls from the media promptly. By treating the media with respect and honoring their deadlines, you will gain credibility as well as visibility for your cause.

Communication Tools

Depending on the level of organization and capacity of your group, you may have a website and/or newsletter. These are useful communication tools: the public can access them at will, and you can direct the media and elected officials to more information than you can include in their press releases and op-eds. If you have one, make sure your website is kept up to date, and monitor the information posted.

Press releases can be valuable communication tools. They should be on professional-looking letterhead, if possible, and should provide facts, not opinions. They should begin with a headline in large, bold type, followed by a dateline that includes the city and state in all capital letters, followed by the date. Write a strong lead paragraph that summarizes the release in just a couple of sentences, and includes who, what, where, when, why, how and how much, if relevant. The body of the press release should include paragraphs that support the lead and contain information that is accurate, brief and clear. Use statistics, dates and monetary figures, but avoid unnecessary information and opinions. Always include a name, phone number and email that can be used for further inquiries. Follow up to ensure that the media outlet received your press release.

The opinion and editorial section of the newspaper (op-eds) provides another opportunity to tell people about your project and what it stands for. Be concise and be clear about the message you are trying to convey. Back your statements up with numbers and statistics.

Depending on your audience and budget, radio and television may also be useful outlets for communication. The Internet is another powerful tool.

CELEBRATE VICTORIES

There are many battles in every preservation war. In order to maintain the energy and optimism of your volunteers and partners, and to communicate your successes to the public, it is important that you take time to recognize your victories along the way.



A group of volunteers gives themselves the thumbs up, celebrating their success in raising \$10,000 in 24 hours to post bond for an injunction to prevent demolition of the B.F. Jones Cottage in Cresson, Pa.

REALITY CHECK – SOCIAL MEDIA COMMUNICATION

Social media is an essential form of communication today. If no one in your group is adept at using resources such as Facebook and Twitter, find someone more fluent in these and other communication tools and techniques that would be willing to lend their expertise. Not doing so would mean missing an opportunity to connect with a very large segment of the population, and could be detrimental to your efforts. You need to monitor what is said and make sure that the message conveyed supports your larger communication strategy.

RESOURCES

For more information on effective communications for preservation projects, please see:

- **Effective Communications for Preservation Nonprofit Organizations**, available through Amazon.com
- **Communicating with Elected Officials**, which can be found here: <http://www.preservationnation.org/resources/public-policy/center-for-state-local-policy/additional-resources/cfsllp-training-communicating-with-elected-officials-chapter.pdf>

ADVOCATE AND LOBBY

Advocacy can be simply defined as active verbal support for a cause or position. The term grassroots refers to a movement that grows spontaneously and naturally, without encouragement from outside sources. Grassroots advocacy originates among concerned citizens and involves them taking collective action to support (or oppose) a cause or position. People can engage in grassroots advocacy on many levels, ranging from writing letters to their elected officials, organizing petitions to demonstrate support for a particular position or action, organizing workshops to educate and rally their community, and more. Communication in a variety of forms is a key component of most successful grassroots advocacy efforts. They often start with a particular reaction to a proposed action or contested position, and evolve over time as the issue becomes better understood and progress is made. When participating in a grassroots advocacy effort, don't be against everything; be for something. Instead of just saying no and opposing other people's plans, try to offer a solution or alternative.



EFFECTIVE GRASSROOTS ADVOCACY

Faced with the closure of three elementary schools in their district, Mifflinburg area residents employed common grassroots advocacy strategies to generate support for their cause in the community and communicate to the school board that people value education in small schools and were willing to fight for what they believe in. The growing group came to be known by the school board as the "green shirts," and their direct signs attracted the attention of the statewide preservation organization, which was able to provide technical assistance and connect them with additional resources.



ENGAGING YOUNG PRESERVATIONISTS

One way to understand how the community feels about a preservation project and engage them in the process as a means of building support is to talk about your project at local schools. If you are trying to find a reuse for a historic building, present the opportunity and have classes draw what they see for the future of the property. Children, if engaged, will take information home to their families.



During a design charrette, participants hit the streets to talk to local high school students to get their opinion about the potential reuse of a historic chapel in their neighborhood. The students were happy to offer their ideas and came up with possibilities that may otherwise have been overlooked.

TOOL: ENDANGERED PROPERTY LISTS

Endangered property lists exist on the national, state and local levels, and can be powerful tools to identify and draw attention to preservation issues and threats. These lists often arise from nominations made by the public, and serve as a useful tool to communicate with elected officials and the media. Some wish to be included on these lists because it can be used as a tool for fundraising. Some feel they have a negative connotation, and choose to highlight the preservation opportunities rather than focus on the threats.

The Young Preservationists Association of Pittsburgh has an annual endangered properties list that they call Top Ten Best Preservation Opportunities in the Pittsburgh Area. The 2012 Top Ten list can be found here: <http://www.youngpreservationists.org/ypa-releases-2012-top-ten-list>.

Lobbying

Lobbying is letting your elected officials know what you want from them. It is the elected official's duty to fairly represent his or her constituency, but it is the constituent's responsibility to provide the information needed to make that possible. It is important to make logical arguments based on factual information and employ good communication skills to explain why preservation is important.

Lobbying can be used to affect change at any point in the legislative process. If you know where the bill is in the process, you can identify the appropriate legislators to talk to and express your support or concern. Utilize your avenues of communication, such as website, newsletter and social media to encourage your members, friends and community to lobby the appropriate elected officials, as well. Elected officials need to know how their constituents feel, but they can't if you don't tell them.

Be aware: there are limits on lobbying by nonprofit organizations and government employees. A preservation organization can lobby to persuade a representative to vote yes or no on an issue, but it cannot undertake activities to encourage votes for or against a political candidate. In some situations, hiring a professional lobbyist may be advisable.

RESOURCES

A Blueprint for Lobbying available through Amazon.com

REALITY CHECK – KEEP EMOTIONS IN CHECK

One of the key ingredients in every successful historic preservation project is an energetic and passionate champion. Projects need to be led by someone who cares and feels strongly enough to carry on even in the face of resistance. However, it is essential that that passion and energy be kept in check so that you can maintain your credibility and be taken seriously. Express your enthusiasm but do so in a way that is not offensive or overly dramatic or righteous.

A project's designated speaker addresses the media rather than their passionate leader.



The Legislative Process

In order to be successful in lobbying, it is important that you understand the legislative process. The process begins with an idea, which is turned into a bill and introduced by a member (or members) of Congress on the floor of the House or Senate. The bill is assigned a number, and then assigned to committee. Within that committee, a subcommittee reviews the legislation, amending it by introducing new elements or removing ones they do not support. The subcommittee then votes on the bill. If it passes, it goes to the full committee, who has the opportunity to make additional changes. If the committee then affirms the bill by a majority vote, it is then ready to go to the House or Senate floor for further action. Legislation can be amended again when it reaches the House and Senate floors.

Following approval on either floor of Congress, the bill is automatically sent to the other chamber, where it is similarly referred to committee and subcommittee. If both chambers pass identical versions of the bill, they go directly to the president (or governor) for signature. If the two versions differ, a conference committee is formed to discuss the points of difference. After the conference committee action is completed, both the House and Senate must take a final vote on the bill, which will go to the president if passed. The process can stretch over several months or even years. If a bill does not pass during a two-year term, it dies and must be reintroduced in the next legislative session.

MAINTAIN CREDIBILITY AND PROFESSIONALISM

One very important aspect of building support is establishing a sense of professionalism and maintaining credibility. Passion is an important ingredient in preservation projects; but if left unchecked, too much passion can make a person, organization or cause seem fanatical and unreasonable, and can drive potential supporters away. Make sure you don't disregard established protocols and that you are open to other opinions and perspectives.

Whether they are elected officials, preservationists, code officials, contractors or bankers, recognize that the people that you encounter during the course of your project are professionals who have a lot of responsibilities in addition to the project that you are working on. It is important that you respect the established processes and do your best to conform to them. Remember, while you may be working on this project in your spare time in the evenings or on the weekends, they are most likely only thinking about this project during business hours. Send an email or leave a phone message, and then allow a reasonable amount of time for them to respond during business hours before contacting them again. Their time is valuable, so treat others involved in your project with the same respect and courtesy that you would expect from them.

If you are working with a group, establish a point person for communication with those outside of the group. Make sure that person represents the group well, and preferably that they can be contacted during business hours. The point person for communication does not need to be the same person that is actually leading the charge. Sometimes the internal leader is overly passionate and is not the best person to be speaking publicly.

Section 2: Understand The Building

The previous section of this guide discussed how to gather information about the situation and public sentiment, define your purpose and establish goals and objectives, and build support. By working through this section, you will learn more about the historic property and what will likely be required if you decide to help rehabilitate it for a new use. You will study the building's history and significance, as well as its physical condition, including what may be required to satisfy building codes and other pertinent regulations.

RESEARCH THE PROPERTY'S HISTORY

As part of your project, you should understand when the building was built and for what purpose, and how it relates to its surroundings. While it may not be feasible or desirable to continue the building's original use, it will help you to understand what the important character-defining features of the property are so that they can be preserved when improvements are made to accommodate continued or new use.

Observe Physical Clues

Start by taking a good look at the building to see if it provides you with clues as to its date(s) of construction and original use. Date stones are the most obvious indicator, but features such as window size and configuration, detailing around the main entrance and cornice or roofline, and even the materials used can help you determine when the building was constructed. You can use books like *Field Guide to American Houses* by Virginia and Lee McAlester, to identify the features on your building and determine a likely range of dates associated with their use. A historic preservation specialist or architect can help you with this, if necessary.



The resources at your local historical society or library, such as maps, atlases and city directories, can provide important information about your historic property.

Conduct Documentary Research

Once you have a general understanding of the building's form and style, take a look at other sources of information.

Tax assessment records often include a date of construction. But beware, in many places, this is not an accurate date. An arbitrary year is often assigned to all old buildings. Tax assessment data is public information and can be found online or at your local tax assessment office.

Historic maps don't provide a specific date of construction but can help you to narrow construction down to a particular period. For instance, if the property you are concerned about is not included on a map dating to 1875 but does appear on the 1889 map, it is relatively safe to assume that it was constructed between those dates. Some historic maps are available online; others can be found at historical societies or libraries in your area.

Like historic maps, deeds can sometimes help you narrow down a range of possible construction dates. Deeds tell you who owned a property for a specific range of dates. It is relatively rare for a deed to specifically mention construction date, but sometimes, a deed will say something like, "84.5 acres of land containing a brick house and frame barn," or "the property commonly known as Hosterman's General Store." If you are so lucky, you know that the building existed prior to the date of the deed. By checking the previous deed(s), you can begin to narrow down the possibilities. Recorded deeds are public records and can be found online or at your local recorder of deeds office. To trace deeds, start with the current deed for the address or tax parcel, and use the reference in the deeds to follow them backwards in time.

Additional historical information can be found in local and county histories, and in documents such as city directories, historic atlases or old newspapers. Some of these documents can be found online, but more will be housed at your local historical society and/or library.

Understand the Changes that have occurred

Once you have assessed the building visually and completed your archival research, compare the two. Does the date of construction that you determined based on documentary sources match the visual appearance of the building? If not, what has changed? And what do those changes represent or reflect? Was the family growing and adding on to their home? Did changes in dairying practices result in modifications to the barn? Was there a fire in town that resulted in the loss of an older building and its replacement with a new one? While integrity and authenticity are fairly important, it is OK if a property has changed over time. Original is not always the goal. In fact, in many cases, the changes are themselves significant as a reflection of the evolution of the property and story that it tells.

REALITY CHECK

While understanding the story of a place is important, historic preservation is about more than just the history. It is about how the environment – including buildings, landscapes and artifacts – survives to tell that story. If the building has been lost, are there features on the landscape that let you know what was once there? Might there be artifacts or features underground that provide information about people, activities or events important to our history? If there is physically nothing left, or the remnants can no longer tell the story, it is time to move away from historic preservation tools and consider interpretation of the history in another manner. That is not to say that the building cannot or should not be preserved. It just means that standard preservation tools and strategies might not be available to or appropriate for the project.

ESTABLISH THE PROPERTY'S SIGNIFICANCE

Historic properties mean different things to different people. Before moving ahead with your project, take some time to understand the significance of the property you are concerned about.

Talk with the property owner to learn what the building means to him or her. Is it important to them because it was the home of their ancestors, or was the building constructed by their family to house their business? Or is it important to them as a real estate investment or financial asset?

Talk with local elected officials and community groups, and review existing local and regional comprehensive or preservation plans to determine what the significance of the property is to the community. Do they highlight it as an important cultural asset or historic property, or one with potential for economic development? Do they have tools in place that help protect it or that limit what can be done with it?

By understanding what the significance of the property is to those in the area, you will have more success in moving your project forward.

REALITY CHECK

People often try to make the argument that the property they are concerned about is more historic than another and, thus, should get special attention or additional resources. Properties either meet or do not meet the criteria for inclusion in the National Register of Historic Places. At the national and state levels, they are not graded or ranked against one another to determine which ones are the best or most important. It is up to your community to determine what resources are your top priorities for preservation, and do what needs to be done to protect them whether they are included in the National Register or not.

Historic Designation

In addition to knowing what the significance of the property is locally, it will be useful to know whether it has been designated as a historic resource at the state or national level. If the historic and/or architectural significance of the property has not yet been evaluated, you may want to do so since historic designation at the state or national level does not impose regulation and may help a project by providing additional recognition and/or resources.

The National Register of Historic Places

The National Register of Historic Places (National Register) is the official national list of historic places that have been deemed worthy of preservation. In general terms, in order to be eligible for the National Register, a property must be at least 50 years old, and must:

- a) be associated with events, activities or developments that were important in the past;
- b) have a strong connection to people who were important in the past;
- c) exemplify significant architectural or engineering achievements; or
- d) have the potential to yield important information about the past through archaeological investigation.

The property must also retain integrity to physically reflect its significance. Even if the property's story is important, if the physical remnants of that story aren't intact, the property will probably not qualify for the National Register. For more information about the *National Register of Historic Places*, please see page 4.

State Level Historic Designation

Most states maintain a database of historic properties, as well. Many use the same criteria for evaluation as the National Register, but others have developed additional or alternative criteria. Check with your State Historic Preservation Office for more information on the process and criteria for historic designation in your state.

SMITH HOUSE, Mercersburg, Pa.

The home of Justice William Smith is considered by many to be the birthplace of the Second Amendment, commonly known as the right to bear arms. In 1765, Smith's Rebellion was the first armed resistance against British military rule leading up to the American Revolution, and many believed it changed the face of history. The rebellion was reportedly planned in Smith's house, and the battle occurred nearby.



The drawing above shows the Smith House as it is believed to have looked in the 1760's when Smith's Rebellion occurred. The photo below shows the house in 2010, when its National Register eligibility was being evaluated. Although this property may indeed be significant, because it no longer visually reflects the period when William Smith occupied it, it is not eligible for inclusion in the National Register for its association with those events or individuals.



ASSESS THE BUILDING'S CONDITION

There are several factors to consider when deciding whether a particular building can and should be saved or preserved. These include, but are not limited to: the significance of the property; its value (economic, cultural and environmental); what will be required to rehabilitate (or preserve or restore) it; and what will be required to maintain and operate it after rehabilitation.

Having a firm understanding of the condition of the property is an important part of that decision-making process. Sometimes small problems are misunderstood, and are unnecessarily perceived as obstacles. Other times, buildings are too far gone for preservation or rehabilitation to make sense. Almost any building can be saved. But that doesn't mean that doing so is always a smart decision. Whenever possible, consult with a professional experienced in assessing the condition of historic buildings. Don't mistake a building that needs to be repointed or repainted as one that is not structurally sound. Don't let crumbling plaster or damaged floors make you think that a building cannot be rehabilitated. But do take the condition of those materials into consideration, and know that there will be time and expenses related to repairing or replacing them.

If the historic property you are working with is not structurally stable, has environmental issues, has dated or deficient mechanical systems, or will need extensive repair or replacement of finish materials, there will be costs associated with making the necessary improvements. It is important that you consider those factors when trying to determine whether the improvements are worth making and can realistically be accomplished.

MOUNT BETHEL FIREHOUSE, Northampton County, Pa.

This firehouse has structural problems that are clearly visible and must be considered as part of determining how to move forward with the project. This wall almost certainly could be repaired (through partial reconstruction), but the owner should consider whether doing so makes sense based on the significance and value of the property in its location.

Structural Integrity

People commonly say that historic buildings must come down because they are not structurally sound and are thus a danger to human life. While this can be true, it is less common than reported and should occur even less often than that. Buildings very rarely become unsafe overnight; even earthquakes and fires don't necessarily render a building unsound. Much more often, buildings are allowed to deteriorate over time. This deterioration should be prevented or minimized through good maintenance (which can be required using local ordinances), making it rare to find a building that is truly unsafe.

Fire and water are the primary forces that cause problems in historic buildings. Fire can compromise the structural integrity of wood, metal and masonry building components. And water, especially when allowed to come into contact with building materials over extended periods of time, can cause both cosmetic and structural problems. Buildings that have been damaged by fire or water may be able to be rehabilitated. Damaged elements can be repaired or replaced, and mold can be removed. But fires and flood events are cues to you to look carefully at the building for problems that may occur as a result.

Although most often caused by disasters or water infiltration over time, structural problems can occur in other instances, as well. Perhaps an interior wall was removed or an opening expanded, leaving insufficient support for the mass above. Or maybe a roof that was designed to carry wood shingles has been covered in much heavier slate. Or, over time, structural members have been penetrated to

accommodate modern utilities or attacked by termites or other pests, leaving them weak.

Most severe structural problems present themselves in obvious visible ways, or at least provide visual clues that problems exist. At the same time, not every sag, bulge or crack is a sign of a structural problem. If you see something that concerns you or anticipate that structural problems may exist, hire a professional to assess the condition of the building. Work with others in your area to identify a professional preservationist, architect or engineer with experience working with historic buildings to ensure a valuable assessment. In some places, such as Pennsylvania and Vermont, small grants may be available to help pay for a structural or conditions assessment. Please contact your State Historic Preservation Office or statewide preservation nonprofit for more information.

REALITY CHECK – MAINTENANCE IS KEY

Maintaining buildings in good condition is essential to their preservation. Good roof and site drainage will prevent potential water problems and make taking care of a property much easier and less costly. Maintaining the interior in good condition will help to limit fire hazards and make the building more attractive for occupancy, thus increasing its value.

It is wise to have a cyclical maintenance plan that addresses seasonal and annual activities such as gutter cleaning and tree trimming, as well as periodic projects such as painting and repointing.



BE REALISTIC ABOUT BUILDING CODES

When they hear the phrase “building codes,” many people throw their hands up in despair, feeling that bringing a building up to code is an insurmountable task. Most often, this is the result of a misunderstanding of code requirements, or an inability or unwillingness to hire the necessary professionals to get the work done properly. Building codes exist to protect us, and in many cases, they help to protect the buildings we care about.

Every building rehabilitation project is unique, and every state, county and municipality has different codes and interpretations of those codes. Therefore, it is essential that you meet with your local code official early in your project to identify the codes used in your area and discuss the requirements that may apply to your project. We recommend that you include a design professional, such as an architect or engineer, in that conversation to act as a translator between code language and common English.

REALITY CHECK

Historic designation DOES NOT exempt properties from code requirements.

People often resist code enforcement, feeling that it is unfair or unnecessary. In fact, the use and enforcement of codes is an important key to occupant safety and can help to protect and preserve the building.

RESOURCES

Building Codes and Historic Buildings,
available on Amazon.com

Model Codes

There are no national building codes that govern all building activity. However, the International Code Council has prepared a family of model codes that have been widely adopted and are in use around the country. Where they have been adopted, two of these codes – Chapter 34 of the International Building Code (IBC) or the International Existing Building Code (IEBC) – apply to projects involving the rehabilitation of historic buildings, which are a subset of the larger body of existing buildings.

Chapter 34 of the IBC and the IEBC allow existing buildings to be regulated with different requirements than new buildings, and permit the Building Code Official (BCO) to regulate historic buildings with alternative or less restrictive requirements than other existing buildings.

For the purposes of the IBC and IEBC, a historic building is one that has been listed in or officially determined eligible for the National Register of Historic Places (either individually or as a contributing element of a historic district) at the state or national level, or designated as a historic property locally. If your municipality has adopted both the IBC and IEBC, as you initiate your project, you will need to choose which one of these codes you will use. You may not bounce back and forth between Chapter 34 of the IBC and the IEBC. You must choose one or the other and use it consistently.

It is your responsibility to: 1) demonstrate to your BCO that the building has been designated as historic; 2) let him/her know which building code you plan to use for your project; and 3) make him/her aware in a respectful manner that you are seeking to satisfy the intent of the code without damaging the building’s important character defining features. The earlier in the project you can have this conversation, the more likely you are to avoid frustration and unnecessary project revisions.

Do not address code deficiencies piece by piece. Instead, meet with your architect and code official to look at the building as a whole, identify all of its deficiencies, and come up with acceptable solutions to address them. The goal is to find a middle ground between total preservation and total conformity to the code that provides both “acceptable safety” and “maximum reasonable preservation.”

When Building Codes Apply

Building codes are updated every few years to incorporate new requirements that react to real-life experiences with building safety. As a result, the vast majority of existing buildings do not meet the current code. Buildings that do not conform to current regulations are not necessarily dangerous or inadequate. It is not necessary and would not be reasonable to require everyone to upgrade their building every few years to meet the new regulations. As an alternative, when work is being done to existing buildings, they must be adapted to meet current needs, with the level of code conformance required varying in proportion to the rehabilitation work being done. When the work is minor repair, minimal code conformance is mandated. As the level of work increases, so does the level of compliance with current codes required. To avoid frustration and delay, consult with your local BCO early in the planning stages of your project to determine what level of alteration you will be performing, and what the associated code requirements are.

Remember, for historic buildings, alternative solutions may be possible. Almost every code contains a provision allowing compliance by alternative means and materials. However, acceptance of such alternative solutions and materials is at the discretion of the BCO. To get approval, it is the responsibility of the property owner and/or project designer to demonstrate to the code official that the proposed solutions are necessary to preserve important historic features and that they meet the intent of the code.



This historic downtown building in Easton, Pa. is being rehabilitated, with building permits displayed proudly.

PLAN TO IMPROVE ACCESSIBILITY

The Americans with Disabilities Act (ADA) is a federal law that provides comprehensive civil rights to people with disabilities. Among other things, the ADA sets forth requirements that must be met when using and altering existing facilities where goods and services are provided to the public. ADA is enforced by the United States Department of Justice (DOJ).

Title II of the ADA applies to “Public Facilities,” such as schools, municipal buildings, libraries and museums. “Public Accommodations,” which are private entities that own, lease or use facilities that provide goods and services to the public, such as restaurants, stores, and office buildings, are covered under ADA Title III. In general, ADA does not apply to private clubs where membership is restricted, religious organizations including houses of worship, or private residences and apartments, unless they also serve as a place of public accommodation. For example, a church that houses a daycare or a house that contains a hair salon would likely need to meet ADA requirements.

For purposes of ADA, qualified historic properties are those that are listed in or eligible for listing in the National Register of Historic Places (either individually or as a contributing element of a historic district) or are designated as historic locally.

Historic properties are not exempt from the ADA, state statutes or local ordinances regarding accessibility. However, qualified historic buildings are not required to comply with the same accessibility requirements that apply to new and non-historic buildings if doing so would have a significant adverse impact on important character-defining features. There are provisions in the ADA that allow for alternate solutions to improve accessibility while preserving historic properties where full compliance with ADA would threaten or destroy the historic or architectural significance of a qualified historic building.

Requirements for Historic Properties

State and local government facilities, public accommodations and commercial facilities must be “readily accessible and usable” by individuals with disabilities by meeting the design standards specified in the *ADA Standards for Accessible Design (SAD)*.

Recognizing the need to balance historic preservation and accessibility requirements, SAD sets forth a three-tiered hierarchy of compliance for qualified historic properties.

1) Whenever possible, projects must meet the same standards that apply to accessibility improvements in non-historic existing buildings. In general, these standards require accessible routes from public sidewalks or parking areas to the building, accessible entrances, accessible routes within the building, and accessible facilities such as restrooms.

2) Where the State Historic Preservation Office (SHPO) or Advisory Council on Historic Preservation (ACHP) determines that compliance with the requirements for accessible routes, entrances or toilet facilities would threaten or destroy the historic significance of the property, exceptions for that element may apply. This provides greater flexibility in an attempt to provide an improved level of access while preserving the historic property. Use of these exceptions is not provided across the board; for example, if you are able to provide accessible restrooms without compromising the important features of your building, you will be required to do so, even if providing accessible routes or entrances is not possible.

3) In the rare instances where meeting even the minimum requirements would still threaten or destroy the historic significance of the property, alternative methods of access to programs or services may be provided. For instance, a house museum may offer an audio/video program to depict portions of the building that are not accessible; or a restaurant or store that cannot be made accessible may offer curbside service or home delivery. This, too, requires confirmation from the SHPO or ACHP that there would be significant adverse impact to the historic property.

Barrier Removal

Building code and accessibility upgrades are usually only required when alterations are planned. However, there is an obligation under ADA to remove architectural and communication barriers from public accommodations in existing buildings even when no alterations are planned if the removal is “readily achievable,” or can be accomplished without much difficulty or expense, based on the size and resources of the business or organization. If complete barrier removal is not readily achievable, work to remove barriers must be ongoing as resources become available.

DOJ encourages public accommodations to work with design and preservation professionals, code officials and organizations representing persons with disabilities to identify existing barriers and develop a plan to address their removal. The following four priorities may be used to help guide decisions regarding barrier removal:

- 1) provide access from a site arrival point (i.e., sidewalk or parking area);
- 2) provide access to areas where goods and services are made available to the public;
- 3) provide access to restrooms, if restrooms are available to customers; and
- 4) other necessary measures.

If full compliance is not achievable, at least 20% of rehabilitation costs must be spent on improving handicap accessibility when alterations take place.

RESOURCES

- ***Making Historic Properties Accessible:*** <http://www.nps.gov/history/hps/tps/briefs/brief32.htm>
- ***Americans with Disabilities Act Guide for Small Businesses:*** <http://www.ada.gov/smbusgd.pdf>
- ***Americans with Disabilities Act Guide for Small Towns:*** <http://www.ada.gov/smtown.pdf>
- ***2010 ADA Standards for Accessible Design:*** http://www.ada.gov/2010ADASTandards_index.htm

CONSIDER FIRE SUPPRESSION

Preventing fires from starting is the best way to keep people safe and protect historic properties. Keeping heat sources such as matches, cigarettes, candles, electrical wires, heaters and furnaces away from things that can burn such as paper, fabric, wood or plastic is the best way to prevent fires. When fires do start, it is important to keep them small. This can be done through compartmentalization, or limiting the space in which the fire can burn, or suppression, such as putting water or appropriate chemicals on the fire.

Fire Suppression

Just as there are automated fire detection and alarm systems that notify people of fires, there are automated fire suppression systems that can go to work immediately to begin putting out a fire, which increases life safety and reduces damage caused by the fire and traditional fire fighting methods. Fire suppression systems are becoming a requirement in more and more building codes every year, and their installation is usually a good idea even when not required. If a fire suppression system already exists in your building, check to make sure it works and that the water supply is adequate. If a fire suppression system is not already in place, consider installing one as part of your rehabilitation project.

Conventional fire suppression systems consist of the following components: a water supply, a network of pipes or tubes that transport water through the building, and a series of sprinkler heads that distribute the water on the fire. There are a variety of types of each of these components. The use of your building, its historic features and your budget will help you select the components that suit the needs of your project. Please see *Fire Detection & Suppression for Buildings in Historic Districts* for additional information that will help guide you through these decisions.



For this building, installation of a sprinkler system was less expensive and had less of an impact on the surrounding historic district than adding a fire escape.

Common Misunderstandings

Sprinkler heads are heat activated, and go off individually only when the temperature in their immediate area is extremely high (typically in excess of 165 degrees F). They are not activated by smoke. Despite what is commonly shown in movies, sprinkler heads do not go off when an alarm is pulled, nor do they all activate at once. Only those sprinkler heads in the vicinity of the fire will be activated. Automatic sprinklers cannot, however, turn themselves off. Once they have been activated, you or your local fire or water department will need to shut off water to the system to stop the flow of water.

Many people, especially those concerned about the interior finishes or contents of their historic building, worry about water damage associated with automatic fire suppression systems. Typical sprinkler heads distribute an average of 15 to 20 gallons of water per minute of flow. Statistically, more than 82% of all fires are controlled by four or fewer simultaneously operating sprinkler heads. This is significantly less than the water that is introduced into a building by a fire hose – which typically dispenses between 100 and 250 gallons per minute, and multiple hoses are often required.

People often say that they don't want to install sprinklers because water will ruin their belongings. Remember, sprinklers are only activated when there is a fire. Fire and water from fire hoses will certainly cause more damage to your possessions than water from sprinkler heads working to extinguish a fire. In cases where water is not an appropriate suppression agent, alternative fire suppression systems can be used.

Fire Suppression System vs. Fire Escape

Many historic communities across the country are being littered with modern fire escapes in response to fire safety requirements in the building codes. While it is absolutely essential that people are able to exit buildings safely in the event of fire, fire escapes are not the only way to do so. Before ruling out a fire suppression system and installing a fire escape, understand the real costs associated with each alternative, including financial costs associated with design, construction and operation, as well as the impact to the integrity and character of the historic building and its surroundings. You may be surprised to find that not only are they less visually intrusive, but fire suppression systems are often comparable in cost—and they have the added benefit of helping to protect the building and its contents, as well as its occupants.

REALITY CHECK – INSURANCE

Is your building properly insured?

Many buildings that suffer fire, smoke and water damage and could be rehabilitated are lost because they are not properly insured.

- Speak with your insurance agent to make sure that they understand the historic nature of your property, and have a realistic estimate of what it would cost to repair it, if damaged. By asking the appropriate questions, you can ensure that you have the right type and level of coverage to protect your property in the event of a disaster.
- Better insurance will likely cost a bit more each month in premiums. But if your insurance does not allow you to re-build in the event of a disaster, the premiums you have paid (even though they may have been slightly lower) are wasted. By paying slightly higher premiums for sufficient coverage, your losses and those of your community will likely be far less.

RESOURCES

- *Fire Safety in Historic Buildings* available at Amazon.com
- *Fire Detection and Suppression for Buildings in Historic Districts*: <http://bellefonte.net/Fire%20Grant.pdf>

UPGRADE MECHANICAL SYSTEMS

Because of their importance in making buildings usable and their cost to install, repair and operate, mechanical systems should also be considered when evaluating a building's condition.

Electric

What is the age and condition of the property's electric service and wiring? Is the service ample to support modern use? Is the wiring relatively new and in good condition? Electrical problems are one of the leading causes of destructive and dangerous fires, so serious consideration should be given to upgrading electrical systems as part of a comprehensive rehabilitation project.

Plumbing

Plumbing systems often require less frequent modification than electric or heating and cooling systems. However, they should still be considered. Is the plumbing on a property adequate? Will modifications be necessary to accommodate modern use? If so, those costs should be included as part of the project.

Heating/Cooling

In order for a historic building to be suitable for modern use, it will most likely need to have some sort of operating heating and/or cooling system in place. What is the current heating/cooling system? Is it operable? Is it efficient? If not, what needs to be done to remedy this?

Concealing Mechanical Systems

Some of the largest expenses associated with installing and repairing mechanical systems in historic buildings are those incurred concealing a new system and accessing systems that have previously been concealed. For instance, it costs significantly more to install a fire suppression system in a historic building if the pipes must be concealed from view and thus be run inside of existing walls. Similarly, repairing a damaged electric line or pipe will be more labor intensive and thus costly when behind interior walls than when exposed in a basement. Concealing systems makes them less visually intrusive but often requires a more substantial physical impact to the historic building materials. The values of aesthetics, physical impact and economy should be weighed during the decision-making process for each individual project, with the goal of striking a healthy balance among the three.

IMPROVE ENERGY EFFICIENCY

When planning rehabilitation projects, people often budget for replacing windows and doors in order to improve energy efficiency. Studies have shown conclusively that this is NOT a cost-effective effort, and that much greater energy savings can be made at much less cost.

The greatest benefits are typically realized by

- 1) modifying use behavior;
- 2) limiting air infiltration through measures such as caulking and weather-stripping;
- 3) installing insulation in the attic;
- 4) upgrading mechanical systems and appliances to be more efficient;
- 5) utilizing shading devices such as trees, awnings and shades; and
- 6) repairing or upgrading windows and doors.

Weatherization

Weatherizing a historic building involves implementing cost-effective measures to make a building's envelope more energy efficient in a way that has minimal impact on the historic building's design and materials.

Before energy improvement measures are implemented, an energy audit should be undertaken to evaluate the building's current thermal performance and identify any deficiencies that may exist. This will provide the basis for an action plan of steps necessary to reduce energy consumption.



Improving attic insulation is one of the most cost-effective ways to significantly improve the energy efficiency of a historic building, and does so without compromising the character or integrity of the historic building.



Extensive research has shown that replacing historic windows is not a cost-effective way to improve energy efficiency in historic buildings. Window replacement results in the loss of a character-defining feature of the building, and the windows seldom last as long as it takes to recoup the investment in energy savings. Instead, improving historic windows through measures such as adding weather stripping, shown here, costs far less, helps reduce air infiltration, and retains this important building feature.

RESOURCES • *Improving Energy Efficiency in Historic Buildings:* <http://www.nps.gov/hps/tps/briefs/brief03.pdf>

- *Heating, Ventilating and Cooling Historic Buildings: Problems and Recommended Approaches:* <http://www.nps.gov/history/hps/tps/briefs/brief24.htm>
- *Weatherizing and Improving the Energy Efficiency of Historic Buildings:* <http://www.nps.gov/tps/sustainability/energy-efficiency/weatherization.htm>
- *Weatherization Guide for Older and Historic Buildings:* <http://www.preservationnation.org/information-center/sustainable-communities/weatherization/>

ADDRESS ENVIRONMENTAL ISSUES

Historic buildings often contain materials that are considered to be environmental hazards. Most commonly, this includes lead paint, asbestos and/or mold in the building, or petroleum products or chemicals in the ground on the site. The presence of these or other environmental issues does not mean that a building cannot be rehabilitated. However, you should take care to understand the extent of the issue and the remediation process and be realistic about the cost of addressing the problem. When in doubt, hire professional experts to assess the environmental issues and make recommendations. Beware of hiring consultants or contractors that profit from remediation to do the assessment, as they may have an interest in exaggerating the need for intervention.

Lead

Lead, which is harmful to our health when ingested, was once used in many household items, including ceramics, cans, toys, paint, and plumbing fixtures, as well as in gasoline. While it is still present around us in various forms, the most commonly recognized form of lead hazard in historic buildings is lead paint, which can be ingested when it is chipped or becomes dust.

Buildings that pre-date 1978 often contain lead paint. Left untouched, lead paint is not dangerous. However, when it is chipped, sanded or otherwise disturbed, it can be inhaled or swallowed. By maintaining a clean space—during renovation projects as well as general occupancy and operation of a building—the hazards associated with lead paint can be kept to a minimum. For instance, window sills should be dusted or vacuumed regularly to minimize ingestion of lead dust.

During renovation projects where painted historic materials such as wood and plaster or old plumbing will be disturbed, caution should be exercised to contain and safely dispose of any dust and paint chips created. The area in which the project is being done should be isolated from the rest of the building by closing doors and turning off circulating air, using plastic sheeting as necessary to enclose the space. Items that can be removed from the room, such as carpets, furniture and books should be taken out of the work area, and items that cannot be removed should be tightly wrapped in plastic.

Water can be used to help minimize the creation and movement of dust during work. The area should be carefully cleaned upon completion, and the paint chips and other materials disposed of properly. People working with materials that might contain lead should wear a respirator during work and clean their clothes, skin and hair thoroughly upon completion to avoid ingesting significant amounts of lead dust. Taking these basic precautions can all but eliminate the health hazards associated with lead paint.

To minimize the risks associated with lead paint, the Environmental Protection Agency (EPA) passed a rule that requires contractors performing renovation, repair, and painting projects that disturb lead-based paint in pre-1978 buildings obtain certification in lead-safe work practices. There are a variety of certification levels, but contractors with training and experience in lead-safe renovation and/or lead hazard abatement can be hired to ensure lead safety.

The ingestion of significant quantities of lead can be harmful to human health. While lead must be taken seriously, the hazards associated with the presence of lead can be easily managed and are rarely significant enough to be justification for a preservation project not being feasible.

Lead is present in most historic buildings, and requires that precautions be taken during maintenance, rehabilitation, and demolition to avoid environmental contamination and health hazards.

The presence of lead paint does not mean that buildings are unsafe or cannot be rehabilitated.



RESOURCES

- **Lead-Safe Practices for Older & Historic Buildings:** <http://www.preservationnation.org/information-center/sustainable-communities/lead-paint/>
- **The Lead-Safe Certified Guide to Renovate Right:** <http://www.epa.gov/lead/pubs/renovaterightbrochure.pdf>
- **Appropriate Methods for Reducing Lead-Paint Hazards in Historic Housing:** <http://www.nps.gov/history/hps/tps/briefs/brief37.pdf>
- **Lead Paint Safety: A Field Guide for Painting, Home Maintenance, and Renovation Work:** <http://www.epa.gov/lead/pubs/leadsafetybk.pdf>

Asbestos

Asbestos is a mineral fiber that has been used commonly in a variety of building construction materials because of its fiber strength and heat-resistant properties. Asbestos is commonly found in roofing and siding shingles, ceiling and floor tiles, insulation, and heat-resistant fabrics. Asbestos fibers were also added to plaster and stucco, in some cases.

When asbestos-containing materials are damaged or disturbed, microscopic fibers become airborne and can be inhaled into the lungs. Those most likely to suffer from exposure to asbestos are those working with it on a daily basis, such as miners and contractors. Building occupants and users rarely come in contact with enough asbestos to be harmful.

Like lead paint, intact asbestos is not a problem. Asbestos is only a problem when it becomes friable and can be ingested. Asbestos products that are in good condition can simply be left alone. Slightly damaged asbestos materials can often be encapsulated by putting another material over it. If asbestos material is more than slightly damaged, or if you are going to make changes that might disturb it, removal by a professional is recommended. Only qualified abatement professionals may be hired for asbestos removal. Professional asbestos removal and disposal can be expensive. If you plan to remove asbestos, be sure to account for this expense in your project budget.

If you decide to remove asbestos yourself, you must take precautions to limit the amount of asbestos ingested. Wear clothes and gloves that can be removed and disposed of upon completion of the project, and a respirator. Use methods that generate as little dust as possible. Contain the material in plastic bags and dispose of it immediately at a facility that accepts asbestos.



Because of its fire resistant and insulative properties, asbestos is commonly found in pipe insulation, like that shown to the left.

Caution should be used if asbestos is disturbed or removed to minimize ingestion of friable asbestos micro-fibers.

RESOURCES

Asbestos in Your Home: <http://www.epa.gov/asbestos/pubs/ashome.html#4>

MITIGATING HAZARDS

In many cases, the presence of lead paint and/or asbestos in a historic building is cited as the reason that a rehabilitation project is not feasible. Those not interested in seeing the historic building survive try to appeal to the emotions of those that don't fully understand the materials by stating that the presence of these materials is a hazard to human health, and thus must be removed. They talk about the high costs associated with removing the lead or asbestos hazard, and show that it makes the project too expensive.

Both lead and asbestos can pose a hazard to human health when ingested. When left intact and maintained in good condition or encapsulated, these materials cannot be ingested. However, when removed for replacement or demolished, those materials are made friable, thus posing a health hazard. While there are costs associated with mitigating lead or asbestos hazards, it is important to note that those hazards must be mitigated as part of demolition, as well. Thus, mitigation costs must be factored into the demolition alternative, as well, negating their validity as a point of argument against the feasibility of rehabilitation.



In community discussions regarding whether to rehabilitate or demolish the former East Oreland School in Upper Dublin, Pa., costs associated with mitigating environmental hazards and addressing building code and accessibility requirements were cited as primary reasons for demolition.

Mold

Mold, which is not unique to older and historic buildings, can also be harmful to human health. Mold begins to grow on materials that stay wet longer than two or three days. The longer it grows, the greater the health hazard and the harder it is to control. Professionals can be hired to clean up mold. If you plan to remove mold yourself, the following process is recommended.

- Wear protective gear during clean up, especially a mask to prevent excessive inhalation.
- Isolate the work area by sealing off doors and vents. Do not run the central air during mold clean-up.
- Remove and replace moldy porous materials, such as carpeting and upholstery, wet insulation, gypsum board or drywall, and ceiling tiles.
- Remove vinyl wallpaper and flooring, since they hold moisture in floors and walls.
- Clean surface mold from non-porous materials such as concrete, glass, metal and solid wood. Wash dirty or moldy materials with non-phosphate, non-sudsy all-purpose cleaners. Use a disinfectant to kill any mold missed by the cleaning, then rinse to remove any sediment, chemicals and mold spores.
- Consider applying a borate treatment to wood framing to provide resistance to termites, decay and mold.
- DO NOT apply sealants to wood.
- Dry all wet materials as quickly as possible by closing windows and turning on the air conditioner or heat, running fans, and using a dehumidifier, if possible.
- Continue looking for signs of moisture or new mold growth. If mold returns, repeat cleaning and use speed drying equipment.



This basement was not dried out quickly after a flood, so mold began to grow on the walls. Porous materials, like carpet and drywall should be replaced, while non-porous materials can be cleaned and disinfected to remove the mold and mold spores.

Pests

Insects and other pests such as mice and squirrels can damage historic buildings, and should be considered when assessing the condition of a building. Insects are most likely to infest wood that is exposed (not painted) or damp. Thus, maintaining a building in good condition is important to prevent insect infestation.

- Termites live in colonies that can be quite large and thus highly destructive to buildings. They eat wood from the inside out, so often where they are present, wood looks intact from the outside but has been structurally compromised within. Termites generally access wood above ground by building tubes to travel through, which are the telltale sign of a termite infestation.
- Carpenter Ants are large and live in protected cavities above ground, often in buildings. Carpenter ant colonies tend to start in moist areas. Unlike termites, carpenter ants do not eat wood. However, as their colony grows, they expand their original cavity, which means they often have to remove wood or other materials, causing damage to historic buildings. Relatively large, oval holes in wood are often signs of carpenter ant infestation.
- Powderpost Beetles and Woodworms colonize in old, seasoned wood and can do significant damage. They create small circular entry holes, and often kick out wood dust or frass as they bore through the wood. Products containing sodium borate can be used to treat wood to prevent powderpost beetle infestation.
- Carpenter Bees are large bees that look like bumblebees, and bore large round holes in exposed wood trim elements. They do not cause significant structural damage, but their holes should be closed to prevent water infiltration and resulting damage.

In some cases, professional treatment is required to eliminate insects or repair the damage caused to structural elements. Insect damage is rarely severe enough to be irreparable. Where structural members have been compromised, they can often be stabilized by attaching another member or replacement. But insect damage and necessary repairs should be considered when assessing the condition of a historic building.

This structural member has been severely damaged by powderpost beetles.

Notice the telltale small round holes in the surface of the wood, and the powdery texture of its interior.



Section 3: Consider Alternatives and Use Appropriate Tools

CONSIDER A RANGE OF ALTERNATIVES

In many cases, people start by deciding what they want to do with a building, and move forward from there. But experience tells us that it is best to let the building, the community, and the market help to determine what the best alternative for a project is.

In general, there are three project alternatives, each with multiple variations:

- do nothing, either leaving the building to deteriorate or committing to maintaining it as it is now;
- restore it to its original use; or
- rehabilitate it to accommodate a new use.

In most cases, historic buildings need a new use. When considering possible uses for a historic property, begin by being as inclusive as possible. Start by considering a wide range of use alternatives, and then systematically eliminate uses that are not permitted or supported. First, eliminate those categories of use that are not allowed under zoning. Then eliminate uses that the community and real estate market will not support. Options that do not meet the needs or satisfy the constraints of stakeholders should also be eliminated. And, finally, those uses that just don't fit in the building need to be removed from the list of possibilities.

Rather than try to move forward with one specific outcome in mind, try to establish, rank and prioritize a list of possibilities to explore.

Some alternatives may appear to be achievable, initially, but feasibility studies may show that they are unlikely to be able to sustain themselves over time. Those uses should probably be eliminated as well. (*See Section 4 for more information on analyzing financial feasibility and sustainability*).

SELECT A PRESERVATION TREATMENT

The Secretary of the U.S. Department of the Interior has defined four different preservation philosophies or treatments that can be applied to preservation projects.

Preservation

is focused on retaining all historic materials through conservation, maintenance and repair. It respects and retains the changes that have occurred over time.

Rehabilitation

requires the preservation of a property's character-defining features but allows for more latitude in replacing or altering those features that are not essential to the property's historic character in order to accommodate a new or continued use.

Restoration

focuses on the retention of materials from the most significant time in a property's history, while permitting the removal of materials from other periods.

Reconstruction

recreates a building, structure or feature that no longer survives.

In order to choose the most appropriate treatment for a preservation project, you should consider a building's significance as well as its physical condition. Because it allows for the greatest flexibility in use while preserving what makes the historic property unique and valuable, rehabilitation is the recommended treatment for most projects.

Rehabilitation involves identifying and preserving the character-defining features of the historic property, while allowing for appropriate changes that accommodate a new use. The best historic preservation strategy is occupancy. Thus, it is advisable in all but the rarest of cases to keep buildings in productive use so that there is a reason to maintain them, even if this means making some changes to the property.

REALITY CHECK – OPEN-MINDEDNESS IS KEY

When considering alternatives, it is important that you remain open to the ideas and suggestions of others. By focusing on a predetermined outcome, you may build a close following but will almost certainly lose broader public support. You may also miss out on ideas for the use of the property that may be more fitting to the building or community, and may be more sustainable in the long run or do more to invigorate the community.

Be sure to keep the goals and objectives of the project in mind, and consider all use alternatives that may achieve those goals.



Volunteers in Elizabeth, Pa. are working to identify an appropriate and sustainable new use for the Ekin House. They are considering a range of alternatives and hope to select one based on community goals, legal and physical limitations, financial realities and other factors.

UNDERSTAND THE IMPLICATIONS OF A CHANGE IN USE

Use

The issue of “use” is one that causes problems for preservation projects in many cases because the term has several different meanings as it relates to existing buildings, each placing different legal limitations on what can be done with the property.

Building and fire codes classify buildings based on their use or occupancy and associated hazards. Each classification has slightly different requirements in order to ensure life safety. In buildings that contain multiple use classifications, or are “mixed occupancies,” different parts of the building will be required to meet the codes for those specific areas. In places where more than one occupancy may apply, the stricter code is usually enforced.

Zoning ordinances have yet another set of “use” requirements. Zoning is a land use planning tool used by local governments to designate what uses are permitted and which are prohibited in mapped zones. In addition to regulating use, zoning ordinances may place certain requirements on historic properties, requiring a review process before making changes. In order to eliminate any unpleasant surprises, check to see what uses are permitted where your building stands, and if the property you are interested in is located in a historic zoning district or overlay.

In most cases, both types of “use” need to be considered for any rehabilitation project.

RESOURCES

Secretary of the Interior’s Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring and Reconstructing Historic Buildings:

<http://www.nps.gov/history/hps/tps/standguide/>

Zoning

A good starting place when identifying potential uses for a historic property is to look at the local zoning ordinance and see what uses are permitted and prohibited where your building stands. Zoning regulations are used by municipalities to control and direct the development of property, and generally reflect their vision for the use and character of the community. In addition to identifying permitted and prohibited uses, the zoning ordinance will include parking and other requirements associated with each potential use. Zoning will give you a good idea of what will be required of the project for each of the potential new uses. It is sometimes possible to get a variance from the provisions outlined in the zoning ordinance, but zoning provides a good starting place for understanding what will work easily, and what might work if you can overcome the additional hurdles.



THE VILLA CHAPEL, Erie, Pa.

The Villa Chapel is vacant and deteriorating. In an attempt to encourage the current owner to rehabilitate or relinquish control of the building, a group of concerned citizens held a design charrette to explore potential uses for the historic chapel. Local citizens worked with architects to develop a range of possible uses for the building. The possible uses were then ranked, and three that seemed feasible and met the goals of the participants were explored further. The process culminated in a report that was presented to the property owner for consideration. This proactive effort may well be what was needed to get the historic building back into use.

Obtain an Occupancy Permit

If you are considering putting a business into an existing building, or rehabilitating a building for reuse, start by talking with your local building code official and zoning officer to determine if there is an existing occupancy permit for the space.

If an occupancy permit has been issued for the building or space, identify the use classification, and what specific uses fall under that classification. If you are considering changing the use, discuss what will be required in order to get an occupancy permit for the desired new use(s). If the use classification changes to a more hazardous one, you should expect to have to make modifications to ensure that people in the building are safe.

If an occupancy permit has not been issued, talk with your local building code official about how to obtain one.

Please note that, for liability reasons, building code officials will not be able to help you design your project. However, if you show them plans, they should be able to tell you specifically what does not satisfy the code requirements. It is recommended that you retain an architect to help design your project and ensure that any relevant code requirements are met. Architects cost money, but the savings in time, hassles, and having to redo work will certainly pay off.

You should also consider what the historic use of the property was, and try to preserve any character-defining features that reflect that use.

RESOURCES

Sometimes buildings are vacant or underutilized for a period of time while a new use or owner is found. During that period, it is important to secure the building from the elements and intrusion in order to ensure its preservation. The common term for this is “mothballing.” For more information about mothballing historic buildings until they can be returned to productive use, please go to <http://www.nps.gov/history/hps/tps/briefs/brief31.htm>.

BE REALISTIC ABOUT PARKING REQUIREMENTS

In this day and age when many of us are dependent on automobiles for transportation, many municipalities require that property owners provide off-street parking for certain uses. Sometimes, these requirements help to limit or determine what use(s) are possible.

If parking is a problem, what are the potential solutions? Could a variance be obtained? Would it be possible to arrange for off-site parking, such as use of a nearby parking lot? Or could an agreement be put into place allowing shared parking, such as use of a lot for a business during the day, and residents at night; or for a church on Sunday, and business during the week?

PARKING CONSIDERATIONS

After suffering from a fire, this downtown building is available for rehabilitation. One interested developer wants to convert the building for use as offices, and another wants to put retail space on the first floor and residential apartments above. Based on the municipality's parking requirements in the zoning ordinance, 54 off-street parking spaces would be required if the building were converted for use as offices, whereas only 12 would be required if the building were used for a combination of commercial and residential uses. Given the constraints of the downtown, it appears that office space is not a feasible reuse alternative because of the parking requirements, but the commercial/residential mixed use might be possible.



CONSIDER YOUR TARGET MARKET

Many believe in the saying, "If you build it, they will come," but this is not always true. To some extent, people are drawn to unique experiences and opportunities, and will travel for something special. For example, if your downtown has six wedding dress shops, including two that sell vintage dresses exclusively, you may be able to draw shoppers from a relatively broad region. But in most cases, you need to look within your community and region, understand the demographics of the area and the trends of change, and consider the realities of your market when determining what uses are feasible and likely to be sustainable over time.

That being said, your target market doesn't necessarily need to be in the majority. For instance, if you are developing a building with two high-end condominiums on the upper floor, it may be OK that only 10% of the community's 5,000 households fit the demographic you are looking for, as long as you have heard from the community that there is a demand for high-end housing, and you feel that the factors that keep those people there (jobs and quality of life) are stable or improving.

If you are rehabilitating a building to accommodate residential apartments, is there a demand for subsidized affordable housing? Is there a need for rental housing for college students? Or are you seeking a high-end, luxury clientele? If you plan to open a retail store, will it be geared toward the high school students that hang out in the area every afternoon? Or do you plan to lure in out-of-town shoppers in search of something special?

THE IMPORTANCE OF DEMOGRAPHICS

The home of Penn State University, the borough of State College, Pa. has an unusual demographic. 70.6% of the town's population is between the ages of 18 and 24.

Just 5.1% of the town's population is under 18 (compared to the national average of 23.7%). Only 4.7% of the population is over 65 (while the national average is 13.3%). It should not be surprising, then, that—with the exception of a few destination stores—the most successful businesses tend to be those geared toward people in their 20s, such as clothing stores, casual restaurants and bars. Rental housing is also at a premium in the community, with rates being out of scale with other communities in central Pennsylvania.



EVALUATE OWNERSHIP ALTERNATIVES

The owner of a historic property is always an essential participant in a historic preservation project. The following ownership alternatives should be explored as appropriate:

1. Maintain Current Ownership

Work with the existing owner

As was discussed on page 2, when property owners aren't doing something with their historic property, there is usually a reason. Your first alternative should be to work with the property owner to identify what is preventing them from taking action, and collaborate with them in an attempt to find a solution. Understand their needs and intentions, and try to help them overcome the obstacles that they face. For instance, if they don't know what to do, provide them with technical assistance to explain what steps can be taken to move forward. If they do not have the financial resources to maintain or improve their property, help them find sources of revenue, funding or financing to help them. If they don't want the hassle of doing the project, offer to manage it for them, if you are capable of doing so. Or if the project is outside of their risk tolerance, take steps to eliminate some of the uncertainty or risk so that the project becomes more palatable. If the organization or business is struggling, help them revise their mission or business plan to improve the situation. Discuss limited partnership as a way if working with a current owner to minimize risk and bring in additional resources to the project.

Make the existing owner take action

In some cases, it may be necessary to utilize available tools to force the owner to take action. If the building you are concerned about poses a real problem and you are unable to work with the current property owner, begin by talking with your municipal staff or elected officials to see what local ordinances might exist to aid in the preservation of the property. For instance, if deferred maintenance threatens a property or is detracting from a historic district, perhaps the municipality can enforce a local property maintenance code, requiring the responsible parties to do the necessary repair work. Other tools might include a local historic district ordinance, a demolition ordinance, a public health and safety ordinance, a rental property ordinance, anti-bligh laws or conservatorship. Each of these has the potential to contain procedures that can make a property owner take care of their property.

In addition to the tools available through local ordinances, some properties are regulated by deed restrictions or easements. To know whether a property is encumbered by restrictions or easements, conduct a title search or hire a professional to do so. Where easements and restrictions are in place, they can be powerful preservation tools. *(For more information about deed restrictions and easements, please see page 28.)*

2. Facilitate a Change in Ownership

In many situations, property owners are willing to let go of their problem historic properties if the right proposal is made to them. Use the information in this manual to determine whether a viable solution exists for the property. If a solution exists, negotiate with the current property owner to settle upon a fair purchase price, or arrange some other form of benefit or return for them.

Become the property owner

In all but a few rare cases, the owner of a historic property is the driver in determining what is done with it. Therefore, to have the greatest level of control, it is sometimes necessary to acquire the property you are interested in. However, there are risks associated with this as well. Do not acquire a property without thinking it through. Before rushing in to acquire a historic property, be sure to identify what is required to make the necessary improvements, and know your capacity for carrying out the work and sustaining the resource.

Identify another property owner

In extreme situations, when the property owner does not respond to offers of assistance or municipal pressure and is unwilling to sell the property, it may be necessary to take legal action to force a change in ownership. If the building is underutilized and is blighted, there may be tools that allow someone to step in and remedy the situation and then lien or seize the property. Or, if the situation is dire enough, the community may need to consider acquiring the property through eminent domain to ensure the safety and stability of the surrounding neighborhood and community. *(These tools are explained on the next page.)*

Your role may be to help educate the public and elected officials and their staff as to why the project is important. Communicating ways the project will benefit the community is critical to making the case for intervention and legal action. *(See page 7 of this document for information on building support for your preservation project.)*

REALITY CHECK Remember, a property owner is under no obligation to accept your ideas or carry out projects that you've designed. Unless they are willing to cooperate, or there are reasons that tools should be utilized to force action, you may have to recognize that they own the property, and allow them to do as they will.

RESOURCES

Feasibility Assessment Manual for Reusing Historic Buildings Available on Amazon.com

It will be necessary to retain an attorney or solicitor to help utilize legal tools to force a change in ownership. It is important to remember that when a change of ownership is forced, in addition to legal fees and challenging public relations, there may be restrictions on what can be done with the property after it is acquired.

Blight

Check within your community and at the state level to determine if there are any anti-blight laws that allow individuals, organizations or units of government to intervene and force a change in ownership. If they exist, work with a local attorney and your municipality to utilize them appropriately.

Eminent Domain

The Fifth Amendment of the United States Constitution allows private property to be acquired by eminent domain, even if the property owner does not wish to sell it, provided just compensation is paid. Government entities can take a property through eminent domain, but the property must be used in a manner that has a demonstrated public benefit. Common uses include roads, parks or public buildings.

Elimination of blight through redevelopment projects often provides sufficient public benefit to satisfy the public use requirement. A use that provides a minor public benefit and a large private benefit may also satisfy the public use requirement.

Eminent domain requires the government entity to follow proper procedural requirements; if they do not follow these requirements, the acquisition can be challenged and stopped. For more information about eminent domain in your area, please contact a qualified attorney.



**BRAEMAR COTTAGE,
Cresson, Pa.**

This historic house was owned by a small, local nonprofit that hoped to rehabilitate it as a house museum. However, after working for years to raise funds and receiving a demolition order from the municipality as a result of its deteriorated condition, they decided that a change in ownership was needed to preserve the building. The building is now being rehabilitated privately as a residence.

Implications of a Change in Ownership

When considering ownership alternatives, you should understand that there are advantages and disadvantages to a variety of ownership scenarios. For instance, only a nonprofit or municipality will usually be eligible to receive grants; but only a for-profit entity such as a corporation or an individual is eligible for Rehabilitation Investment Tax Credits. There may also be tax considerations to keep in mind when considering ownership alternatives. For instance, a municipality may not support nonprofit ownership of a property if there is an alternative that will keep the property on the tax rolls.

Some historic buildings, such as house museums, belong to the public or hold collections on behalf of their communities. There are several legal and ethical concerns that should be taken into account when considering a change in ownership for a property that is publicly held or owned by a nonprofit or trust. There may be requirements that the property and/or collections remain in the public domain. In all cases, property should be deaccessioned in accordance with all applicable regulations and policies.

The following legal concerns need to be considered when planning a change in ownership for a historic building such as a house museum:

- Is the property restricted or held in trust?
- Are the collections restricted?
- Is there an endowment, and is it restricted?
- Will the organization need to seek the approval from heirs, the state Attorney General's office or a probate court?
- Will the organization's decision need to be guided by "public trust" considerations, and if so, how?

Consult with a qualified attorney to help answer these questions and assess the available options.

RESOURCES Today, owners of many historic sites and historic buildings are finding it necessary to close their doors. If you or your organization owns a historic property and need to close and/or find a new owner, please consult the following resources:

- **Closing a House Museum: From Lemons to Lemonade**
<http://blog.preservationnation.org/2011/09/23/closing-a-house-museum-from-lemons-to-lemonade/>
- **Historic House Closedown Checklist**
<http://blog.preservationnation.org/wp-content/uploads/2011/09/CloseDown-Checklist.pdf>
- **Repurposing of a Historic House/Site**
<http://www.aaslh.org/documents/EthicsHNSpring09.pdf>

USE APPROPRIATE PRESERVATION TOOLS

Often, problems arise as a result of a lack of tools or resources to protect historic properties, or a lack of understanding about how those tools can be used. Therefore, it is important to learn about what tools are available to you. Because preservation projects are so varied, a wide range of tools can be utilized to advance them.

Most of these tools are established and enforced at the local level, with authority from the state. Local preservation tools include historic district and zoning ordinances, which can protect the character and integrity of historic properties, as well as property maintenance and public housing codes, which can require that properties be maintained and thus preserved. When properties are allowed to deteriorate, tools like blight ordinances or conservatorship acts may be necessary.

If there are historic properties that you care about in your community, it would be wise for you to speak with your town or city manager to understand what tools are in place, and which ones may need to be considered or added. Creating new ordinances takes a significant amount of time, and can rarely, if ever, be done in time to save a historic property that is already threatened. The best time to establish and improve your local preservation tools is before they are needed.

REALITY CHECK – THE POWER TO PRESERVE LIES AT THE LOCAL LEVEL

While federal and state regulations offer limited protection, local municipal ordinances can substantially protect historic resources.

State enabling legislation provides different authorities to municipalities, so contact your State Historic Preservation Office or statewide preservation nonprofit to learn more about the tools that are available to municipalities in your area.

RESOURCES

PRESERVATION PROBLEM

Demolition	Vacancy	Deterioration	Inappropriate Alteration	Changing Setting	Financial Challenges	Changing Demographics
<i>POTENTIAL TOOLS and STRATEGIES</i>						
Demolition Ordinance Historic District Ordinance Local Zoning Ordinance Injunction Community Outreach Local, State or National Endangered Property List	Vacant Property Ordinance Market Assessment Advertising / Marketing Diversified Programming Eminent Domain	Property Maintenance Code Public Housing Code (or Rental Property Ordinance) Community Outreach Anti-Blight Ordinance (or Conservatorship)	Historic District Ordinance (or Zoning Ordinance) Section 106 of the National Historic Preservation Act (for properties or projects using federal funding or requiring federal permits) Community Outreach	Local Zoning Ordinance State History Code or Preservation Regulations Section 106 of the National Historic Preservation Act Community Outreach Local, State or National Endangered Property List	Strategic or Business Plan Fundraising Plan Diversified Programming	Community Outreach Diversified Programming Local, State or National Endangered Property List

UNDERSTAND FEDERAL REGULATIONS

Historic resources are protected to some extent from governmental actions at the federal level. In general, these regulations provide a process that requires that impact to historic resources be considered, but do not require preservation every time. They are intended to balance preservation concerns with other governmental objectives. Three major laws protect historic resources from federal government actions, including activities funded or licensed by federal agencies.

National Historic Preservation Act

The National Historic Preservation Act authorizes the National Register of Historic Places, establishes a protective review process commonly known as the Section 106 review process, and requires federal agencies to identify, inventory, use and preserve historic properties.

The Section 106 review process ensures that federal agencies consider the effects of federally licensed, assisted, regulated or funded activities on historic properties listed in or eligible for listing in the National Register of Historic Places. While Section 106 is an effective tool, it does not prevent federal agencies from taking actions that ultimately harm historic resources. Section 106 only requires that federal agencies comply with certain procedural requirements before issuing a permit or funding a project affecting historic resources.

National Environmental Policy Act

As its name suggests, the National Environmental Policy Act (NEPA) is an environmental law. But it governs major federal agency actions affecting properties listed in the National Register of Historic Places in addition to natural resources. Much like Section 106 of the National Historic Preservation Act, NEPA provides only procedural protection against potentially harmful federal agency actions.

Department of Transportation Act

Section 4(f) of the Department of Transportation Act is the strongest preservation law at the federal level. It provides substantive protection for historic properties by prohibiting federal approval or funding of transportation projects that use (take or substantially impair) any historic site unless there is no feasible and prudent alternative to the project and the project includes all possible planning to minimize harm to the historic resource.

Other federal regulations also exist to protect historic resources from federal actions. They are typically limited to a particular agency or project type, and are not as commonly used as the three mentioned here.

CHANGING ENVIRONMENT

Some historic properties are threatened by changes to the environment around them. In the example shown below, an access road for a new natural gas pipeline will undoubtedly compromise the setting of this (underutilized) log house.

Federal regulations require that projects utilizing federal money or requiring federal permits consider their impact on properties that are eligible for or included in the National Register of Historic Places. These regulations do not prohibit impacts, but require that alternatives be considered in an attempt to avoid or minimize impacts, and that adverse effects be mitigated. These regulations do not apply to privately funded projects; but if state funding or permits are required, state regulations may help to protect historic properties. Local zoning ordinances can also provide a great deal of protection to the setting around historic properties.



REALITY CHECK – HISTORIC RESOURCE SURVEY

Federal regulations only apply to properties that have been determined eligible for or listed in the National Register of Historic Places. Agencies are required to identify historic properties that may be impacted by their undertakings; however, significant properties are often overlooked during this process. If there are important properties (buildings, structures or districts) in your area, make sure that they have been documented and evaluated by your State Historic Preservation Office. This will help to ensure that they are taken into consideration by federal agencies whose undertakings may impact them.

RESOURCES

- *A Layperson's Guide to Preservation Law: Federal, State, and Local Laws Governing Historic Resources* available online at Amazon.com
- *National Historic Preservation Act* http://www.cr.nps.gov/local-law/FHPL_HistPrsvt.pdf
- *Section 106 Advisory Council on Historic Preservation's Protecting Historic Properties: A Citizen's Guide to Section 106 Review* <http://www.achp.gov/docs/CitizenGuide.pdf>
- *Department of Transportation Act - Section 4(f)* http://www.cr.nps.gov/local-law/FHPL_DOTAct.pdf

APPLY STATE AND LOCAL REGULATIONS

Historic preservation laws governing private actions generally exist on the state or local level. They protect historic resources by regulating demolition or alterations that could destroy or impair significant features of the property. These laws do not prohibit change altogether but establish a mechanism for review to ensure that the integrity of the resource is not compromised.

Contact your State Historic Preservation Office or statewide nonprofit preservation organization to learn more about state regulations that may exist to help protect historic properties in your area.

Historic resources are most often protected at the local level through historic preservation ordinances. These laws typically provide a much stronger level of protection for historic resources than the procedural protections that apply to government actions.

The best preservation programs have a strong correlation between historic preservation ordinances and other land use programs such as comprehensive planning, zoning and subdivision regulations. To ensure preservation of the places that matter to you, work with your municipality to ensure that all of your local ordinances support preservation.

UTILIZE AVAILABLE LEGAL TOOLS

Injunction

An injunction is a court order that requires an individual to do or not do a specific action. The purpose of an injunction is to stop the defendant from acting in a harmful way until further judicial proceedings are available. Injunctions are used only in cases where taking specific action is required in order to prevent possible injustice and where monetary damages are not able to compensate for the plaintiff's violation of rights if an injunction is not granted. Courts can issue preliminary injunctions to take effect immediately and remain in effect until a decision is made on a permanent injunction, which can stay in effect indefinitely or until certain conditions are met. Failure to comply with an injunction is punishable by being held in contempt of court.

In historic preservation, injunctions are sometimes used to prevent demolition while other alternatives can be explored. When considering filing an injunction, recognize that there will be legal fees, and in many jurisdictions, plaintiffs demanding an injunction are required to post a bond. The amount of that bond varies but is often in the tens of thousands of dollars.

Deed Restrictions

Deed restrictions are stipulations contained within a property's deed regarding certain treatment or use of the property. Since these restrictions are actually part of the deed, they must continue to be honored when the property is sold. Any future owner is obligated to comply with the provisions contained in the restriction.

Deed restrictions can be used to regulate modifications to a historic structure or limit the types of activity permitted on the property beyond that regulated through zoning. Deed restrictions are considered private matters and are, thus, typically enforced by neighborhood associations or private citizens in civil court.

Preservation Easements

A historic preservation easement is a legal agreement between the owner of a historic property and another party that enables a historic property owner to establish certain preservation restrictions while retaining possession and use of the property. Because they are foregoing some of their property rights by committing to the preservation easement, the property owner may be eligible for tax benefits when they donate a historic preservation easement in perpetuity to a qualified 501(c)3 nonprofit charitable organization. Once donated, a preservation easement becomes part of the property's chain of title and permanently remains with the historic property, binding both the present and future owners.

There are two general types of historic preservation easements: facade and interior space. Facade preservation easements can permanently prevent demolition, neglect and insensitive alterations to the exterior facade of a certified historic structure. Interior space preservation easements can permanently prevent demolition, neglect and insensitive alterations to a specified interior space of a certified historic structure.



PRESERVATION TOOLS

In Pennsylvania, the State Historic Preservation Office recognizes the effectiveness of legal tools, and places a restrictive covenant on each of the historic properties that receive funding through their agency. This ensures that the property is preserved for at least 15 years after public money is spent on rehabilitation.

Section 4: Assess the Project's Financial Feasibility

UNDERSTAND THE VALUE OF THE PROPERTY

In order to make a compelling case that something should be done to preserve the historic property that you are concerned about, you need to understand its value and be able to communicate that value to others.

Value is generally defined as “the worth, importance or usefulness of something to somebody.” As that definition suggests, historic properties have different values to different people in different places at different times. While there may be other ways to think about value, you should address, at a minimum, the monetary, environmental and cultural values of historic properties.

By understanding all three, you will be able to make more informed decisions as to whether a project makes sense and is justifiable. For instance, a historic building may be in poor condition and, thus, have a low monetary value that will not increase in direct correlation to the investment required to rehabilitate it. But if it has a very high level of cultural significance and is particularly important to the community, or has a significant environmental value, the project may be worth doing, despite its lack of economic return.

In order for a preservation project to move forward, the current and future owner of a property, tax assessment office and bank or lender, as well as the community need to understand the values of the historic property.

REALITY CHECK – HISTORIC PROPERTIES ARE COMMUNITY ASSETS

Because historic properties have economic, cultural and environmental value, they are tremendous assets to communities. They help to define or reflect the unique character of the place, which provides common ground for residents and is attractive to visitors. Historic properties have been proven to be good incubators of small business, which can serve communities by providing jobs, generating activity and tax revenues, and supporting other local businesses.

RESOURCES ECONOMIC IMPACT STUDIES

For decades, economic impact studies conducted across the United States have shown that historic preservation benefits the economy by providing jobs, generating tax revenues, supporting heritage tourism and increasing property values. Economic impact studies provide useful information when making a case in support of a preservation project. Check to see if an economic impact study exists for your state.

Economic Benefits of Historic Preservation Activities in Pennsylvania
<http://www.preservationpa.org/uploads/economicbenefits/EconBenefitsBaseDocumentLowRes.pdf>

Monetary Value

Most often, when we think of value, we think of monetary value, which is typically measured and discussed in terms of assessed value, appraised value and market value.

Assessed Value. The assessed value is the dollar value assigned to the property by a public tax assessor for the purposes of taxation. The assessed value changes when improvements are made to the property or if the property is deteriorating. Assessment data is public information and can be obtained from your county tax assessment office via the Internet or in person.

Appraised Value. The appraised value is generally that value assigned to the property for financing purposes. Typically, you are able to borrow a percentage of the appraised value. Appraisals can be conducted using a market approach, which compares the building in question to other buildings in the area and assigns it a value based on what nearby properties of the same type and having similar features sold for recently. Or an appraisal can be done using the cost approach, which considers what it would cost to build the building from the ground up. For commercial properties, appraisers consider the cost of operating and maintaining a building and the revenues generated when assigning a value to a property. In order to know what an accurate appraised value is, a current appraisal report will be necessary. Appraisals typically cost between \$200 and \$500 for a single-family residence, and more for multi-unit or commercial properties. Unfortunately, not all appraisers are willing to take on the challenge of working with historic buildings so getting an appraisal can take time.

Market Value. In real estate, market value is determined by how much a buyer is willing to pay for a property in a given place at a given time. Market values are affected by rules of supply and demand: the more demand there is for a property or property type, the higher its price or market value will be. If there is more of a supply than a demand for a particular property type, the price will drop.

Because of its location among high-rise medical buildings and their associated parking, the buyer of this threatened tavern likely had to pay more than the building was worth due to the value assigned to the land it stands on. This once endangered building has now been rehabilitated.



Non-Monetary Value

When we think of value, we usually think of monetary value. But historic properties also have environmental and cultural value that provides value to the community.

Environmental Value

A significant amount of natural resources and energy are required to construct a building, as natural resources are extracted, building materials are produced, and those materials are transported to the building site and erected. When existing buildings or building features are demolished, those materials and that embodied energy are wasted, and more energy is needed to haul those materials to a landfill, where they will sit indefinitely. Still more energy and resources are required to replace the former building with a new one.

Historic buildings were often designed to be relatively energy efficient, relying on natural ventilation rather than extensive heating and cooling systems, utilizing natural light, and having features like massive masonry walls and awnings over windows to help moderate temperatures indoors.

Historic buildings also use existing infrastructure, and their continued use helps to prevent sprawl. Sprawl has a significant negative impact on the environment, diminishing natural and open space and requiring the expensive and impactful development of additional infrastructure. Despite modern innovations and improvements in technology, it is still true that “the greenest building is the one that is already built.”

Cultural Value

Historic properties can also have significant cultural value. As a part of our history, historic places contribute to our sense of place and to our identity as an individual, family, community, race or nation. Historic places reflect changes in style and technology, as well as our values and beliefs. While it is difficult to quantify, the value of a place’s history and what that means to the community should not be overlooked.

RECOGNIZING MULTIPLE VALUES

Sometimes we preserve things even when it doesn’t make sense financially.

In this example, it would likely have been less expensive to remove the outer walls of this very deteriorated building and build new—but that was not done. Instead, recognizing the cultural and environmental value of the building shell and its place in the larger rehabilitation of this historic Match Factory complex, the walls were retained. This building is now in use as part of the American Philatelic Society’s national headquarters. With a new roof and interior, this historic building continues to contribute to the larger historic industrial complex.



REALITY CHECK – KNOW WHEN IT IS TIME TO WALK AWAY

Sometimes it is OK to fight to preserve something even when you meet resistance or doing so doesn’t make financial sense. But other times, you have to let go.

There is no formula that can be used to determine when to call it quits, but if you are honest with yourself, clear on your objectives, and really understand the limitations of your resources, you will know when it is time to congratulate yourself for making the effort, learn from what didn’t work, and walk away.

Please don’t lose sight of why you wanted to preserve the historic property in the first place, and get so caught up in winning the fight that you forget what you’re fighting for. It is possible to do more harm than good, giving preservation a bad name and making it harder for future projects of merit to be successful.

ESTIMATE REHABILITATION COSTS

If you have made it this far and are still reading, you probably think that the problem you are facing is one that might be solvable based on your understanding of the issues, the condition of the property, local support and the possibilities identified. So now it is time to consider the effort and expense of doing what needs to be done, and decide if it makes sense and is possible to continue.

There are two phases of the project that should be considered: 1) Rehabilitation, which includes acquiring the property, if necessary, and doing the physical work to get it into the condition that you want it to be in; and 2) Operation, which includes the costs of operating and maintaining the property once the improvements have been completed. In many cases, groups focus only on the initial rehabilitation phase and do not fully understand what the challenges will be after that. It is very important that you not only have the resources to complete the project but also to sustain it after completion. This section provides information on how you might think the financial realities of your project all the way through.

CAPITAL COSTS

The capital costs of acquiring and rehabilitating a historic building are likely to be significant. It is important to have a realistic estimate of those costs so that you can plan appropriately.

Acquisition Costs

Consider what it will cost you to acquire the property. What is the purchase price? What other acquisition costs will there be? Don't forget things like closing costs, fees, etc. Paying too much for acquisition can be a very expensive mistake over the life of the project, so make sure you negotiate a price that will allow the project to succeed. At the same time, don't assume that the property will be given to you. If it has value to you, it almost certainly has value to others as well.

Rehabilitation Costs

Rehabilitation costs include those associated with planning, design and construction. Depending on the decisions you make, rehabilitation costs can vary widely. Have a realistic idea of what your expenses will be and where the necessary funds will come from before embarking on a project.

Hard Costs

Generally speaking, hard costs are those things that you can see or touch at the end of the project, including materials and labor. When preparing the hard costs portion of your capital budget, you should consider the following:

- site work or excavation;
- the building structure, including foundation, floors, wall and roof framing;
- the building envelope, including wall and roof sheathing, windows and doors;
- interior finishes, such as floors, walls, ceilings and insulation;
- mechanical systems like plumbing and sewer, heating and ventilation, electric service and lighting, fire suppression and security systems, conveying systems such as elevators and stairs, any specialty systems that may be needed; and
- clean up.

Hard costs typically comprise 65% to 80% of the rehabilitation costs.

Soft Costs

Soft costs include those things that do not physically exist in the building upon completion of the project. For the most part, soft costs include professional service fees, such as the fees of architects, engineers or other design professionals and consultants, construction period interest, other financing fees, and permits and licenses. General conditions, such as renting port-potties for the job site or providing scaffolding to make sure sidewalks are safe during construction are also included in soft costs, since they are not included in the asset once it is finished. Soft costs typically comprise between 20% and 35% of the rehabilitation budget.

Contingency

It is always wise to allow a contingency when preparing a budget for a rehabilitation project. Inevitably, there will be surprises and things that do not go as expected. You can determine the contingency to be allowed, but a number between 10% and 30% might be a good starting place. The greater the level of detail in your capital budget, the more useful and credible it will be. As the numbers are fine tuned and unknowns are eliminated, your contingency may be reduced to some extent.

RESOURCES
CAPITAL COSTS BUDGET

Acquisition Costs	(Purchase price, closing costs, legal fees, etc.)
+ Hard Costs	(Construction costs including materials and labor)
+ Soft Costs	(Professional fees and costs associated with job site conditions)
+ Contingency	(Allowance for the unexpected)
Total Capital Costs	(Cost to rehabilitate the property)

Actual costs will vary greatly depending on the condition of the building and the intended use of the property, as well as other factors such as location and duration of the project.

The Value of Time

One very real and important factor to consider in any rehabilitation project is time. Time has a value and importance that should not be underestimated. Be sure to have a realistic project timetable, and include carrying costs in your budget analysis. The property will almost certainly not be generating revenue at its full potential through rehabilitation, so make sure that is accounted for in your budget and cash flow.

Be sure to allow sufficient time in your project schedule for review processes along the way, such as: 1) historic designation, including National Register nominations or eligibility determinations; 2) municipal review for things like historic district ordinances and zoning variances; and 3) plan review and building inspection as required under applicable building codes.

LAKEMONT PARK, Altoona, Pa.

The National Historic Landmark Leap-the-Dips roller coaster closed in 1985, after which time it was neglected and its condition deteriorated. To restore the roller coaster to use, local preservationists raised more than \$100,000 in donations, \$250,000 in grants, and borrowed the remaining \$650,000 needed.

Today, they continue to operate the historic coaster, with proceeds from ridership, ongoing fundraising and merchandise sales used first to pay the debt and then to support operation and maintenance of the historic roller coaster. Each year, they are able to focus more resources on preserving the historic roller coaster in this sustainable business model.



Understand Carrying Costs

Carrying cost is the amount of money expended by investors before the property is resold and profits are realized. Carrying costs include acquisition costs, capital improvements, mortgage payments, operating expenses and selling costs.

Too many groups planning preservation projects look at just the purchase price, capital investment and resale prices when trying to determine if a particular project will be profitable. They may think that if they purchase a building for \$100,000 in 2012, spend \$150,000 on rehabilitation and sell it for \$300,000 in 2015, they have made a profit of \$50,000.

But savvy investors know that capital costs (acquisition and rehabilitation) are only part of the total expenses required by a real estate investment. Understanding carrying costs is often the difference between success and failure in real estate investment.

Look at the same deal with carrying costs included. In 2012, a group purchases a historic building for \$100,000, putting \$20,000 down and taking out a mortgage on the remaining \$80,000. At the time of purchase, they paid closing costs of 3% of the purchase price, or \$3,000. In addition to the \$150,000 spent on rehabilitation, they had to pay the mortgage of \$450 per month for three years, for a total of \$16,200. They also paid taxes, insurance and utilities during construction, which together cost \$400 each month or \$14,400 for three years. Let's assume that they did not have to take out a construction loan and incur additional debt service to finance the rehabilitation work. When they sold the property for \$300,000 in 2015, they paid an additional 1.5% in closing costs, plus 5.5% commission to the realtor, for a total transaction cost of \$21,000. All together, the carrying costs for this project were \$54,600. Thus, the \$50,000 "profit" that was anticipated for this project did not even cover the costs incurred, let alone generate a return on investment. It is a rare investor who would be interested in participating in a real estate deal like this.

REALITY CHECK - IMPORTANCE OF SUSTAINABLE PROJECTS

All too often, groups working to preserve a historic resource that they care about are focused on rehabilitating or restoring it, and fail to consider how the project will sustain itself in the long term. Over time, their project suffers, and the historic property is often found in peril once again.

PREPARE AN OPERATING STATEMENT

Funding capital improvements is only one part of the financial reality of preserving historic properties. You also need to know what it will cost to operate and maintain the property after rehabilitation, and how operation will be funded. One of the problems we see most often in preservation projects is shortsightedness when it comes to considering the sustainability of a project. Ask yourself: How will your property operate once the rehabilitation project has been completed?

Effective Gross Income

The revenues that will be generated by the property are your gross scheduled income. This will generally be your rents or income from the use of the space. Gross income may be calculated as a monthly or annual rent per unit or square foot. Add to this the income produced by other sources, such as coins from the laundry room or rental of parking spaces. Then subtract a percentage to account for anticipated vacancy. Be realistic. Often, vacancy rates are higher in the first year or two after completion of a project, and get lower as the property becomes more established.

Net Operating Income

Fixed Expenses

Fixed expenses are those that do not vary with occupancy. They include items like property taxes and insurance.

Variable Expenses

Unlike fixed expenses, variable expenses depend on the level of occupancy. They include administrative and property management fees (often a percentage of rent), utilities such as water and sewer, gas or fuel oil, electricity, repairs and maintenance, and supplies and services.

Reserves for Replacement

It is also wise to budget for replacement of things that wear out, such as roofing, carpet and appliances, since these expenditures can be significant.

By subtracting fixed expenses, variable expenses and reserves for replacement from effective gross income, you arrive at net operating income.

Cash Flow

Cash flow is one of the most important metrics of any real estate investment project, including the rehabilitation of historic properties. If there is not money on hand to cover necessary expenses, it will be extremely difficult for a project to succeed. Cash flow can be determined by subtracting debt service from net operating income. If the cash flow is not positive, changes need to be made.



The group working to preserve this very significant historic grist mill plans to retain the existing kayak and bicycle outfitting business shown here to allow for a positive cash flow for the project. Maintaining an active business in the building will allow them to dedicate some space in the mill to showcasing the important intact milling equipment inside.



RESOURCES

OPERATING STATEMENT

Gross Scheduled Income
– Vacancy
+ Miscellaneous Income
= Effective Gross Income
– Fixed Expenses
– Variable Expenses
– Reserves for Replacement
= Net Operating Income
– Debt Service
= Cash Flow

CONSIDER THE SOURCE AND USE OF FUNDS

In addition to knowing how much a rehabilitation project will cost, it is important that you identify where the money needed will come from. Most often, your project will be funded by some combination of equity and debt. But in many cases, intervention funds will also be required.

The source of funds will likely change during the course of the project, but it is a good idea to be able to answer these two questions at any point during the project:

- Where is the money coming from?
- Where is the money going?

Equity

In real estate projects, equity most commonly takes the form of ownership of the property, cash invested in the project, or donated services. For income producing buildings that are listed in the National Register of Historic Places, equity can also be generated through the use of rehabilitation investment tax credits (*see page 35*).

Patient Capital

Because historic preservation projects often have positive social impacts, patient capital may be a potential source of funds. With patient (or long-term) capital, the investor makes a financial investment with no expectation of turning a quick profit in anticipation of meaningful returns down the road. It is not a grant; it is an investment intended to return its principal plus (often below market-rate) interest. But rather than seeking to maximize financial returns, patient capital seeks to maximize social impact while making a reasonable financial return.

Debt

Borrowed money can sometimes provide the balance of the funds needed for a rehabilitation project. When considering debt service, keep in mind that:

- No bank or lender will want to finance the entire project; they will require a significant amount of equity – usually more than 20%.
- There are fees and interest charges associated with borrowed money, which increase overall project costs.

Loans

A variety of loan types may be available for use in historic preservation projects, including conventional mortgages and construction loans from banks, revolving loans through preservation nonprofits and local lenders, and special loan programs offered by state and federal agencies to facilitate economic development or promote small business and support job creation. Available loan programs will vary based on location and the nature of your project. So contact your local or state preservation nonprofit for help in identifying potential loans for your project.

LOAN PROGRAMS IN PENNSYLVANIA

Several organizations and agencies offer alternatives to financing for preservation projects in Pennsylvania. The availability and terms of these loan programs are constantly changing, but this overview provides an idea of the loan options available in 2013.

Preservation Pennsylvania operates a revolving loan fund that can provide acquisition or construction financing.

- <http://www.preservationpa.org/page.asp?id=7>

The Department of Community & Economic Development (DCED) makes grants to municipalities, which they can operate as local revolving loan funds. DCED also has several loan programs to support small businesses.

- <http://newpa.com/find-and-apply-for-funding/program-funding-types>

Through their **Community Development Block Grant (CDBG)** program, the Department of **Housing and Urban Development (HUD)** provides communities with a source of financing for economic development including property acquisition and rehabilitation, allowing them to use a portion of their CDBG funds to secure large federal loans for redevelopment.

- http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/108

When these and other programs are considered, a financing package can be developed for most well-planned, sustainable rehabilitation projects.

This list is by no means comprehensive. Please contact your local or statewide preservation organization for help identifying rehabilitation loan programs in your area.

RESOURCES

SOURCE AND USE OF FUNDS

Equity
+ Debt
+ Intervention Funds

SOURCE OF FUNDS

SOURCE OF FUNDS
MUST EQUAL USE OF FUNDS

Acquisition Costs
+ Hard Costs
+ Soft Costs
+ Holding Costs
+ Contingency
+ Working Capital

USE OF FUNDS

DETERMINE WHAT TYPES OF INTERVENTION ARE AVAILABLE

Often, the cost of a rehabilitation project exceeds its value upon completion. In these cases, non-equity funds beyond what the project can support in debt service, or intervention funds, are needed.

Grants

Grants are one potential source of intervention funds. A variety of grants may be available, depending on the property's location, its significance, ownership and use of the building upon completion of the project. Grants are often made by public agencies as well as private foundations. Each granting entity will have different eligibility requirements and funding priorities, so your application must be customized to each particular program to which you are applying.

Most grants are available only to municipalities and nonprofit organizations for projects that provide a public benefit. In some situations, however, grants may be available to owners of historic properties and private businesses. In order to ensure local buy-in to the project and to leverage their investment, most granting organizations require that their funds be matched, often on a 50/50 basis. While grants are often thought of as free money, their use should be given careful consideration.

If you plan to use grant funds for your rehabilitation project, it is important to realize that the process of applying, being awarded and receiving grant funds takes time. Many grants are reimbursable, with funds being provided only after the project expenses have been paid. This should be considered in your cash flow analysis. In some cases, the value of the time associated with obtaining and managing grants outweighs the financial benefit.

Using grant funds may require the use of prevailing wage, and may increase the total project cost. In Pennsylvania, any project over \$25,000 that receives public money (of any amount) must pay all contractors at prevailing wage. Thus, a \$5,000 grant may increase project costs by much more than \$5,000.

Tax Credits

A tax credit is a dollar-for-dollar reduction in taxes payable. For certain types of real estate investment, such as historic buildings and low-income housing, tax credits may be available. Only a taxable entity can claim tax credits; so nonprofit organizations interested in utilizing tax credits must partner with a for-profit entity to use this valuable intervention tool.

Rehabilitation Investment Tax Credits

Income-producing properties that are listed in the National Register of Historic Places individually or as a contributing element of a historic district may be eligible for tax credits if certain conditions are met. In many states, the 20% federal credit can be paired with a state credit for additional tax benefits. This credit may serve as a financial return upon completion, or can be used to provide equity to help capitalize the project. *(For more information on federal tax credits, see: <http://www.nps.gov/tps/tax-incentives.htm>. Contact your State Historic Preservation Office or statewide preservation nonprofit to discuss state rehabilitation tax credits.)*

Other tax incentives such as property tax abatement or business income tax forgiveness may be available in addition to tax credits. Most often these exist at the local level, so talk to your community leaders to see what is available in your area.

Tax Consequences

Additionally, potential savings in federal income tax liability associated with the ownership of real estate may have a favorable impact on preservation projects. These tax savings come primarily from the ability to deduct the interest portion of debt service and an annual depreciation allowance for a percentage of the investment in improvements. These tax benefits may constitute a major portion of the overall return on a real estate project, affecting its financial feasibility.

MORGUEN TOOLE COMPANY, Meyersdale, Pa. is a rehabilitation project that recognized a ready market and developed a rehabilitation and reuse plan that worked.

This historic downtown building has been rehabilitated as a restaurant, bar and event space on the lower levels, and has hotel and hostel rooms above. This provides needed event space and dining and entertainment opportunities for local residents, as well as overnight accommodations and dining options for visitors traveling along the Great Allegheny Passage rail trail.



Due to difficulties obtaining conventional loans for the rehabilitation, the project was self-financed, using a significant amount of sweat equity. The project was successful despite the fact that intervention funds such as grants and tax credits were not utilized.

FUNDRAISING

Many preservation projects and organizations depend heavily on fundraising. Although raising money is essential, it is usually neither simple nor quick. Fundraising should be thought of as a process that begins with building (or aligning with) an organization that has the capacity, credibility and integrity to be successful. This organization must then build relationships with investors throughout the community who share the organization's priorities and are committed to doing something about the problem at hand.

By working through this publication to develop an understanding of the problem and set goals and objectives to address that problem, understanding the building and what will be involved in rehabilitating it, considering a wide range of alternatives and considering the financial realities of the project, you will be in good shape to begin developing a fundraising plan.

When fundraising for your project, it is important that you:

- 1) know what your fundraising needs are;
- 2) have a strong case for support;
- 3) have a strategic fundraising plan that involves a combination of diverse strategies such as direct mail, telemarketing, grant applications, sponsorships, events, planned giving, and solicited donations, among others; and
- 4) recognize that while members may be important to the vitality of your organization and a foundation for future fundraising, membership dues rarely provide a significant source of project funding.

REALITY CHECK – IS IT FEASIBLE?

A real estate project is considered to be feasible when there is a reasonable likelihood that the explicit objectives of the project will be met. Achieving the highest financial profit is not always an objective of a preservation/rehabilitation project, but the project needs to be doable and sustainable.

Before embarking on a preservation project, refer back to the goals established in the first section of this publication. Now that you have gathered information, assessed the alternatives and addressed the financial realities, ask yourself, "Can all of the objectives reasonably be met?"

If the answer is yes, good luck with your project! As difficult as it may be, if the answer is no, you should probably step back and not engage in this particular project.

DEFINING SUCCESS

A successful project is one that satisfies the (financial and non-financial) objectives of the parties involved. This may be different than making everyone happy; but it is important that the needs of those with a real stake in the project are satisfied.



The award-winning conversion of Steelton High School into affordable housing demonstrates the power of combining equity, debt and financial incentives from multiple programs to make rehabilitation projects feasible. During the course of the project, negotiations and creative solutions were required in several situations. But the resulting project achieved a healthy balance of preservation, environmental and human concerns.



RESOURCES

- *Fundraising Basics for Preservation Organizations*, by Martha Vail.
Available at Amazon.com
- *Creating a Fundraising Plan*, by Marc Smiley.
Available at Amazon.com

Conclusion

EVALUATE THE PROJECT

This four-part document was intended to provide you with information and tools that you may need to make informed decisions about your historic preservation project. Section 1 discussed the importance of understanding the problem and how to build support for your effort. Section 2 was intended to provide additional information about your building, and what your rehabilitation project will likely entail. Section 3 talked about the need to consider a wide range of alternatives for the historic property, and use appropriate tools to move the project forward. And, finally, Section 4 provided an overview of the financial considerations associated with historic preservation projects.

By now, you have defined the problem and understand how the community feels about it. You understand the building's significance and condition, and recognize its cultural, environmental and economic value. You understand the requirements associated with making changes to its use, as well as the costs associated with doing so. You have assessed where the necessary funds will come from and have an idea of whether or not the new use will be sustainable.

So now you can make a responsible decision about whether to take on this preservation project. Is the building important to you? Is there a reasonable chance that you will be successful and able to sustain the project over time? If so, go for it!

Our goal is not to discourage you from embarking on a project, but rather to encourage you to think it all the way through before jumping in. In most cases, if there was an easy solution the project would already be done. The historic properties that need our help are those where there isn't an easy answer. That doesn't mean that you shouldn't attempt the project. Just approach it in a logical manner, and think it through carefully. With some creativity and a lot of hard work, many preservation projects are accomplished every year.

Each year, Preservation Pennsylvania works with its partners to recognize preservation projects with awards. And each year we are stunned by how much good work is happening and the challenges that are being overcome along the way. Check with your state or local nonprofit or your State Historic Preservation Office to see if there are preservation awards in your area.



Saving historic properties is often a slow process, and one that requires creativity and persistence. Don't get discouraged if your project takes time. In fact, assume it will take at least twice (if not three times) as long as you think it should. While some properties are rehabilitated in just a year or two, it is not uncommon for projects led by individuals or volunteer-based organizations, among others, to take ten years or more. Realize that historic preservation is a marathon not a sprint, and pace yourself accordingly. For lengthy or phased projects, remember that cyclical maintenance and repairs may be required even before the project is complete.

Good luck with your historic preservation project. Don't hesitate to reach out to your partners at your local and state preservation nonprofit, your State Historic Preservation office and the National Park Service if you need help along the way.

REALITY CHECK

Nothing is ever really "saved." Ongoing maintenance is critical to sustaining historic properties. Vacancy and deferred maintenance commonly results in the endangerment of historic properties. Even some well-intentioned property owners are guilty of allowing demolition by neglect.



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