Developed by Monroe Properties, the 12th Street Flats urban infill project (on right) is located in Richmond's historic Manchester District. While the four infill units offer somewhat contemporary interiors, the exteriors are more traditional so that they fit in with the architecture in the surrounding neighborhood As an aside, the project is one of the first in the neighborhood to be "green."

New buildings among the old

Filling in gaps in historic urban neighborhoods requires sensitivity

By BRYAN CLARK GREEN

MUCH TIME, ATTENTION and ink have been given to the concepts of "green" construction and careful community planning over the past few years. Growing emphasis on the sustainable use of resources has resulted in heightened interest in the revitalization of urban areas and use of existing building stock. This includes historic neighborhoods, which contain sturdy, well-built residential and commercial buildings that are ripe for rehabilitation. As well, unlike many recently-constructed suburbs, old and historic neighborhoods have significant advantages when it comes to resource conservation.

Both advocates of "smart growth" and of historic preservation agree that concentrating development where existing infrastructure is already dense – and where houses, businesses, schools, hospitals, and public transportation are already located – is of paramount importance. Many new housing developments are being located in exurbs or on outlying rural land, as properties close to urban locations are no longer available. Each time development is sited in these far-flung areas, local government is burdened with the responsibility to construct and maintain new roads, utilities and public services. Use fees applied to these new developments only partially mitigate the costs associated with creation of infrastructure: the new residential developments will require these services indefinitely.

Another important consideration is traffic and automobile-related pollution. These new developments, as a result of their distance from existing city centers, rarely connect with existing public transportation systems, clogging roads with more automobiles burning more gas and emitting more toxic exhaust. Public transportation is available to approximately 25 percent of new housing units, whereas fully 60 percent of existing urban neighborhoods are already served by public transportation and most have schools, hospitals, and other community services already in place. Whether using existing buildings or creating new ones, both planners and preservation professionals agree that concentrating new construction and rehabilitation in our existing downtowns is the most environmentally and economically sustainable development possible.

Much urban building stock is historic, and historic preservation has become one of the strongest forces driving rehabilitation in our downtowns. Building and rehabilitating in historic contexts requires sensitivity, however. It can also be more expensive (by measures focusing exclusively on immediate cost) than simply building anew. When it first established a rehabilitation tax credit in 1976, the federal government acknowledged both the costs and benefits of historic building rehabilitation. The 20 percent tax credit provides incentives for careful rehabilitation of income-producing (commercial) historic buildings, incentives that have, over time, proven ever more attractive to property owners and developers. In fiscal year 2008 (the most recent year for which figures are available), the National Park Service approved 1,231 projects representing a staggering private investment of $5.64 billion. These projects cost the federal treasury less than $1.128 billion in tax credits. The federal Rehabilitation Tax Credit program, on average, draws five private dollars for every public dollar invested for historic preservation and adaptive reuse – an especially compelling ratio in today's economic climate. It has become so successful that 30 states have added complementary state rehabilitation tax credit programs, and 25 of these have extended their programs to non income-producing properties (i.e. homeowners).

The tax credit program leverages private money to rehabilitate historic buildings, returning them – and the surrounding area – to productive use. Because state and local tax incentives can often be attached to the federal credit, the program leads to greater public awareness of the benefits of historic preservation, which, in turn, provides incentives for private investment in historic neighborhoods. These tax credits are widely available, as the definition of "historic" broadens every day. The National Register of Historic Places generally considers resources more than 50 years old to be potentially eligible for inclusion; as of now, even post-war suburban housing may be considered historic. The tax credit program is the federal government's largest effort to encourage the preservation and adaptive reuse of historic buildings. This funding stimulates both public and private preservation efforts, as state and local tax incentives can often be attached to the federal credit – all of which leads to greater public awareness of the benefits of historic preservation. This public awareness, in turn, can serve as an incentive for private investment in historic neighborhoods. Even taking the rate of new construction into account, the federal Rehabilitation Tax Credit program averages more than 5-to-1 in private to public investment in historic preservation and adaptive reuse.

Perhaps the most important possible extension of this program would be to enact complementary state legislation to encourage compatible infill in historic districts – a Historic District Infill Tax Credit (HDITC).

Rehabilitation of historic buildings alone is not enough to revitalize entire neighborhoods. What about the "missing teeth" in our urban fabric? How do we fill those gaps?

There are some 14,000 historic districts in the United States, many of which suffer from two separate problems: demolished buildings and/or vacant lots, and inappropriate infill. The Urban Land Institute has calculated that, by the year 2050, the U.S. urban population will grow by 100 million people. This increase in population will require an equal increase in housing stock, schools, and places for business, and these needs cannot always be met by existing historic fabric. In these cases, infill construction may be necessary, and here careful planning and design are essential.

Examples of poorly conceived and executed urban infill are all around us. Every city has them, and every city is damaged by them. Although we as a society are skilled in crafting public policy promoting the re-use of historic resources, we are terrible at guiding what is built next door. As a result, the urban fabric as a whole suffers.

Expansion of the existing historic preservation tax credit programs to include new, compatible infill development within existing state historic district boundaries could provide both necessary guidelines and a source of economic revenue. This expansion could be accomplished through the previously mentioned HDITC, which would focus development within our already successful state historic districts and encourage the completion of many of our empty blocks. The Secretary of the Interior's Standards for Rehabilitation, as it considers new construction, should be used as the guideline for this work.

What could this HDITC program look like? Kentucky's HB500, proposed in the 2002 session and unfortunately not passed, may present the best model. It could be slated for existing and newly-created National Register-listed historic districts, of which some 14,000 exist nationwide, ensuring broad access to the program as well as an entry point for new districts. The tax credit could be made available for qualified construction expenses for residential and commercial infill in a historic district. The certified buildings should meet historic infill design guidelines, and be constructed on a property that has been vacant for at least 24 months or in place of a previous structure of no significant historic value. The credit should be limited to 15 percent of expenses incurred (with a maximum credit of $500,000) to ensure broad access to the program homeowners, instead of focusing on individual large developments. The credit may be applied to the individual income tax, corporate income tax, corporate license tax, public service corporation property tax, or bank franchise tax and may be sold or transferred. There should be a penalty equal to 100 percent of the tax credit for any disqualifying work performed on the structure.

HDITC legislation could add a multiplier for economically challenged districts to encourage responsible development, raising the value of credit for certified infill by an additional 10 percent. The credit may be applied to individual or corporate income tax, with the amount of credit equal to the amount of approved awards. The resulting tax credit could be carried back one year, and forward 10. To further make the credit available to lower-income users, the credit could be sold or syndicated to investors.

The Secretary of the Interior's standards would be the most logical foundation on which to build. The standards are, in many respects, a fine set of guidelines to follow when working with historic buildings. There is potential for conflict, however, with Standards #3 and #9. The first sentence of Standard #3 reads: "Each property shall be recognized as a physical record of its time, place, and use." Standard #9 reads: "New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment." The clear intent of these standards is to establish that an alteration, addition, or adjacent construction should be age-appropriate. Furthermore, new work should be "differentiated" from the old. Nothing in the standards, however, specifies style, level of detail, or anything of the sort.

In the spirit of federal legislation, perhaps a "signing statement" is in order, to specify the intent of the legislation. Modeled in part on the implementation program for Bel Air, Md., I would suggest the following caveats to the proposed program:

• Encourage retention or adaptive reuse of historic buildings;

• Discourage demolition of historic buildings and moving historic buildings to make way for new construction;

• Encourage sensitive and appropriate infill construction;

• Focus evaluative efforts upon the larger urban fabric. The impact of a rehabilitation or infill project on adjacent buildings, the street, and the district as a whole are more important than building-specific evaluation; *and*

• Support historic rehabilitation tax credits and infill tax credits as tools of economic growth and resource conservation, not just of historic preservation.

An HDITC would build on the success of the Rehabilitation Tax Credit Program, while addressing the need for augmenting the urban fabric of our towns and cities. This program would focus development in the most economically and environmentally appropriate location – existing urban areas, where the long-range environmental and infrastructure effects would be minimized. And, finally, it would provide a positive incentive for owners to build compatible infill in historic districts, further enhancing the very qualities that make them special places. An HDITC would give us the tools to make our historic neighborhoods the viable, vibrant places that many used to be, and that could be again.

About the author

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