

MIXING HISTORIC PRESERVATION AND DEVELOPMENT

By Francine Raizes

Historic buildings and neighborhoods and the Potomac and Anacostia riverfronts are attracting renewed interest in Washington, DC. People are thinking big about these assets and planning projects with smart growth principles in mind. The District is updating its Comprehensive Plan and forming public/private development partnerships for large-scale projects. Similarly, private developers are joining forces to create mixed-use projects. Redeveloping historic resources will make a significant contribution to all of these efforts. The move to collaboration will yield greater and longer-lasting economic vitality for our city.

Green Buildings

With the GSA and other major tenants championing sustainable design, real estate developers are taking an increasing interest in meeting this demand. Historic properties offer a ready supply; they are the original green buildings. Designed and built before the widespread use of electric lights and the advent of air conditioning, historic buildings offer occupants natural ventilation and light.

Many of today's rehab projects are being designed to earn LEED™ certification. In rehabilitating older structures, owners promote building reuse, resource reuse, and recycled content. Furthermore, historic properties enjoy the environmental benefits that come with proximity to Metro stations and bus routes and a host of urban amenities.

Development Dynamic

Historic buildings are attracting investors and developers more than ever. **Why?**

- **First, the inventory of sites that are vacant or in interim use is dwindling.** Many sites have historic structures, which cannot be demolished.
- **Second, development continues to head east toward the Capitol and other areas formerly considered fringe locations.** These locations are some of the oldest in the city--and many historic structures remain.
- **Finally, historic buildings tend to be smaller than their modern competitors.** They attract small and medium-sized tenants who want to own their building or achieve a greater presence in a building by leasing one or more floors.

Financial Incentives

Two programs can enhance the financial feasibility of historic rehab projects. First, the IRS offers the Federal Historic Rehabilitation Tax Credit, which is equal to 20 percent of the qualified expenses of rehabilitating buildings individually listed in the National Register of Historic Places (www.nps.gov) or included in a National Register historic district. For buildings not defined as "historic" using those designations, but placed into service before 1936, a 10 percent credit is available.

Second, the nonprofit sector offer programs to preserve historic buildings while enhancing the developer's financial returns. For example, the L'Enfant Trust (www.lenfant.org) accepts donations of conservation easements from property owners to protect the façade of a qualified building. The appraised value of the donation qualifies as a charitable contribution.

Historic Collaboration

To realize these economic, environmental, and cultural benefits, the historic preservation and business communities must collaborate to reach feasible solutions. These solutions should protect historic resources and private property rights. The principals from both communities should meet to discuss prospective projects before closing deals and breaking ground.

The Historic Preservation Office and the Historic Preservation Review Board in the Office of Planning (planning.dc.gov) and the DC Preservation League (www.dcpreservation.org), a nonprofit, all-volunteer organization, dominate Washington's historic preservation community. They are more diligent than ever in preserving the city's remaining historic structures and landscapes.

Meanwhile, developers continue to feel the squeeze between project costs and the demands of preservationists. Achieving a balance, which can be financed by traditional sources, can be difficult, discouraging responsible historic preservation. Still, there are many outstanding examples of creative solutions.

Developers and preservationists share a common goal--to preserve historic properties. Both groups need to be more mindful of their common goal and respect each other's contribution to the city. Even now we can proudly say that many of the city's best developers are preservationists.

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1717 Rhode Island Avenue, NW

157,000 SF, 10-story, class A building
in Dupont Circle Historic District

Historic row houses were constructed in
1877-1886; redeveloped in 2004