

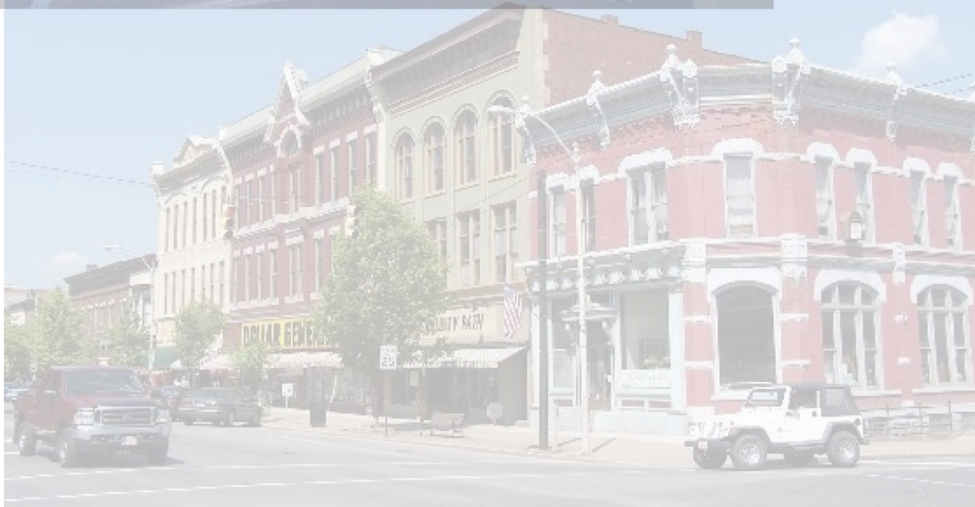


**U.S. EPA Technical Assistance**  
Overcoming Barriers to Sustainably Redevelop Historic  
Communities: Focus on Main Street

Joi Ross and Samantha Felix, APEX Direct, Inc.

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# EPA Technical Assistance Project – Concord, NH





# Technical Assistance: Project Objectives and Approach

- **Main Objective = develop actionable report for Concord, also with applicability to other communities.**
- Researched national best practices and case studies.
  - Over 50 similar cities and communities
  - Over 75 federal and academic resources
  - Over 70 **federal and state regulations, policies, tools, incentives**
- Developed “business case” for Concord, by applying ‘best practices’ and pro formas to options for redeveloping Concord’s Main Street into upper story residential, downstairs commercial.



# Technical Assistance: Project Objectives and Approach

- Broad stakeholder input
  - Beginning, middle, and end of project.
- Involved technical experts and sought peer reviews to inform our work.
  - Federal, state, nonprofit, and private sector



# General Observations





# Technical Assistance: General Observations

## Solid Existing Infrastructure

- Existing preservation framework and desire for green projects.
- Smart growth, preservation, and green building factors are all considered in Concord's Master Plan 2030.
- Local stakeholder support (i.e. Main Street Concord)
- Need for continued revitalization along Main Street to achieve City's vision.

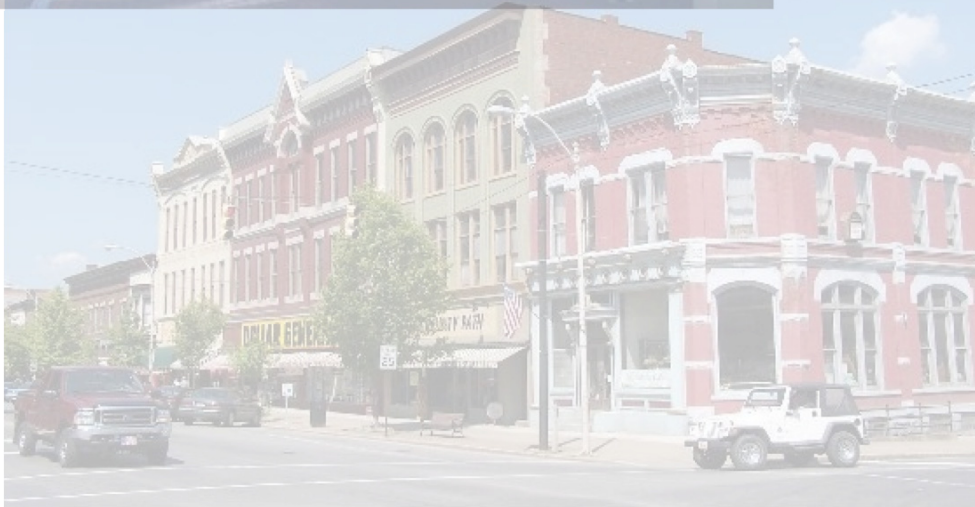


# Technical Assistance: General Observations

## Challenges Facing Concord

- Perception that it is too costly to make older buildings comply with current safety codes, energy conservation codes, and standards for residential use.
- Perceptions that tear down versus rehabilitation is “cheaper.”
- Perception that ADA and other requirements are “too difficult” to navigate.
- Skepticism among some developers and property owners – “it worked in other cities, but will it work here?”
- Concord’s challenges are not unique.

# National Research: Best Practices & Case Studies



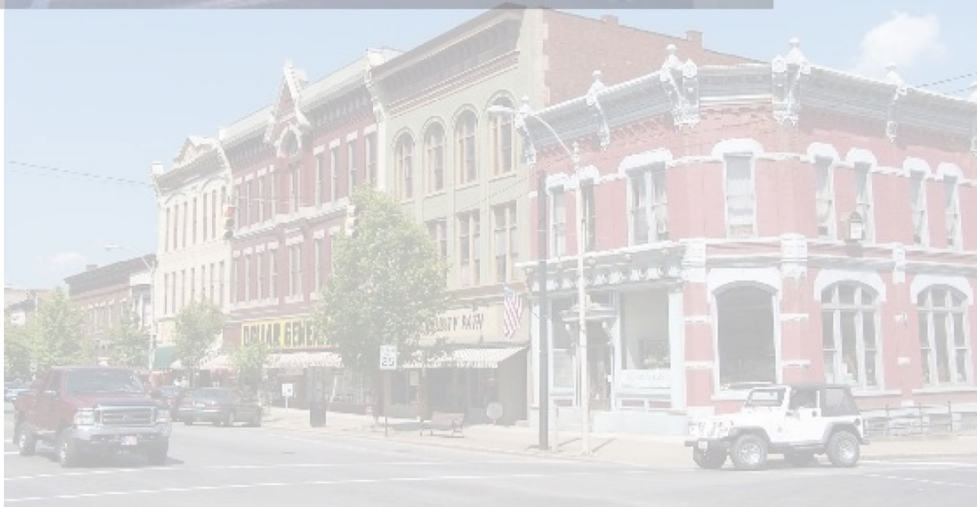


# Technical Assistance: Common Themes and Best Practices (50 Communities Nationwide)

- **Variety of communities nationwide**
- **Common themes, regardless of geographic location and size of community**
  - Leveraging tax incentives
  - State and local codes encourage smart growth and GHP
  - Collaboration and extensive local involvement
- **Common funding sources:**
  - Federal programs
  - State programs
  - Private investment
- **Common project approaches:**
  - Comprehensive perspective  
(HP+GB+SG = GHP)



# Concord Zachos Building



# Technical Assistance: Key Building and Community Observations



- In most cases, the building exterior exhibits a high level of integrity. Many of the building interiors have been renovated or have undergone structural upgrades and no longer retain their historic character.
- The building is not completely ADA-compliant.
- Parking capacity is still a concern in most cases.
- Main Street is wide enough to encourage a more pedestrian friendly environment.



# Technical Assistance: Three Redevelopment Scenarios for the Zachos Building



- **Option 1, High-end Residential:** Upper stories high-end residential.
- **Option 2, Mixed-income Upper Story Residential:** Apartments on upper stories – mixed rental and sale rates.
- **Option 3, Mixed-use Construction:** Residential redevelopment, new parking and building construction, and pedestrian –friendly features.

# Technical Assistance: Three Redevelopment Scenarios for the Zachos Building

- **Option 1, High-end Residential:** Upper stories high-end residential.

Target Average Rent Rate per Square Foot	\$21.00
Base Case Construction Cost per Square Foot	\$183.55
Total Base Case Constructed Cost	\$4,453,571.27
Assumed Property Purchase Price	\$550,000.00
Vacancy/Carrying Cost	\$200,000.00
Total Base Case Project Cost	\$5,203,571.27
Total Retrofits Cost	\$432,280
Estimated Retrofits Simple Payback	26.29 Years
Total Upgraded Case Project Cost	\$5,635,851.27
Annual Payment:	\$477,996.29
Payment per Square Foot	\$19.70
Payment per Square Foot with Operating Costs Included	\$26.70
Payment and Target Rent Rate Difference per Square Foot	- \$5.70
Annual Additional Funds Needed (Assuming Target Rent)	\$138,304.32/year for 25 years

# Technical Assistance: Three Redevelopment Scenarios for the Zachos Building

- **Option 2, Mixed income Upper Story Residential:** Apartments on upper stories – mixed rental and sale rates.

Target Average Rent Rate per Square Foot	\$19.00
Base Case Construction Cost per Square Foot	\$136.13
Total Base Case Constructed Cost	\$3,302,968.52
Assumed Property Purchase Price	\$550,000.00
Vacancy/Carrying Cost	\$200,000.00
Total Base Case Project Cost	\$4,052,968.52
Total Retrofits Cost	\$423,620
Estimated Retrofits Simple Payback	16.69 years
Total Upgraded Case Project Cost	\$4,390,088.14
Annual Payment	\$372,338.76
Payment per Square Foot	\$15.35
Payment per Square Foot with Operating Costs Included	\$22.35
Payment and Target Rent Rate Difference per Square Foot	- \$3.35
Annual Additional Funds Needed (Assuming Target Rent)	\$81,174.21/year for 25 years



# Technical Assistance: Three Redevelopment Scenarios for the Zachos Building

- **Option 3, Mixed-use Construction:** Residential redevelopment, new parking and building construction, and pedestrian –friendly features.

Target Average Rent Rate per Square Foot	\$20.00
Base Case Construction Cost per Square Foot	\$132.56
Total Base Case Constructed Cost	\$3,216,468.14
Assumed Property Purchase Price	\$550,000.00
Vacancy/Carrying Cost	\$200,000.00
Total Base Case Project Cost	\$3,966,468.14
Total Retrofits Cost	\$629,977
Estimated Retrofits Weighted Simple Payback	24.19 years
Total Upgraded Case Project Cost	\$4,596,445.14
Annual Payment	\$389,840.62
Payment per Square Foot	\$16.07
Payment per Sq Ft with Operating Costs Included	\$23.07
Payment and Target Rent Rate Difference per Square Foot	- \$3.07
Annual Additional Funds Needed (Assuming Target Rent)	\$74,412.36/year for 25 years

# Key Take-Aways



# Technical Assistance: Findings from Research

If you have state tax credits available, can combine with federal historic tax credits, federal and state energy grants and incentives, and private funding.

*Case Study: Historic Millwork District, Dubuque, Iowa – Leveraging a mix of federal and state tax credits along with other private and public funds the developer was able to complete phase 1 of the project, including:*

- Almost \$38 million was funded by federal and state historic tax credits through February 2010.
- A combination of private developer investments and public-private partnerships secured another \$28 million.
- A \$5.6 million U.S. Department of Transportation TIGER program grant.





# Technical Assistance: Findings from Research

If you do NOT have state tax credits, pursue the federal historic tax credit, look for state energy tax credits and incentives, and pursue federal and state grant programs.

*Case Study: The Brewery Blocks, Portland, Oregon: The developer leveraged both public and private funds to complete this project, including:*

- State and local height and density bonus programs for buildings.
- State Business Energy Tax Credit Program.
- City Housing Implementation Strategy, which offers a tax abatement for developers to build new multifamily rental housing in select districts.
- Federal historic rehabilitation 20% tax credit.
- City tax increment financing (TIF).



# Technical Assistance: Findings from Research

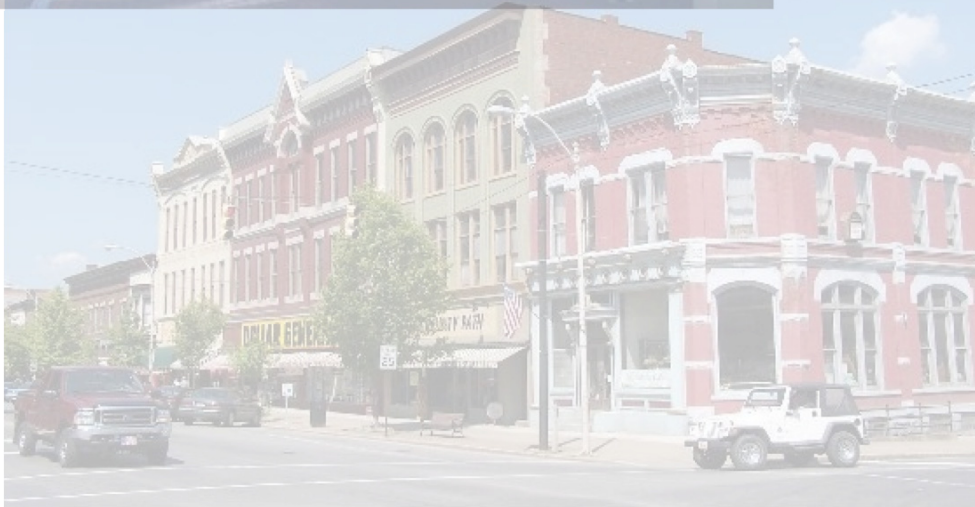
Leverage collaborative, diverse partnerships to move projects from planning to implementation.

*Case Study: Newark, Delaware's Main Street Redevelopment, the success of this project hinged on the involvement of a diverse group of stakeholders.*

- Private-public partnership between the University of Delaware, the city, and local businesses and residents.
- Attracted 36 new businesses.
- More than \$30 Million in private and public investment.
- 24 buildings have been renovated and 11 new buildings constructed.
- Main Street vacancies have been cut in half, lowering from 11 percent to 5 percent.



## Broader Applications & Recommendations





# Technical Assistance: Community Self Assessment

## **Most Successful Projects:**

- Garnered partnerships and buy-in
- Leveraged private and public funding
- Began with intensive, holistic planning

## Technical Assistance: Community Self Assessment

- **Through a series of Qs**, such as “Do you have processes in place to provide green building certification and development incentives (i.e. tax abatement for LEED building certification)?” determine your level of readiness:
  - Example: ready to commit, ready to plan, ready to implement
- **By answering yes, no, or considering it to these types of questions**, a community can begin to understand where they need to most focus their efforts to get their projects off the ground.

# Technical Assistance: Sample Assessment Questions

Section	Sample Questions
<b>Community Planning</b>	<ul style="list-style-type: none"> <li>▪ <b>SG:</b> Has your jurisdiction/region completed a comprehensive plan grounded in strong community input that resulted in a prioritization of areas for future growth and development?</li> <li>▪ <b>HP:</b> Do you have anyone on staff that is knowledgeable about preservation techniques?</li> <li>▪ <b>GB:</b> Have you identified and partnered with local builders, realtors, and/or developers to promote green development?</li> </ul>
<b>Incentives</b>	<ul style="list-style-type: none"> <li>▪ <b>SG:</b> Do you support developers by helping to coordinate and/or identify state, regional, and federal sources of funding they may qualify for?</li> <li>▪ <b>HP:</b> Have you pursued Historic Preservation incentives?</li> <li>▪ <b>GB:</b> Do you have processes in place to provide green building certification and development incentives (i.e. tax abatement for LEED building certification)?</li> </ul>
<b>Codes and Zoning</b>	<ul style="list-style-type: none"> <li>▪ <b>SG:</b> Do you have zoning in place that supports compact, mixed-use development (either as a community-wide form-based code, local overlay zones, TOD zoning, etc.)?</li> <li>▪ <b>HP:</b> Do you have historic districts with their own review boards?</li> <li>▪ <b>GB:</b> Do you have policies in place that support the reuse of existing materials?</li> </ul>
<b>Stakeholder Engagement</b>	<ul style="list-style-type: none"> <li>▪ <b>SG:</b> Does your community have a clear vision for its future that has been endorsed by a wide range of stakeholders?</li> <li>▪ <b>HP:</b> Have you worked with developers and/or contractors to encourage the creative reuse or rehabilitation of historic buildings?</li> <li>▪ <b>GB:</b> Do you have an outreach plan in place to educate citizens on sustainability and the city's vision for it?</li> </ul>



Thank you