Brownfields: Historic Preservation as a Redevelopment Option

Practice Guide #8
Spring 2005

Southeast Regional Environmental Finance Center

EPA Region 4

University of Louisville

Carol Norton

Center for Environmental Policy and Management
Environmental Finance Center: Serving EPA Region 4
University of Louisville
Department of Sociology
Louisville, KY 40292

502-852-4749

http://louisville.edu/cepm
lauren.heberle@louisville.edu

6/9/2016

Table of Contents

Introduction	1
Historic Preservation	1
Brownfields	1
The Economics of Preservation	2
Historic Preservation in the United States	3
Types of Historic Preservation Designation	4
State Preservation Offices	5
Certified Local Governments	5
Local Preservation Efforts	6
Nonprofit Preservation Organizations	6
Funding for Historic Preservation Projects	7
Grants	8
Low Interest Loans	9
Tax Credits	10
Tax Increment Financing and Tax Abatement	11
Case Studies	11
The Kentucky Center for African-American Heritage, Louisville, Kentucky	11
Pilot Mill, Raleigh, North Carolina	12
Conclusion	13
References	15

Introduction

This practice guide is intended to be used as a resource when the future use of a brownfield site that contains older and historically significant structures is being determined. The challenge for a municipal economic development officer or a public/private developer is whether or not to devise a development scheme to rehabilitate the brownfield and save the existing structures and, if so, what financial strategies are available to make the project feasible. This guide explores funding sources that are available at the federal, state, and local levels for a brownfield/historic preservation redevelopment project and provides case studies of successful rehabilitation and renovation projects. However, it might be helpful first to grasp the meaning of both historic preservation and brownfields and delve a bit into the history and structure of the historic preservation movement in the United States.

Historic Preservation

Historic Preservation is defined by some as the "stewardship of the important places from our past, including buildings, structures, sites, districts and landscapes" ("Colorado Preservation 2005," 2001). For others, the preservation of a building or structure is an act of cherishing a remembrance of people and events, as well as the identity and charm of a community (Historic Landmarks Foundation of Indiana [HLFI], 2004). The effects of historic preservation may range from esoteric and aesthetic, to land and resource conservation, to smart growth and neighborhood revitalization. It is through historic preservation that our local, state, and national heritage is retained as an integral part of our everyday present life. Through architecture and style, buildings and structures reflect our ethnic and cultural heritage and foster an appreciation of the distinctive architecture and even the open landscapes as magnificent art forms (Stipes, 2003).

Older buildings and structures can be found in virtually every community and urban neighborhood. More often than not, these buildings and the lots they sit on were once thriving, incoming-producing pieces of real estate. Perhaps in prior days they were the site of a warehouse complex, manufacturing plant, or transportation facility. However, today they sit abandoned and derelict, casting blight on a once vibrant neighborhood and contributing little or nothing to the municipal coffers.

Brownfields

These sites, most commonly referred to as brownfields, are defined as "*abandoned, idled or underutilized industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived contamination* (Kaiser, 1998). Brownfields can either be viewed as an impediment to economic development or as an opportunity to revitalize and re-energize a neighborhood or community. Across the U.S. there are an estimated 500,000 sites with uncertain or risky environmental conditions, in terms of known past uses and current status.

Complications in redeveloping brownfields may arise from the conditions of the sites themselves, from their locations, or from actual contamination (or even from the stigma associated with the possibility of contamination). Most of the difficulties of brownfield redevelopment come from the legal and financial issues affecting the projects. Despite these potential problems, there is great interest in reusing these sites because their location may offer exceptional private profits from successful redevelopment, while also contributing to public economic and community development goals. [For an in-depth review of brownfields, see Practice Guide #1: *Public Strategies for Cost-Effective Community Brownfield Redevelopment*.]

It is not unusual for a developer to shy away from a project that includes both rehabilitation and restoration of historic buildings or structures and brownfield remediation. Reasons for this may be the real or perceived increase in construction costs and contamination cleanup, as well as the additional layers of bureaucracy in dealing with federal, state, and local agencies. However, there are a variety of funding tools which can help offset the costs of an historic preservation and brownfield redevelopment project. These funding tools may be grants, tax incentives, and/or low-interest loans.

Sources for these funds may be federal, state, or local governments, financial institutions, and nonprofit organizations. Some of these are:

- Grants
- Tax Credits
- State and Local Tax Policies
- Low-Interest Loans

An in-depth description of these funding options and their sources is covered later in this guide.

The Economics of Preservation

Preservation is not only reusing an existing structure, it also represents places a value on history and architecture so that future generations may capture and experience a bit of an earlier generation's culture (Throsby, 1995). Valuing the past often has a positive economic impact on a community as well.

As a matter of broader economics, a rehabilitated structure may provide a higher investment return than tearing down and rebuilding. Even though it may cost more initially to restore an old building, rather than to demolish and replace it with newer materials, the end result is the preservation of a certain quality of life and urban identity (Berendt, 2001; Weinberg, 1979; Stipe, 2003).

Studies have indicated that people are drawn to older buildings, which accounts for the popularity of historic neighborhood and downtown districts. In addition, well-preserved and historic-themed vacation destinations are extremely popular. A sound economic development tactic is to pair preservation with heritage tourism-related projects (Berendt, 2001; Fitch 1982). Historic house tours, museums, and heritage gardens attract tourists who in turn spend additional dollars in local business and commercial establishments (Athens-Clarke County Planning Department, 1997).

The city of Athens, Georgia, conducted a study on the economic aspects of historic preservation. Based on a study model provided by the National Trust for Historic Preservation, the city compared real estate assessment figures for residences and businesses located in neighborhood districts throughout the community. Some were designated as national and/or local preservation districts. Other neighborhoods, though similar in size and visual character, had no designation at all. The results of the analysis revealed that there was a positive correlation between significant increases of property values over a 20-year period for a district holding a preservation status when compared to one that was non-designated (Athens-Clarke County Planning Department, 1997).

Preservation also has an environmental aspect which has economic benefits. Consider the tonnage of wastes that come as a result of demolition and the after effects of where the demolition debris is dumped [See Practice Guide #7: *Construction & Demolition Debris Recycling for Environmental Protection and Economic Development*]. Since recycling building materials and energy conservation is increasingly a necessity in today's environment, it stands to reason that the preservation and adaptive re-use of existing buildings may be more cost efficient and conserve more natural resources than recycling (Fitch, 1982).

Historic Preservation in the United States

Historic preservation in the U.S. is more or less a grassroots-based effort. The first major national project occurred in the mid-1800s when a delegation of women banded together to purchase, rehabilitate, and restore Mount Vernon, the home of President George Washington (Weinberg, 1979; Fitch, 1982). Soon after this, preservation became synonymous with the rescue of buildings and structures that were directly linked to a person or event that played an integral part in the history of the U.S. Eventually the emphasis expanded to include those with a cultural or architectural significance (Weinberg, 1979).

The present day focus of preservation efforts on the federal, state, and local levels has gone far beyond the identification and recognition of a historic site or structure. Preservationists are becoming more familiar with planning and development issues such as affordable housing initiatives, preservation of entire neighborhoods, economic development projects, and inner-city and downtown revitalization and growth management policies (Lyon and Brook, 2003).

Types of Historic Preservation Designations

Historic designation officially recognizes that a property has important architectural, historical, and archaeological merits and implies that it had a significant tie to national, state, or local history. Designation can lead to eligibility for additional funds, especially in renovation projects and can increase the value of a property and neighborhood (National Park Service [NPS], 2004). On the federal level, there are two designation distinctions: *National Register of Historic Places* and *National Historic Landmarks*.

The *National Register of Historic Places* lists properties that bear special significance to the country's past. Not only buildings and structures, but districts or neighborhoods, places, and even certain objects are eligible for listing. Each nomination is measured on its own particular merits and must meet a uniform set of standards set forth by the U.S. Department of Interior and the National Park Service. However, there are no restrictions on the use and renovation of the building unless the building owner is using historic tax credits as a means to offset preservation costs.

A nomination process for a listing might include documentation on past use and ownership of a property and its contribution to the local, state or national history. The purpose of the Register is to encourage and support both public and private parties in identifying and protecting the nation's historic and archeological resources (NPS, 2004). Currently there are approximately 78,000 listings in the National Register which includes all National Park System's historic areas (NPS, 2004).

National Historic Landmarks are defined by the National Park Service as properties that "possess exceptional value or quality in illustrating and interpreting the heritage of the United States" (NPS, 2004). Landmarks must be first listed on the National Register, meet the eligibility standards, and go through a nomination process before determining designation. Of all the properties on the National Register, only three percent meet the criteria for Landmark status.

There are tangible economic benefits to formally recognizing and designating a building or district to be historically significant. For instance, once a building is determined to be either a National Historic Landmark, on the National Register, and/or be a contributing factor in a historic district, it becomes eligible for federal and state tax credits, as well as other funding sources.

Indiana offers examples of how placing historic districts on the National Register proved advantageous for two separate communities. Mt. Vernon, Indiana, city officials were persuaded to place their downtown on the National Register in order to be eligible for, and be awarded, a $500,000 grant from the State Community Focus Fund for façade improvements. The city of Huntingburg, in southeastern Indiana, is located within seven miles of I-64, a highly traveled interstate that includes Louisville, Kentucky, and St. Louis, Missouri. In an effort to attract tourists interested in cultural heritage, the city had their downtown district listed on the National Register after discovering this designation allowed them to have an *Historic Downtown* sign posted on the interstate at the city's exit.

State Preservation Offices

Before the National Historic Preservation Act was passed in 1966, the states' role in preservation was relatively low-key. Most state activities centered on historical plaques and markers, museums, publications, and historic properties (Lyon and Brook, 2003). But once the Preservation Act was adopted, the state historic preservation offices became the link between the National Trust and the communities (Lyon and Brook, 2003).

Due to the small amount or lack of federal dollars appropriated for historic preservation projects, states have used creative methods to provide funding for preservation projects, such as bond issues, earmarked gambling revenues, and tax credits. The federal rehabilitation tax credit alone has provided incentive for numerous private preservation projects (Lyon and Brook, 2003).

Since federal preservation dollars are distributed at the state level, the Act requires that each state have an appointed State Historic Preservation Officer (SHPO) and a statewide preservation program (Lyon and Brook, 2003; Weinberg 1979).

The SHPO is appointed by and reports directly to the governor. Since preservation in the U.S. is not centralized, SHPOs enforce federal standards at the state, city/town, and community levels. In addition to administering federal programs and funding, SHPOs are often directly involved with state and local planning, development initiatives such as downtown and neighborhood revitalization efforts, economic development projects, diversity in housing, transportation issues, and suburban and rural growth patterns.

Certified Local Governments

In 1980 amendments were added to the National Historic Preservation Act of 1966 which shifted some of the administrative preservation duties from the federal government to state and local governments. The intent was to decentralize historic preservation and put more control and power into the hands of the state and local officials, commissions, and boards (Cofresi and Radke, 2003). One of the outcomes of this act was the emergence of the *Certified Local Government* (CLG) program.

To obtain CLG status a city or town must meet criteria set forth by the National Park Service. This would include designating and protecting historic properties by means of legislative acts; identifying and listing historic properties, including entire neighborhoods; appointing a historic preservation commission and empowering the citizenry to get involved with the local preservation movement; and working with the SHPO on any local and statewide preservation initiatives.

Benefits of obtaining CLG status are not only the partnership of the local community with the state and federal preservation offices, but also the opportunity to tap into grant money earmarked for community preservation projects. The National Park Service and SHPOs jointly administer a set amount of grant money that is awarded to CLG communities. This funding pool represents about 10 percent of each state's annual Historic Preservation Fund (Fowler, 2003; NPS, 2005).

Local Preservation Efforts

Preservation efforts on the local front have expanded significantly since the 1980 Historic Preservation Act. From 1980 to 2000 the number of cities with preservation commissions has quadrupled from 500 to 2,000 (Cofresi and Radke, 2003). In addition, many local communities benefit from being within a service area of a local or statewide nonprofit preservation group. These groups are eligible to tap into preservation funds set aside by federal, state, and local governments for projects as small as a home or monument or as large as commercial or neighborhood districts or even entire landscapes.

The strength in the local governments' efforts, however, lies in its ability to enact certain codes or ordinances to promote preservation. Often found within the community's zoning ordinance or development plan, these restrictions can be used as development and design tools to oversee new construction with historic districts or neighborhoods, as well as alterations and additions and even demolition of historic structures (Cofresi and Radke, 2003; Weinberg, 1979).

Local governments appoint members of the preservation commissions. Besides representing a cross-section of the community, commissioners are usually experts and professionals within the field of historic preservation. Examples of their backgrounds and occupations are architects, builders, historians, and archeologists. The commission's role is to enforce the local historic preservation ordinances and codes, review applications for sites and structures nominated for historic preservation designation, and ensure that design guidelines for historic properties are followed. Many commissions have subcommittees known as Architectural Review Committees (ARC) that focus on specific neighborhoods or districts. Jurisdiction is limited to only the exterior parts of the building or structure that are publicly seen from the street (Cofresi and Radke, 2003).

Nonprofit Preservation Organizations

The backbone and support for many preservation efforts in the U.S. are the thousands of nonprofit preservation organizations located throughout the country. Second only to private property owners, these nonprofits are directly responsible for a majority of the nation's successful preservation projects (Howard, 2003; King, 2002).

Nonprofit preservation organizations date back as far as the late 1800s and the early 1900s. The Association for the Preservation of Virginia Antiquities and the Preservation of New England Antiquities are examples. However, it wasn't until later in the century, when the historic preservation legislation was passed by Congress, that there was a surge in the number of preservation nonprofit groups (Howard, 2003). These organizations range in size from a dozen neighbors forming a nonprofit group to list a neighborhood to a statewide organization with membership numbering in the thousands (HLFI, 2004).

Local and state nonprofit groups have been successful preservation advocates by pushing and encouraging local governments to sanction and promote historic preservation as a development tool. A study commissioned in the 1990s verified what proponents of historic preservation have said for many decades: "property values [accelerated] in historic residential and commercial districts and the net tax revenues gained from existing neighborhoods" (Howard, 2003).

Preservation nonprofits are also instrumental in garnering funds earmarked for historic preservation projects from state and local sources. In addition, their revenues are funded by membership dues, endowments, and resale of rehabilitated and renovated properties. Public outreach includes educational programs for children and adults alike, consultation services, lobbying federal, state, and local governments on preservation issues, and technical advice on the restoration of historic and older properties (HLFI, 2004).

Local nonprofits often play a major role in the rehabilitation and restoration of structures, ranging from single residential units to manufacturing sites. In January 2004 a raging fire consumed half a city block of historic buildings in down Jeffersonville, Indiana. Following the devastation, Greg Sekula, director of the Southern Regional Office of Historic Landmarks Foundation of Indiana (HLFI), positioned his office as a "command center," and he and his staff became the coordinating entity between city officials and property owners. His organization provided advice and led the effort to direct the outcome of the projects to save and rebuild the once thriving downtown district (G. Sekula, personal communications, January 17, 2005).

Sekula's office, like many other nonprofit preservation organizations, provides technical expertise to developers, such as evaluating the integrity of a building or project, documenting historical data, researching the history of a building and/or site, and responding to questions that pertain to rehabilitation issues such as weatherization and conservation of wood fabrics. As a resource to property owners, they maintain a data base of contractors specializing in historic preservation. In addition, HLFI can help determine if a building is eligible to be listed on the National Register and can assist a developer or property owner in gaining access to tax credits (G. Sekula, personal communications, January 17, 2005).

Funding for Historic Preservation Projects

Funding sources for preservation projects can be found at the federal, state and local levels. By tapping into a grant source, tax incentive policy, or low-interest loan pool, a creative economic development officer or developer might combine several incentives and funding sources to offset purchase, clean-up, and infrastructure and building costs. In addition, a project with a diverse set of partners would also enhance the qualifications and likelihood for receiving these funds.

Grants

Grants administered by the National Park Service can be used for the purchase and restoration of historic structures, as well as for local and state preservation surveys and planning (Fowler, 2003). The two major historic preservation grants funded through the National Park Service are the Historic Preservation Fund and the Save America's Treasures grants.

The Historic Preservation Fund grants are awarded to states, Indian tribes, local governments, and the National Trust. In 2004 the amount awarded to each state averaged more than $500,000, and the non-federal matching dollars supplied by the states averaged $382,000. Each state allocates its own pool of grant money. On average, states use 89 percent to fund historic preservation projects, and the remaining 11 percent is used for administration purposes (National Park Service, 2005).

The Save America's Treasure Grants are earmarked for projects that pertain to historic preservation and/or cultural artifacts. Funding is through the Federal Historic Preservation Fund and the National Endowment for the Arts and requires a dollar-for-dollar non-Federal match (National Park Service, 2005).

In addition to the grants and funds awarded through the National Park Service, the National Trust has specific grant programs for preservation projects. Other federal agencies have funding programs that apply to historic preservation developments as well. The Department of Housing and Urban Development (HUD) distributes monies through Community Development Block Grants (CDBG), loan guarantee programs, grants earmarked for economic development projects, and programs that target financial assistance for affordable housing (both urban and rural), minority learning institutions and distressed communities.

Neighborhood revitalization projects, especially those related to housing, may find funding sources through several federal agencies, including HUD, EPA, and the Economic Development Administration. Historic preservation projects tied in with commercial and business establishments can get assistance from the Economic Development Administration, Small Business Administration, Rural Business-Cooperative Services, and EPA.

HUD grants are also available to historically African-American colleges and universities and Hispanic-serving institutions of higher education to fund projects that address social and quality of life needs in their respective communities. Projects should be related to neighborhood housing needs and economic development and can include the rehabilitation of historic structures.

Transportation funding is also available to the states and municipal governments through the Federal Highway Administration for preservation projects that focus on enhancing either surface or public transportation. These funds, often referred to as TEA grants, can be used to rehabilitate historic transit facilities, for acquisition of easements on historic properties, and for scenic or historic highway programs. In Louisville, Kentucky, a $13 million TEA grant was secured to transform an historic barn that had housed mule-drawn trolleys into the Kentucky Center for African-American Heritage. In the past the city-owned trolley barns were also used to service mechanized trolleys and served as a garage for buses (C. Lanier, personal communications, January 19, 2005).

State preservation offices administer grant dollars received from the Federal Historic Preservation Fund. Each state sets its own criteria for grant distribution. Most states require matching funds as a condition for awarding a grant. Other contributing factors considered in awarding grants are how much impact the project would have on the general public and community and the urgency of the need for the project. In addition to construction and rehabilitation costs, grant monies can be used for feasibility studies, plans, and specifications.

Another grant source is the many historic preservation nonprofit organizations. Even though the dollar amount available tends to be small, when combined with low-interest loans, this is an excellent funding source for matching dollars needed to qualify for federal or state grants and loans. In addition, developers and officials may find that partnering with a local or statewide nonprofit organization on a project would better their chances at qualifying for federal or state dollars.

Low-Interest Loans

Low-interest loan programs may be found in an array of sources, from all levels of government – federal, state, and local –and nonprofit organizations.

The Small Business Administration is a source for business loans that could be used for rehabilitate purposes. However, not all federal loans are administered by the federal government. Monies distributed through federal grants, such as CDBG funds, may be pooled to help finance local projects, such as housing, that would benefit a neighborhood and/or the community-at-large. The Rural Business-Cooperative Service actually lends money to rural electric operatives and telephone companies, which, in turn, re-lend these funds to finance projects in rural areas. These dollars can be used to offset rehabilitation and renovation costs for historic properties that are an integral part of an economic development project.

States have a variety of loan programs for historic preservation projects. Georgia, for instance, has a Downtown Development Revolving Loan Fund available for non-entitlement communities to finance economic development projects in their downtowns.

Non-entitlement communities are more often located in rural areas and do not meet the criteria to receive CDBG entitlement funds.

Tax Credits

One of the most widely used historic preservation funding tools is the *Federal Rehabilitation Tax Credit* (RTC) program. Since passed by Congress in 1976, this piece of legislation has been a successful tool for realizing the economic benefits of preservation. It is estimated that an excess of $33 billion has been invested in more than 32,000 historic properties (National Park Service, 2005). The National Park Service promotes the use of the tax credits, stating: "*Rehabilitation of historic buildings attracts new private investment to the historic core of cities and towns and is crucial to the long-term economic health of many communities. Enhanced property values generated by the Historic Preservation Tax Incentives program result in augmented revenues for local and state government through increased property, business, and income taxes. Historic Preservation Tax Incentives also create moderate and low-income housing in historic buildings"* (National Park Service, 2005).

The RTC is a funding tool created to encourage more developers to consider the social and economic benefits of historic buildings by providing a means to reduce the amount of federal taxes owed on a completed redevelopment project. Even though the maximum tax credit was lowered in 1986 from 25 percent to 20 percent, and restrictions were placed on who could qualify to use the credit, this incentive is still the most popular incentive for historic preservation projects (Howe, 2003).

Designated or certified properties are eligible for the full 20 percent tax credit. Buildings that were built prior to 1936 and do not qualify for listing on the National Register may receive tax credits that are 10 percent of the rehabilitation costs.

The National Park Service and the Internal Revenue Service set the guidelines and criteria for receiving the tax credits. The historic preservation and rehabilitation project must adhere to the standards set forth by the Secretary of the Interior, and the credits are not issued until the project is complete and certified.

An example of a successful rehabilitation project using tax credits is the VanDyke & Bacon Shoe store in downtown Baltimore's historic Westside. The store owners used the 20 percent rehabilitation tax credit to offset nearly 75 percent of the cost of a $14,000 façade treatment for the building's historic storefront (National Trust for Historic Preservation [NTHP], 2005).

As an added incentive, tax credits can be "*sold*" to a third party who in turn can use them to lower their federal income tax liability. This funding tool provides a way to raise capital to help defray rehabilitation construction costs. In Raleigh, N.C., an historic textile mill complex is now the site of a charter school and professional office spaces due in part to the developer's ability to finance nearly 45 percent of the project by selling his tax credit to corporate investors (F. Gailor, personal correspondence, January 18, 2005).

The National Trust, through their website, has developed a step-by-step guide to assist building owners and developers in determining whether a rehabilitation project is eligible for the tax credits and criteria for redemption of the credits (NTHP, 2005). State and local preservation offices and nonprofit preservation groups can also provide useful information and materials.

The proven success of the federal RTC has prompted approximately half of the states to offer similar versions of income tax credits (NTHP, 2005). Individual states have different sets of criteria and tax credit percentages, therefore the building owner or developer should contact the state preservation office for information on project eligibility requirements.

Tax Increment Financing and Tax Abatement

Two other state and local economic development financing programs are *tax increment financing (TIF)* and *tax abatement*. These are often used to attract new businesses and retain existing ones in urban areas targeted for revitalization.

Through TIF a local jurisdiction can initially waive property taxes on a development. Once the development is completed, they can incrementally assess the property taxes over a set period of time until the taxes are at current value, thus providing the developer an incentive for redevelopment. TIFs also give the jurisdiction the ability to purchase bonds to finance site improvements such as infrastructure, sidewalks, public lighting, curbs/gutters, and landscaping on properties that are municipally owned. These improvements enhance the marketability of the properties. Once the properties are developed, the tax increases can be used to satisfy the bonds (Howe, 2003; Koven and Lyons, 2003).

The local economic development entity might offer *tax abatements* as an incentive for a developer or property owner to rehabilitate an historic property. Tax abatements literally freeze property taxes for a set time period and are intended to free the developer and/or property owner from the escalating cost of property taxes as the value of the developed property increases. This legal and binding agreement between the local governing body and the developer or land owner is often used to recruit and retain business and manufacturing (Koven and Lyons, 2003).

<u>Case Studies</u>

The Kentucky Center for African-American Heritage, Louisville, Kentucky

The Kentucky Center for African-American Heritage in Louisville, Kentucky, located at the site of a two-acre historic trolley barn complex at 18th Street and Muhammad Ali Boulevard in the Russell neighborhood, was a dream that became reality due to a collaborative effort between city officials and members of the community. The center consists of four separate buildings which house a museum, training center, auditorium, and commercial space.

The museum features exhibits that focus on the history and lives of African-Americans settling in Louisville and Kentucky from the 18th century to modern times. A local college will facilitate a state-sponsored program whereby students learn construction skills. A gift shop and coffee shop are part of the commercial mix, and the grounds are designed to accommodate events and receptions (Shaefer, 2004).

The $25 million project was funded in part by a $13 million Transportation Enhancement (TEA) grant, $3.5 million from Community Development Block Grant (CDBG) funds, $3 million appropriated from the state, and $4 million in contributions. In addition, the city received a $200,000 EPA Brownsfield Pilot Assessment grant which was used to refute a previous environmental clean-up study that estimated it would take $30 million to remediate the site (D. Minks, personal communication, January 4, 2005). A portion of the funds were used to cleanup the soil with the remainder being allocated for lead abatement and building stabilization (EPA, 2004).

The TEA grant was secured because the trolley barns were linked to the early days of Louisville's public transportation. Records show that the barns were initially used as far back as 1879 to house mule-drawn trolleys. As modes of public transportation modernized, the barns were used to service mechanized trolleys and in subsequent years served as a garage for diesel-fueled buses.

The city's housing authority had reserved a portion of a CDBG grant that was used for a revitalization project for the Russell community, once a healthy and vibrant African-American neighborhood. In addition to answering the housing needs of the neighborhood, these CDBG funds were set aside for a community gathering place that grew and eventually evolved to include a museum and cultural center focusing on the history and accomplishments of African-Americans who considered Louisville and Kentucky their home.

The heritage center will be open to the public in late 2005 with an estimated annual attendance of 150,000 (C. Lanier, personal communication, January 18, 2005). Clest Lanier, the center's director, said that Louisville and Kentucky are getting "a state-of-the-art cultural institution that probably will be second to none in the country." (Shaefer, 2004).

Pilot Mill, Raleigh, North Carolina

Hedgehog Holdings, LLC, developers of Pilot Mill in Raleigh, North Carolina, relied on historic tax credits to finance the preservation of one of the city's three surviving textile mills. By selling the federal and state tax credits to a third party, Hedgehog Holdings successfully raised 45 percent of the capitol needed for the project.

Pilot Mill, historically known as Pilot-Compton Mill, dates back to the late 1890s as a manufacturing site of "grey" or unfinished cotton (Reeb, 1988). The mill is described as having "open plan loft buildings…two-story industrial/commercial structures with 14-foot ceilings" (Reeb, 1988). Pilot Mill continued to operate until the latter half of the twentieth century.

After the mill ceased operations, it was purchased by a developer other than Hedgehog Holdings. The developer abandoned the project when the prospective tenant for the renovated mill pulled out of the business deal. At that time the structures were undergoing demolition; walls on some of the buildings had been removed, leaving inner walls and rooms exposed to the elements. City officials determined that the buildings were unsafe and uninhabitable and issued an order to raze what was left of the buildings. Local preservationists fought to save the mill from demolition and convinced the city to secure the structures until another developer could be found.

The buildings stood neglected and in a state of deterioration for many years before being acquired by Hedgehog Holdings. Contamination on the site was limited to groundwater beneath the surface and soil contamination at the base of the smokestack foundation. Remediation included an agreement to ban the drilling of any water wells on site and to cap and landscape the areas adjacent to the smokestack. Under the leadership of developer Frank Gailor, the mill began to take on a new life. Hedgehog Holdings closed a deal with the Community Affordable Housing Equity Corps or CAHEC, selling the project's historic tax credits to the corporation. In the past CAHEC invested in historic tax credits that included low-income housing tax credits. This was the first time the firm invested in a market rate venture (CAHEC, 2002).

As luck, or good planning, would have it, in 1999 the city garnered a Hope VI grant to rebuild the neighboring public housing project, and the Pilot Mill project was essential to the revitalization of this distressed and declining neighborhood (CAHEC, 2002).

Presently Pilot Mill is the site of the Raleigh Charter High School and market-rate offices, with second-story loft apartments in the final stages of development. Gailor estimates that when the Pilot Mills renovation project is completed, nearly $100 million will have been invested (CAHEC, 2002).

<u>Conclusion</u>

The redevelopment of brownfields can and should be seen as a strategy and/or catalyst to revitalize and rejuvenate a declining or distressed neighborhood, as well as an optimal tool to combat urban sprawl. Often these sites contain one or more buildings that can be reused for commercial and/or residential purposes. Even though a developer or economic development official might be inclined to raze the existing structures and build the development from the ground up, preserving the buildings and restoring them to their former appearance may, in fact, contribute to strengthening the neighborhood and community by placing an emphasis on the history and culture of the place.

Creative developers and economic development officials can take advantage of several funding tools to offset construction and rehabilitation costs for the restoration and reuse of older buildings. Local and state governments might offer tax incentives to lure developers, businesses, and industries to invest in a brownfield/historic preservation project. Developers might consider combining several grant sources with other funding tools such as low-interest loans and tax credits to finance a project. Another successful strategy or tactic would be to assemble partnerships for a project, such as a public/private business venture. In addition to providing more leverage for funding opportunities, the partnership creates a scenario whereby there are more stakeholders behind the project, ensuring a much better chance for success.

References

Athens-Clarke County Planning Department. (1997) "Economic Benefits of Historic Preservation in Georgia. A Case Study: Athens, Georgia" http://www.athensclarkcounty.com/planningdept/hpecon.html (retrieved January 11, 2005)

Berendt, J. (2001) Foreword. *Vanishing Histories: 100 Endangered Sites from the WORLD MONUMENTS WATCH.* (Authors) Colin Emery with Brian Curran. (pp 8-9). New York, NY: Harry N. Abrams, Inc.

Cofresi, L. and Radke, R. (2003). Local Government Programs: Preservation Where It Counts. In Robert E. Stipe (Ed.), *A Richer Heritage: Historic Preservation in the Twenty-First Century* (pp. 117–156). Chapel Hill, NC: The University of North Carolina Press.

Community Affordable Housing Equity Corps [CAHEC]. 2002, Winter. [Newsletter] http://www.cahec.com/news_wint02.html#newsletter3 (retrieved January 21, 2005)

Fitch, M.F. (1982). *Historic Preservation.* New York: McGraw-Hill Book Company.

Fowler, J. M. (2003). The Federal Preservation Program. In Robert E. Stipe (Ed.), *A Richer Heritage: Historic Preservation in the Twenty-First Century* (pp. 35–80). Chapel Hill, NC: The University of North Carolina Press.

Historic Landmarks Foundation of Indiana. (2004). *The Landmarks of Your Life.* [Brochure] Indianapolis, IN: Author.

Howard, J. M. (2003). Nonprofits in the American Preservation Movement. In Robert E. Stipe (Ed.), *A Richer Heritage: Historic Preservation in the Twenty-First Century* (pp. 313–352). Chapel Hill, NC: The University of North Carolina Press.

Howe, K. W. (2003). Private Sector Involvement in Historic Preservation. In Robert E. Stipe (Ed.), *A Richer Heritage: Historic Preservation in the Twenty-First Century* (pp. 279–312). Chapel Hill, NC: The University of North Carolina Press.

Kaiser, S-E. (1998, January). Commentary: Brownfield National Partnership. *Public Works Management and Policy* 3(2), 196-201.

King, T. F. (2002). *Thinking About Cultural Resource Management.* Walnut Creek, CA: AltaMira Press, A Division of Rowman & Littlefield Publishers, Inc.

Koven, S. G. and Lyons, T. S. (2003). *Economic Development: Strategies for State and Local Practice.* Washington, DC: International City/County Management Association (ICMA).

Lyon, E. A. and Brook, D. L. S. (2003). The States: The Backbone of Preservation. In Robert E. Stipe (Ed.), A Richer Heritage: Historic Preservation in the Twenty-First Century (pp. 81–116). Chapel Hill, NC: The University of North Carolina Press.

National Park Service. http://www.cr.nps.gov/ (retrieved December 14, 2004)

National Trust for Historic Places. http://www.nationaltrust.org/ (retrieved January 19, 2005)

Office of Archaeology and Historic Preservation, Colorado Historic Society. (2001). *Colorado Preservation 2005: Summary of the Statewide Historic Preservation Plan.* Denver, CO: Authors

Reeb, M. L. (1988). United States Department of Interior, National Park Service, National Register of Historic Places Registration Form, NPS Form 10-900. Received electronically from D. Becker, Raleigh (NC) Historic Districts Commission, January 18, 2005.

Shaefer, S. S. (2004). Heritage center takes shape. *The Courier-Journal.* Retrieved February 3, 2005, from http://infoweb.newsbank.com/iw-search/we/InfoWeb?p_action=doc&p_docid=103C05664761DDE9&p_docnum=1&p_queryname=2&p_product=NewsBank&p_theme=aggregated4&p_nbid=D46G45DCMTEwNzQ1ODc0NC4yNTg3NDc6MTo3OjEzNi4xNjU.

Stipe, R. (2003). Prologue. In Robert E. Stipe (Ed.), *A Richer Heritage: Historic Preservation in the Twenty-First Century* (pp. xiii–xv). Chapel Hill, NC: The University of North Carolina Press.

Stipe, R. (2003). Where Do We Go From Here? In Robert E. Stipe (Ed.), *A Richer Heritage: Historic Preservation in the Twenty-First Century* (pp. 451–493). Chapel Hill, NC: The University of North Carolina Press.

Throsby, D. (1995). Seven Questions in the Economics of Cultural Heritage. In Michael Hutter and Ilde Rizzo (Eds.), *Economic Perspectives of Cultural Heritage.* (pp 13–30) New York, NY: St. Martin's Press, Inc.

United States Environmental Protection Agency (EPA). (March 2004). Historic Trolley Barn Site Will House the Kentucky Center for African American Heritage. In *Brownfields Success Story.* [Newsletter] Retrieved January 19, 2005 from www.epa.gov/brownfields/success/louisvlle.pdf.

Weinberg, N. (1979). *Preservation in American Towns and Cities.* Boulder, CO: Westview Press, Inc.