

Site search

Search

Kahr Notes

Vol. 3, No. 2 * January 31, 2005 * Issue #9

"Kahr Notes" is an electronic newsletter from Kahr Real Estate Services LLC that carries interviews, news, and original research.

If you know of someone who would enjoy receiving this newsletter, please pass it along.

To subscribe to "Kahr Notes", go to <http://www.kahrrealestate.com/press.shtml>.

In "Kahr Notes" this month:

1. Opening Shot
2. The next class Argus class starts on 3/22... Boston coming soon!
3. Interview with Julian Adams, former head of the Technical Services Unit of the New York State Historic Preservation Office

1. Opening Shot

Welcome to another issue of Kahr Notes.

As mentioned in the last issue, one of my interviews was carried in a print magazine, the Stamford Review. I mentioned this interview in the last Opening Shot, but I don't know how many people saw the reference and downloaded it. So, to make everyone's life a little easier (and to make sure that you get the chance to read a good interview), I've reprinted it in my newsletter.

It can also be downloaded in a much nicer format at:

<http://www.stamfordreview.com/downloads-current.php>

If you didn't get a chance to check out the Stamford Review, please do. It's a great magazine about real estate.

Regards,

Joshua Kahr Editor/Publisher, Kahr Notes

2. The next class Argus class starts on 3/22... Boston coming soon!

The Argus training class that I teach remains a perennial favorite. Both the January and February classes sold out. If you have no experience with Argus, or if you would like to know it a whole lot better, you should take my course.

The price is reasonable (\$550 for four evenings - 12 hours of class time) and will save you months of aggravation trying to figure the darn thing out. I've capped the class at no more than 12 students so that everyone receives a quality experience.

All attendees also receive a free copy of the training manual that I have developed; it's over 100 pages and includes advice on how many of the complex features work, and includes screenshots to guide you. This manual is the result of teaching Argus at three universities over the last 4 years.

My next class starts on 3/22. I know that's 7 weeks away, but it sells out every time I offer it. I'm telling you about it now because I want to give my subscribers a chance to take it. You can read more about the course, and sign up at:

<http://www.kahrrealestate.com/argustraining.shtml>

If you have any questions about the class, please e-mail me at josh@kahrrealestate.com or call me at (646) 286-0128.

I'm also organizing an Argus training class in Boston. It'll run for two full days at the end of March. If you're interested in that class, let me know and I'll put you on a list for it. When the class is open for enrollment, information will also be posted on my web site.

3. Interview with Julian Adams, former head of the Technical Services Unit of the New York State Historic Preservation Office

Julian Adams is a preservation consultant in St. Louis and the former head of the Technical Services Unit of the New York State Historic Preservation Office. In this interview, he discusses historic preservation and the historic preservation tax credit.

This article appeared in the Winter 2005 issue of the Stamford Review. It can be downloaded in a much nicer format at:

<http://www.stamfordreview.com/downloads-current.php>

JK: Tell me about your professional experience in historic preservation.

JA: I worked for the [New York] State Historic Preservation Office from 1988 until June of 2004 in the Technical Services Unit. I worked there for 16 years and took one year off for a sabbatical when I worked for a not-for-profit.

Every state has a "shippo," or SHPO, that was established by the National Historic Preservation Act of 1966. This act established among other things the National Register of Historic Places. It also established what is known as section 106 which requires federal agencies to take into consideration the effect of their actions on historic properties. In essence a wholesale interstate or urban renewal project such as happened before the Act can't proceed anymore without review of a project's "effect" on historic resources.

The SHPO acts in concert with the federal government for preservation activities. It was undetermined at that time what this would mean and what mechanisms, rules, and

requirements would exist. The SHPO was established as the place to put all of the state-level required activities.

JK: What was your role at the SHPO?

JA: I started in the technical services unit as staff and moved up. The technical services unit was differentiated from the rest of the agency in that there are other units that determine whether or not a resource (building, site, bridge, etc.) is historic. If something was being done to an historic resource, then it came to our unit. If someone asked me what I did for a living, I usually said that I fought with architects.

JK: So essentially your role was one of compliance?

JA: We interpreted the rehabilitation standards for submitted projects. We looked at what they were doing and what they should be doing so they could come closer to what they should be doing.

People often misuse the word restoration. People will say, "I restored my house. I restored my building." The Park Service sets the standards for what restoration and rehabilitation means. Restoration means that you are taking the building back to a point in time to better interpret the history. For example, Abraham Lincoln's home was restored back to show what it was like when he lived there.

If you're doing what 99 percent of America does, you're rehabbing. You're taking what the building is and you're trying to make it usable for 2004. You've got fire codes and building codes to meet, and more than likely you're changing the use which means you're doing something to the floor plan and the exterior.

In order for this rehabilitation to have some sense of continuity, under the federal regulations, you have to do it in such a way that you don't rip all the guts out. You look to determine the essential characteristics, and how they can be retained. You can have quite a bit of change in the building, but it needs to happen away from the character defining features of that resource.

On the inside, every building has a character defining feature. For example, the hotel that we are in right now [Mayfair Hotel, St. Louis, Missouri] has a small-scale, grand finished lobby, with elevators, and a front desk. These are character-defining features that you would find in a historic hotel that you would not find in a Holiday Inn. But, once you get on the other side of the wall and into the rooms, you have a lot [more flexibility in what you can do].

Even private homes have small "p" public spaces. If you walk into a private rowhouse, there is typically a staircase, a parlor, and the like. If you were to drop someone in the house blindfolded and he couldn't see the exterior, he would still know it was a rowhouse.

The easy ones are those buildings that have had a hard life, and there is nothing left on the interior, or the exterior has had alterations. You are not required to restore things that no longer exist; but in reality you are encouraged to restore, and a lot of rehabilitation has restorative elements.

Buildings also change over their lifetime. You have to look at the building and figure out if any of the changes could be considered historic.

JK: In New York City, the Landmarks Preservation Commission says that a building must be at least 30 years old to be considered for designation as a landmark. That always seemed strange to me, because 30 years is such a short period of time. What determines, in addition to age, if a building is worth saving?

JA: In order to be listed in the National Register, a building must be at least 50 years old. Then, one looks at factors like was it the work of a master architect, is it the last surviving work of its type, is it the last surviving work of an architect, or was it associated with an important trend, use, or person? New York City probably uses 30 years instead of 50 because change is so rapid in New York.

There is also flexibility in the National Register for a building of exceptional significance. For example, the Saarinen-designed terminal at JFK airport was built in 1961 but it is considered to be of exceptional significance. There are a few buildings in New York that are under 50 years old that are of such significance that they could be or already are listed. These tend to be buildings that are of architects of international renown-after their death you can go back and see their legacy. The 50-year number was put in the law so that people wouldn't go ga-ga over something that was trendy. You want to be able to stand back one generation away so that people who didn't know the architect personally are pushing for the listing.

JK: OK. Let's talk about the tax credit program directly.

JA: The tax credit program started in 1976 and then was altered in 1980 and 1986 reform. The 1986 changes are what we're living under now.

There are actually two levels of credits but the one that most people usually talk about is the 20 percent rehab credit. Briefly put, 20 percent of the cost of your rehabilitation can be taken as a tax credit. The rehabilitation must be greater than \$5,000 or the adjusted basis of the building [The adjusted basis of the building is the purchase price less the value of the land and depreciation, and after adjustments for any improvements to the building]. The term that the IRS uses for that dollar amount is substantial rehabilitation.

There are three gatekeepers for the program. Number one is, is it on the National Register? Number two, is it income producing? You can't get the credit for your personal residence. Number three, are you doing a substantial rehabilitation?

There is also a 10 percent rehab credit if the building was built before 1936, is not officially "historic" and is non-residential. People don't usually bother with the 10 percent rehab credit.

JK: Some people complain that historic preservation is only about saving buildings and would be better spent on social programs. What do you think?

JA: It's a reality that a lot of projects that will do a lot of good, common good, would not be done without the financial edge of the credit or other funding sources.

There's an old saw about preservation being a rich man's game. The stock in trade of historic preservation is community development, main street revitalization, and affordable housing.

JK: How long does it take to go through the tax credit process?

JA: I always tell people that it is up to them to a large extent. The credit has three parts, aptly named part 1, 2, and 3.

Part 1 basically asks "are you listed" or if you're not, "are you historic, not listed yet, but meeting the criteria"? People tend to think that everything historic is already listed. There is always a rolling 50-year window so every year, there is another crop coming in.

If you get an okay on part 1, we move to part 2. Part 2 is the description of the rehabilitation. What this means is what do you have now in terms of the building, and what are you going to do?

This is a federal program that is administered by the state. It is up to the SHPO to get the paperwork in order and the proposed work in line to meet the standards [and be approved by the Federal government]. If you have a project that's not going to meet the standards, I'm going to tell you what you need to do so that you can.

JK: How many projects do you think you're worked on?

JA: Our office saw 7,000 projects a year, and our technical services unit would see 20 to 25 percent of those. I personally did at least 2,000 projects over 16 years and I might be on the low end. This includes everything including section 106.

JK: I know you mentioned section 106 before.. Could you elaborate a bit more on it?

JA: That's where you're receiving federal funds such as HUD [Housing and Urban Development] money or a Corps [Army Corps of Engineers] permit. You have to go through the SHPO to see how it will affect historic structures and work around it.

There are times when buildings have to die for the greater good. Buildings are born, they live, and they die. I just don't want to see them murdered in their sleep.

Back to the Credit timetables: Ideally, you have 30 days for each part. Thirty days for part 1, 30 days for part 2, and 30 days for part 3. if everything came in perfect, it's 90 days.

The part 2 approval is essentially a work permit. It says if you do your rehabilitation in a particular way, you will get your approval.

Part 3 is officially titled the "Request for Certification of Completed Work." I always called Part 3 "what I did last summer." If the photographs of the completed work match what you said what you're going to do then you are fine.

JK: Do you think that sometimes private sector developers don't go for the credit because of time concerns? Perhaps they just want to build the project, make their money, and get out?

JA: A lot of people are very leery about what we're going to make them do. People have that option. I always tell people that it's very telling that I've worked successfully with organizations like the Trump Corporation, and they do market rate work.

Irregardless, some developers become very scared when we tell them that there are requirements. I tell them, whatever you are doing, you already just can't do anything you want. You have to follow the building codes already. Just think of this as another step.

The challenge is getting to the owner and the designer before they have their heart set on a design. If they walk in the door with plans that I have to alter, it hurts. That's why I always encourage site visits-because if I can get out there, walk through the building, understand the existing conditions, and understand what they're thinking about and then be part of the design team upfront, they can already start factoring that into what the architects are doing when they put their pen to paper.

JK: That also makes financial sense for them. That way the developer doesn't pay architects for work that won't go anywhere.

JA: I always tell people, come to us, we're not ogres. One thing we're encouraged to do is to interact and reach out. But you still run into people who come in at the last minute with their designs done and they're half way through the project and all they want to do is fight about it.

JK: Any particular projects that you're particularly proud of?

JA: One of the last things I signed off of on before I left was the "Little Woolworth" building next to Ground Zero. Cass Gilbert designed it and based on that he got the Woolworth commission.

It is a block-sized gothic revival structure. It was undergoing an exterior restoration when the Trade Towers fell, and the debris ripped at the building like claws. It burned and people died in it.

It was the one building that was studied after everything calmed down. Whereas 7 World Trade Center caught fire and collapsed, and it was built in the 1970's, this building built in about 1910, burned, was gutted entirely, but it's perfectly salvageable. What have we lost? What have we forgotten here? It was clay tiled steel. It doesn't burn. It's a different form of insulation.

That's one of those projects that I was glad to be involved in. It will be an incredible building, and an incredible rebirth for that corner. It now is not only an important commercial gothic revival building by Cass Gilbert; it now has another layer of history.

JK: Let's talk about historic preservation from another angle. If you look at the front of the Metropolitan Museum of Art in New York, there are these large blocks of stone on top where statues should have been. I believe that they ran out of money when they were originally building the museum, and so they never finished the work. So on one hand, I understand that the building is now landmarked and the unfinished work is part of what makes it a landmark, but on the other hand, I feel they should just finish the darn building - they clearly now have the money, and they also have the original plans.

JA: If I were still sitting at my desk at Albany and you wanted my state official position, the federal standards say that you should not complete or finish plans that were never executed. So if you have a building where the cornice was never completed, don't go back to the 1905 plans. But if you were to say that you wanted a cornice, and it was appropriate to put on a cornice, it should not look like it's from 1905 but it also shouldn't like something that George Jetson put on there.

When I look at those blocks on top of the Met, I ask, what can we make out of those blocks that is in the spirit of the original designer but also reflects that fact that the new statues would be carved in 2004?

JK: Any closing comments?

JA: Preservation is not about freezing anything in time. There's a great quote by the former Tulane School of Architecture dean who said that the basic point of preservation is not to freeze time, but to mediate sensitively with the forces of change.

Buildings can not be stuck in amber. Buildings can not survive unless they are organic beings. They move and change with us because we use them. They have to change in order to accommodate people as time and technology changes.

It's about looking at a building, a landscape, a building site, or a neighborhood and asking what are values that are inherent in this building, neighborhood, or structure right now that we want to bring forward into the future without wrecking it.

JK: Julian, thanks for your time.

JA: Thank you.

