



## Preservation in Philadelphia

### Introduction

The City of Philadelphia's Historical Commission was established in 1955 and the current preservation ordinance became effective in 1985. While that ordinance has served the City well, the ordinance, its Rules and Regulations, and its impact on the inventory of historic structures, merit review. Most recently citizens have raised concerns about:

- proposed demolitions of iconic Philadelphia buildings
- the slow pace of adding historic districts and properties to the Philadelphia Register of Historic Places
- policies and practices that regulate historic properties and our archeological history
- capacity of residents and institutions to maintain buildings
- awareness of the value and cost of preservation and its impact on neighborhood identity and growth

Reevaluating policies, operations, and laws established more than thirty years ago is particularly important now when Philadelphia's sustained population and business growth is anticipated to continue to encourage new investment. Investment in a growing city can create competition between the demand for new structures and the desire to preserve the existing building stock and built environment.

Recognizing both the urgency to respond and opportunity to design for better function, Mayor Kenney invited 33 members to serve on a Historic Preservation Task Force. The Task Force is charged with making recommendations that balance adding new buildings to our built environment and preserving our rich inventory of historically and architecturally significant buildings. With technical assistance from the National Trust for Historic Preservation (National Trust) and a grant from the William Penn Foundation to document their work, the Task Force is working with staff at the Department of Planning and Development to review the current state of preservation.

The Task Force will produce two additional reports: the second will summarize the primary preservation concerns facing Philadelphia with associated best practices to address those concerns. The final report of recommendations will include required resources, anticipated outcomes, and a timeline for accomplishing the proposed strategies.

### Historic Preservation Task Force

The Task Force members include preservationists, advocates, architects, developers, community members, educators, and city staff and officials. Under a mandate from Mayor Kenney, the Task Force is understanding the current problems, reviewing possible solutions based on best practices, and proposing recommendations to balance the goals of historic preservation. The Task Force will present its final recommendations to the Mayor and City Council in December 2018.

To achieve these goals, the Task Force formed subcommittees around four key areas:

- *Regulations*: identify policy and legal reforms to strengthen the city’s historic preservation ordinance and other city practices
- *Survey*: create a citywide process for identifying, evaluating, and designating and/or protecting historic assets
- *Incentives*: identify incentives for individual property owners and developers to preserve historic resources
- *Outreach and Education*: provide ways for residents, building industry professionals, city staff, and others to convey the value of historic preservation as well as the City’s preservation laws and processes

The Task Force and the subcommittees convened and met during the summer and fall of 2017. The Task Force created a website ([www.phlpreservation.org](http://www.phlpreservation.org)) to record the progress of the work, to educate the public about preservation, and to highlight preservation projects in the City. The website notes the dates for the Task Force public meetings, including the four working meetings scheduled in different sections of the city. On October 3, 2017, the Task Force hosted a public listening session at the Independence Visitor Center. At that meeting, over 180 people from across the city discussed how preservation is integral to the city’s future development agenda. At the “on the road” Task Force meetings, in the Northwest and West section of Philadelphia, members of the public met with Task Force members. Attendees shared their concerns, discussed the work of each subcommittee, and offered suggestions on how to improve the City’s preservation policies.

## **Vision Statement**

Task Force members developed a Vision Statement to guide its work and that of the subcommittees:

*Philadelphia in 2035 is an internationally recognized leader in historic preservation practices, celebrating the unique identity of the city’s historic buildings, blocks and neighborhoods through continued stewardship, innovative development, restoration and reuse.*

*Philadelphians are active protectors of their neighborhood history and cultural identity. In a groundbreaking partnership, the city government, civic leaders, planners, and preservation professionals identify and protect historic resources so that they may best be leveraged as assets by businesses, developers and residents, preserving both heritage and sense of place for current and future generations.*

*The city uses a comprehensive set of tools that include incentives, protections, education and planning to preserve historic places in active use and contribute to the extraordinary layering of history that makes Philadelphia unique.*

## **Current State of Historic Preservation in Philadelphia**

Philadelphia is the largest city in the Commonwealth of Pennsylvania and the sixth largest city in the country with a population of 1.56 million people (2016) spread across 142 square miles. Founded in 1682, Philadelphia is home to a broad array of architectural, industrial, archeological, and cultural resources that tell the city’s and its residents’ diverse history. The preservation of the city’s rich heritage

both contributes to Philadelphia's strength and vitality, and challenges our ability to maintain and adapt the building stock to meet current business and resident needs.

In recent years, Philadelphia has seen the first population increases since 1950 along with renewed investment in the city. The dramatic increase in real estate investment in some neighborhoods increases potential for the preservation, change, or even loss of historic resources. Real estate investment, however, is unevenly distributed across the city. Many neighborhoods are facing property deterioration due to prolonged vacancy and disinvestment, threatening the future of historic buildings and sites.

Historic preservation can be a useful tool to help manage neighborhood change, promote city growth, create jobs, and improve home values while balancing the rights of property owners. Furthermore, preservation offers the opportunity to promote equity throughout the city by celebrating and safeguarding the irreplaceable places that are critically important to multiple constituents. Recently, Philadelphia joined the Organization of World Heritage Cities and seeks to utilize this membership to promote the City's rich historic fabric. And in 2017, the National Trust for Historic Preservation (National Trust) declared the Historic Neighborhoods of Philadelphia a National Treasure in recognition of their unique, important, and extensive historic legacies. With renewed attention on all aspects of the city's history, the city and partners are seeking to instill local pride and leverage preservation to increase tourism and investment across the city.

### **Preservation Regulations**

There are many regulations and policies that influence the effectiveness of preservation as a tool in Philadelphia. Philadelphia Building Code, Zoning Code, city tax policies, and enforcement all contribute to preservation of the city's resources.

The regulations most directly addressing preservation are found in the city's Historic Preservation Ordinance (the Ordinance), which is a part of the Philadelphia Zoning Code, as administered by the PHC.

Federal, state, and local regulations pertaining to historic preservation guide the PHC's work. Some laws regulate alterations, demolitions, or other changes to historic properties, while other laws that value historic resources seek to provide a process for balancing preservation concerns with other governmental objectives. Local historic preservation ordinances do not prohibit change or demolition altogether, but rather establish a mechanism for the PHC to manage changes to historic and cultural assets. Below is an overview of the roles of the regulatory agencies:

#### *Federal Regulations*

The National Register of Historic Places (National Register) and National Historic Landmark (NHL) program are managed by the National Park Service (NPS). The National Register recognizes resources that have local, state, or national significance. While being listed in the National Register is an honor, it also enables owners of income-producing properties to apply for Historic Preservation Tax Credits, and can be the basis for listing at the state and local levels. In most cases, listing in the National Register does not prevent alterations or even demolition of the property and requires owner consent to be listed. However, Section 106 of the National Historic Preservation Act requires the Federal government to consider effects on historic resources when federal dollars, permits, licenses, or other approvals may impact historic resources.

Throughout the US, there are approximately 2,500 National Historic Landmarks. National Historic Landmarks represent a higher level of national significance and are also now listed in the National Register. Locally, 67 sites and buildings have been declared National Historic Landmarks, including the Academy of Music, Boathouse Row, Elfreth's Alley Historic District, and the Colonial Germantown Historic District.

### *State Regulations*

The Pennsylvania Historical and Museum Commission (PHMC) serves as the Commonwealth of Pennsylvania's history agency authorized "to initiate, encourage, support, coordinate, and carry out historic preservation efforts in Pennsylvania" under the Pennsylvania History Code. The State History Code also regulates review of projects for historic impact where the State is involved. The State Historic Preservation Office (SHPO), a branch of PHMC, administers state and federal historic preservation activities, facilitates nominations for National Register listings, performs the required federal reviews, manages the Certified Local Government (CLG) program, and other federal preservation activities in Pennsylvania. Philadelphia participates in the CLG program, a National Park Service program administered by SHPOs, which "gives municipalities the option of strengthening local historic preservation activities through exclusive funding incentives and enhanced technical assistance."<sup>1</sup> In addition, the Commonwealth of Pennsylvania has a rehabilitation tax credit program. [See the Incentives section for additional details.]

### *Local Regulations*

In 1955, the City Council created the PHC, requiring the PHC to keep a list of designated resources, known as the Philadelphia Register of Historic Places (Register). The PHC's mission includes: preparing and maintaining the Philadelphia Register; reviewing building permit applications for locally designated buildings and sites; increasing public awareness of the value of preservation; and promoting preservation to the mayor and City Council.

In 1984, City Council revised the PHC code and expanded the designation powers to include buildings, structures, sites, objects, and districts. The new ordinance also gave the PHC the ability to deny demolitions of properties listed on the Register, rather than just delaying them. The code also required PHC to create Rules and Regulations, which may be updated periodically. City Council added the power to designate public interiors to the code in 2009.

The 1984 code defines the PHC composition. PHC has 13 members – six appointed by the mayor, who must have specific backgrounds and experience, such as an architectural historian, architect, developer and community representative, and seven ex-officio members from various city offices, such as the Department of Licenses and Inspections, Philadelphia City Planning Commission (PCPC) and the Department of Public Property. The PHC also has a full-time staff of professional planners with expertise in historic preservation.

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<sup>1</sup> <http://www.phmc.pa.gov/Preservation/Community-Preservation/Pages/Certified-Local-Government.aspx>

## *Designation and Regulation Processes*

The Historic Preservation Code outlines the criteria for designation to the Philadelphia Register. Below is an overview of the criteria, designation, and regulatory processes once a property is on the Registry.

A property can be designated if it meets one of the criteria below:

- Related to a historical event, person, or development
- Examples of architectural or archaeological significance
- Works of an important designer
- Exemplifies innovation
- Forms a familiar visual feature
- Example of Philadelphia or national heritage

The process for designation includes the following steps:

- A nomination is submitted by PHC staff or by a member of the public (PHC Staff may assist) to the PHC
- PHC staff reviews the application to determine if it is “complete and correct”
- PHC staff issues a notice of consideration of designation to property owners
- The Committee on Historic Designation holds a public meeting to consider the nomination and make a recommendation to the PHC
- PHC holds a public meeting to consider the nomination, including input from the nominator, property owner, and public testimony
- PHC votes on the nomination
- Designations may be appealed to the Court of Common Pleas (although this is not specifically outlined in the ordinance)
- Designated properties are added to the Register

Once designated, modifications are considered through the building permit application process.

Following the following process:

- Property owner applies for a building permit application to L&I (designated buildings require review of all exterior alterations that may not have otherwise required a permit, this notice is included in the property owner notification during the designation process)
- The L&I reviewer will refer the applicant to the PHC
- Interior-only work is approved by PHC staff over-the-counter, unless the interior itself is designated.
- Exterior work that is visible from a public right-of-way must comply with the standards adopted by the PHC (Currently, this is guided by the Secretary of the Interior’s Standards for the Treatment of Historic Properties.)
- Some work may be approved by PHC staff, other projects may require Committee or full PHC review
- A PHC approval or denial can be appealed
- Appeal cases are heard by the Board of License and Inspection Review (LIRB)

For properties on the Philadelphia Register, the PHC may only approve demolition applications in two instances: infeasibility of reuse (financial hardship), meaning that the resource “cannot be used for any purpose for which it may reasonably be adapted” or if the demolition is “necessary in the public interest.” The PHC does not have the ability to approve or deny new construction projects on lots that

were vacant at the time a historic district was formed. Instead, the PHC only reviews and comments on the proposed new structure(s) and must do so within 45 days. Issuance of those comments concludes PHC'S review. These projects need only meet relevant zoning and building codes.

There are several other sections of the Philadelphia Zoning Code that affect preservation in the city. PCPC reviews façade changes on Chestnut and Walnut Streets, South Broad Street, and East Market Street to determine if the proposed changes are in harmony with Center City's historic commercial area and pedestrian-oriented environment. The Art Commission also reviews projects along the Benjamin Franklin Parkway Area and the Independence Mall Area to ensure that proposed buildings and changes are consistent with the character of these zones. The Zoning Code also allows for overlay districts (Neighborhood Conservation Overlays) where alterations and new construction projects can be regulated to preserve the character of places. Lastly, the Zoning Code established a Civic Design Review Process to review the impact of large scale projects on the public realm. The Civic Design Review process includes up to two meetings with a panel of design professionals and community members and, as opposed to other PCPC and Art Commission reviews, is advisory only and non-binding.

L&I is responsible for enforcing the zoning and building codes, including the Historic Preservation Code. When it is determined that a property owner has violated the ordinance, L&I issues a violation notice upon PHC's request. The violation identifies the infraction, informs the property owner of their appeal rights, and identifies a time limit for correction. If not corrected, the violation is referred to court for enforcement, where a judge may order the correction and/or issue a fine. In serious cases, including demolition by neglect, the city, on behalf of the PHC, may petition the court to order a property owner to repair and maintain a property.

### **Benefits of Historic Preservation**

Historic resources contribute to a sense of place and create pride in a neighborhood. Reuse of a building provides environmental benefits as compared to new construction. Historic resources also offer intergenerational connections that can reach back decades or even centuries. Today one can stand in many places where Benjamin Franklin once stood, worship on the same site as Richard Allen, live on the country's oldest residential street, or watch a game in college basketball's most historic gym.

The preservation and rehabilitation of historic properties are strong drivers of Philadelphia's economy. Since the beginning of the Federal Historic Preservation Tax Credit program in the late 1970s, \$785 million in tax credits have incentivized \$3.9 billion in investment in rehabilitation of historic buildings.<sup>2</sup> Heritage tourism is a major sector in the city's economy. In 2016, over 42 million visitors came to the Philadelphia region, with over 3.2 million center city hotel room nights. This growing industry accounted for \$6.8 billion in direct spending and an \$11 billion total economic impact on the region.<sup>3</sup>

In 2008, the Preservation Alliance for Greater Philadelphia evaluated the local economic benefit of historic preservation. Their consultant, Econsult determined that "historic preservation has had a significant impact on the local economy, in the form of expenditures, employment, and earnings." The report noted that in the years between 1999 and 2007, Federal Historic Tax Credit projects in Philadelphia totaled \$244 million in investment, accounting for 1,046 jobs, \$40 million in total earnings

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<sup>2</sup> Information as of September 2017, provided by Cory Kegerise, Community Preservation Coordinator - Eastern Region Pennsylvania Historical and Museum Commission, State Historic Preservation Office

<sup>3</sup> *Revolutionary Marketing for a Revolutionary Region*, 2017 Annual Report of Visit Philadelphia.

and \$2.44 million in local tax revenues (including income, sales and business taxes). The report also noted additional economic benefits to the city, including heritage tourism, use of historic properties by the film industry, and the positive effect on property values.<sup>4</sup>

Not every neighborhood shares in these economic benefits. Philadelphia's poverty rate is the highest of the nation's 10 largest cities. Approximately 26 percent of Philadelphians live below the poverty line, which is \$19,337 in annual income for an adult living with two children.<sup>5</sup> With over 75 percent of the city's houses more than 50 years old, many residents live in aging housing stock with deferred maintenance issues, and/or in neighborhoods with adjoining vacant buildings or lots, both issues making maintenance and preservation costly and challenging.

## **Preservation Planning**

While the PHC is the primary city agency responsible for preservation in Philadelphia, the PCPC is mandated by Philadelphia Home Rule Charter (Charter) to create and maintain a comprehensive plan for the city. In 2011, the PCPC adopted a new comprehensive plan, *Philadelphia2035: A Citywide Vision*, that set a roadmap for development in Philadelphia by 2035. This plan addresses many topics that affect development, including housing, economic development, land management, transportation, parks and open space, public realm, and preservation. The plan acknowledges that there are many vacant and abandoned structures throughout the city. It stresses that the priority should be to stabilize and reuse this building stock where feasible. It also acknowledges that additions and new structures should be compatible to respect the historic integrity, allowing the accommodation of accessible design and modern amenities in historic districts.

An entire section of the *Citywide Vision* is dedicated to historic preservation planning. Recommendations include having a citywide survey of potential historic sites to better convey the many histories throughout the city; investing in neighborhoods, especially commercial corridors and anchor buildings, such as libraries, churches and schools; creating regulations for the preservation of archaeological resources; rehabilitating industrial buildings and infrastructure, and acknowledging cultural assets where possible.

As part of *Philadelphia2035*, the PCPC divided the city into 18 districts and is in the process of creating 10-year, more targeted plans for each district. Each of these district plans includes a section on historic preservation recommending properties to be added to the Register and suggesting areas for remapping that support preservation.<sup>6</sup>

Lastly, as a major landowner, the City of Philadelphia also plays a role in preservation throughout Philadelphia. The School District of Philadelphia, and the city's Departments of Public Property, Parks and Recreation, Police, Fire, and Streets all oversee historic properties – both officially recognized and potentially designated. The City does not have any official guidelines for dealing with these land holdings, though if work is done on a property that is on the Register, the city agency applies to the PHC for review, as with any other property owner.

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<sup>4</sup> Econsult Corporation, *The Economic Impact of Historic Preservation in Philadelphia*, October 24, 2008,

<sup>5</sup> Howell, Octavia and Susan Warner, *Philadelphia's Poor: Who they are, where they live and how that has changed*, The Pew Charitable Trusts, November 2017.

<sup>6</sup> *Philadelphia2035* can be found on the PCPC's special website, [www.phila2035.org](http://www.phila2035.org)

## **Preservation and Sustainability**

Historic preservation and sustainability are natural partners. Preservation and reuse of historic buildings reduces resource and material consumption, puts less waste in landfills, and consumes less energy than demolishing buildings and constructing new ones.

Construction and demolition waste generates significant demand on municipal landfills, according to the EPA, more than double that of solid waste. The EPA also reports that demolition represents 90 percent of that waste, compared to 10 percent that is new construction's building debris sent to landfills.<sup>7</sup>

As part of Greenworks, Philadelphia's comprehensive sustainability plan, the City is committed to a more aggressive goal of reducing local greenhouse gas emissions 80% by 2050. The single biggest opportunity for meeting this 80 by 50 goal is to make deep energy efficiency upgrades in our existing building stock, which currently account for 60% of the city's greenhouses gas emissions. Retrofit projects that prioritize deep energy retrofits will better position the city to meet future climate mitigation and adaptation goals. The NPS provides guidance on incorporating energy efficiency into historic preservation through its preservation briefs.

In addition to reducing building energy consumption, we must also increase efforts to make our built environment more climate resilient. The best available climate information suggests that weather in Philadelphia will become warmer and wetter during all seasons in the years and decades ahead. The challenge posed by climate change to our older building stock is particularly significant. Many of these buildings were designed to withstand past climate conditions, not those that scientists expect will occur in the future. In addition, historic properties located in or near floodplains risk significant damage or loss due to sea level rise. Over time, prolonged extreme temperatures and changing precipitation patterns may lead to safety hazards, building deterioration, and higher maintenance costs. At the same time, conflicts may exist between green building strategies and preservation standards. The City does not presently have regulations that address how to integrate energy efficiency into the standards followed by the PHC.

## **Preservation Advocacy**

Many organizations throughout Philadelphia advocate for preservation, including historical societies, historic sites, house museums, civic and neighborhood associations, and umbrella organizations such as Historic Germantown Incorporated. The Preservation Alliance for Greater Philadelphia (Alliance), the region's largest advocacy organization, promotes the appreciation, protection, and appropriate use and development of the Philadelphia region's historic buildings, communities and landscapes. The Alliance administers an easement program, monitors and assists the PHC, nominates properties to the Philadelphia Register, offers achievement awards for preservation projects and programs, runs historic walking tours, and provides publications and outreach for preservation issues.

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<sup>7</sup> US EPA, *Advancing Sustainable Materials Management: 2014 Fact Sheet*, [https://www.epa.gov/sites/production/files/2016-11/documents/2014\\_smmfactsheet\\_508.pdf](https://www.epa.gov/sites/production/files/2016-11/documents/2014_smmfactsheet_508.pdf)

Among the Alliance’s concerns, as presented to the Task Force, are:

- There is an awareness and education gap about preservation among the many property owners and neighborhoods.
- Many organizations are working on preservation at the neighborhood level, but have little or no interaction with the PHC.
- Many property owners perceive designation as an infringement on property rights and as a cost burden, even though designation in many instances does not change an owner’s options.<sup>8</sup>

### ***Reports of the Subcommittees for Regulation, Survey, Incentives, and Outreach and Education and an Assessment of Philadelphia Historic Commission Capacity***

The Task Force Subcommittees have been meeting since September 2017. Each member of the Task Force is a member of a subcommittee. The subcommittees are organized to allow for research and discussion around the topics of regulation, survey, incentives and outreach and education. The subcommittees are charged with surfacing and discussing important issues that may be useful for the Task Force as it works towards issuing recommendations in December 2018. The National Trust is providing technical support to the subcommittees. As issues or strategies come to light, subcommittees are also convening joint meetings with other subcommittees to discuss overlapping concerns.

#### **Report of the Regulation Subcommittee**

##### *Current State of Regulation for Preservation Outcomes*

The Regulation Subcommittee of the Task Force is evaluating the city’s preservation ordinance and the PHC’s Rules and Regulations to address current and future preservation needs in accordance with these standards. The Subcommittee is currently reviewing: the standards adopted by the PHC when reviewing work to properties on the Philadelphia Register; the review of new construction permits on vacant lots in historic districts; required documentation for nominations to the Philadelphia Register; a potential demolition delay process; the appeals process for PHC decisions; and the protection of archaeological resources.

As part of the work for the Task Force and in response to questions by the Regulation Subcommittee, the National Trust reviewed current regulations in Philadelphia and issued these findings.

##### *National Trust Review of Philadelphia’s Historic Preservation Ordinance*

Local historic preservation ordinances, along with their reasonable application and enforcement, form an essential part of any city’s historic preservation program. And as with any law, preservation law comes with its own benefits and burdens. Moreover, even the best preservation ordinance—if it is not tailored to the specific needs of the community or is otherwise underused or misapplied—will ultimately undermine a city’s preservation goals, create uncertainty for property owners and investors, and increase litigation risk.

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<sup>8</sup> Information is based on a presentation by Patrick Grossi of the Preservation Alliance to the Historic Preservation Task Force on September 14, 2017.

*Philadelphia has a fundamentally strong ordinance that compares favorably to other cities.* The National Trust’s baseline review demonstrates that Philadelphia’s ordinance is fundamentally strong. Unlike many cities, the PHC has taken care to make its local preservation ordinance accessible. It is easy to locate, well organized, and contains relevant portions of the city’s zoning code and definitions, and is supported by a database of historic landmarks and districts. Moreover, the PHC has adopted Rules & Regulations to help guide decision-making which can be adjusted to meet the changing needs of the city.

*Broad authority, criteria, and ability to nominate.* Regarding the ordinance’s strengths, the PHC—unlike preservation commissions in many other cities—has broad jurisdiction to designate districts, sites, and objects of historic, cultural, and aesthetic importance, as well as unique visual features within neighborhoods. Moreover, any “interested party” may present testimony or evidence regarding a proposed designation, further expanding the ordinance’s reach.

*Financial Hardship Requirement.* Philadelphia’s local preservation ordinance includes a robust “financial hardship” exception that gives a property owner the right to demolish or substantially alter a designated historic building in the service of an overriding “public interest” or where the building cannot be reasonably adapted or maintained. A financial hardship requirement is a “best practice” feature that the National Trust recommends for all local ordinances. Financial hardship is determined by a Financial Hardship Committee, a technical advisory committee of the PHC. The committee evaluates project proformas that consider factors such as the assessed value of the land and improvements; financial information related to the property (income, taxes, debt service, cash flow); real estate marketing efforts; and possibilities for adaptive reuse. The Committee may retain an independent financial consultant to inform this process.

*Flexible Approach Allowed to Avoid “Unnecessary Hardship.”* Holding aside the frequency of its application or degree of public knowledge about its availability, the National Trust has highlighted the Ordinance’s “unnecessary hardship” exception in instances where literal enforcement of the ordinance would cause unnecessary hardship to homeowners of low and moderate personal incomes. PHC Rules & Regulations recognizes that in such instances the preservation of “basic form and rhythm rather than restoration can meet the objectives of the ordinance and the Commission.”

*Affirmative Maintenance to Prevent Demolition by Neglect.* Another feature of Philadelphia’s local preservation ordinance is its affirmative maintenance requirement. This helps prevent a widespread preservation problem of “demolition by neglect” and helps to maintain property values.

*Objective Standards.* Philadelphia’s historic preservation ordinance allows PHC to adopt its own standards for Preservation. Although the Secretary of the Interior Standards are the most widely followed rehabilitation standards, the ordinance allows for flexibility or “similar criteria.” Even with that flexibility, PHC adopted Rules & Regulations requiring adherence to the *Secretary of the Interior Standards for the Treatment of Historic Properties*. This is another positive aspect of Philadelphia’s local preservation law, PHC’s decisions are guided by the nation’s most time-tested and judicially accepted standards. At least two other cities have taken a modified approach. Charleston, SC, and Washington, D.C., are examples.

## Report of the Survey Subcommittee

### *Current State of Surveys and Designations of Historic Districts and Properties*

The Survey Subcommittee is exploring the issues around the development of a comprehensive property survey. It is considering what to survey, the criteria to use to determine historic value, priority areas to survey, and how the survey can be used by public and private partners. This process will help the City to build an inventory system that works seamlessly to manage data collected through surveys. The question of criteria is whether to go beyond the traditional designation standards to capture a broader range of historical, archeological, and cultural assets.

In 2016, the National Trust released a report, *Atlas of ReUrbanism*, that compared the status of preservation in 50 cities across the country. The National Trust found that the City of Philadelphia has:

- The third highest number of total buildings
- The second highest number of properties developed before 1945, with 68 percent of the city's building stock built before the mid-twentieth century
- Only 4.2 percent of properties are listed on the National Register and just 2.2 percent of properties are listed on the Philadelphia Register – compared to the national averages of 6.8 percent and 4.3 percent respectively

The analysis also noted that 9.4 percent of housing units in Philadelphia are vacant – ranking Philadelphia 21<sup>st</sup> among the 50 studied cities.<sup>9</sup>

A citywide, comprehensive survey of buildings, sites, and objects has not been completed for Philadelphia. Meanwhile, individuals and organizations have completed an extensive number of smaller surveys focused on a type of building or specific neighborhoods. These surveys, maintained by the SHPO, offer significant information about properties that may be prioritized for designation. Many related city, state, and other agencies that utilize federal funding are required to consider the effects of their projects on historic and cultural resources and generate survey data, those Section 106 reviews are also maintained by the SHPO. However, each of these surveys were completed at a different time for a different purpose and vary in the data they collected. The surveys have not been consolidated into a single format or database. In addition, most of these surveys are a snapshot in time and have no process for updating.

Currently, 10,835 resources are listed on the Philadelphia Register of Historic Places (23,000 individual addresses, including individual condominium units within one larger building). Over 7,400 (including condominium units) are listed individually and the rest fall into one of 16 historic districts (see Figure 1). One historic district, Overbrook Farms, is pending, meaning that its application is complete; one district has been notified, meaning that the submission is complete and the owners have been notified, (1416-32 W Girard); and seven historic districts have been nominated to the Philadelphia Register, but await processing by the PHC to determine if their applications are complete. A majority of the properties on the Register are privately owned (see Figure 2). Residential buildings are the primary uses among historic properties on the Register, however, this includes individual condominium units (see Figure 3). It

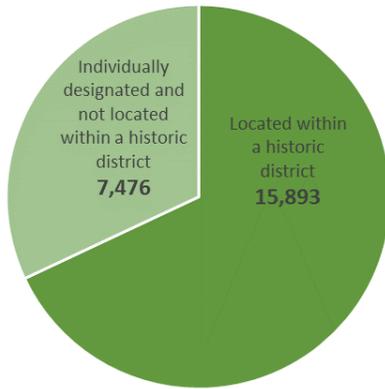
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<sup>9</sup> Information is based on a presentation by Jim Lindberg of the National Trust to the Historic Preservation Task Force on September 14, 2017.

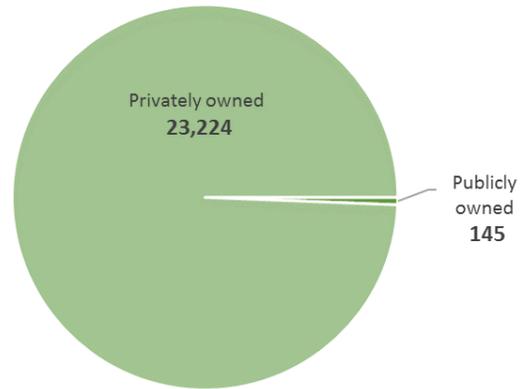
is important to count these individual units because they represent potential permits that would need to be reviewed by the PHC, even if they are over-the-counter interior approvals.

*Figures 1 & 2: Locally Designated Properties by Location and Ownership*

Locally Designated Properties by Location



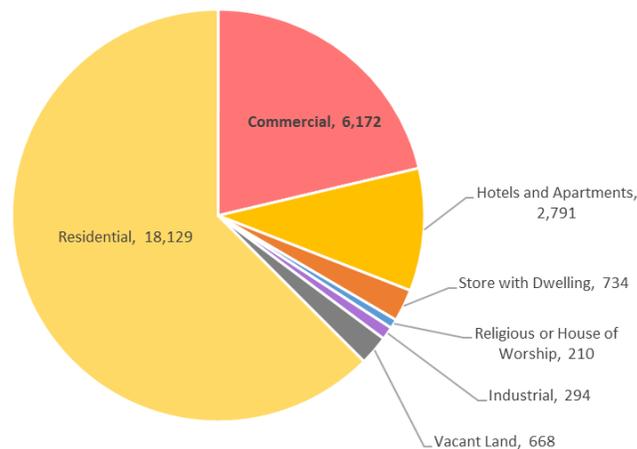
Locally Designated Properties by Ownership



\*Note: property count includes individual condominium units within a building

*Figure 3: Locally Designated Addresses by Building Type*

Locally Designated Addresses by Building Type



\*Note: property count includes individual condominium units within a building; total unit count may be larger due to some properties with multiple uses being counted more than once

Throughout Philadelphia, there are 468 buildings, seven sites, and 19 structures along with 72 historic districts listed on the National Register of Historic Places.<sup>10</sup> There is overlap between the Philadelphia and National Registers, with 1,818 properties included on both. The Central Planning District (a planning area, not a designated district), which includes Center City, is home to the most locally and nationally designated sites and districts. Lower North and South, adjacent to the Central District, also have

<sup>10</sup> Information provided by Cory Kegerise, Community Preservation Coordinator - Eastern Region PHMC, SHPO

significant numbers of sites. Outside of the core of the city, the Upper and Lower Northwest, comprised of Germantown, Mt. Airy, and Chestnut Hill, are the next areas with significant numbers of designated sites (see Figure 4). The Colonial Germantown Avenue Historic District is one of the oldest historic districts listed in the National Register and is also a NHL, but is not on the Philadelphia Register.

Figure 4: Historically Designated Properties by Planning District:

	Local Sites		Local Districts		National Sites		National Districts	
Central	19,786	84.67%	4	23.53%	172	41.75%	27	39.13%
Lower Northwest	724	3.10%	2	11.76%	3	0.73%	4	5.80%
South	709	3.03%	1	5.88%	26	6.31%	1	1.45%
West Park	628	2.69%	2	11.76%	5	1.21%	2	2.90%
Upper Northwest	572	2.45%	2	11.76%	42	10.19%	10	14.49%
Lower North	353	1.51%	2	11.76%	34	8.25%	11	15.94%
Univ. Southwest	337	1.44%	1	5.88%	29	7.04%	3	4.35%
North	57	0.24%	1	5.88%	20	4.85%	2	2.90%
River Wards	55	0.24%	0	0.00%	17	4.13%	0	0.00%
Lower Northeast	39	0.17%	0	0.00%	12	2.91%	0	0.00%
Lower Far Northeast	28	0.12%	1	5.88%	1	0.24%	1	1.45%
North Delaware	20	0.09%	0	0.00%	8	1.94%	2	2.90%
Upper North	18	0.08%	0	0.00%	19	4.61%	0	0.00%
West	16	0.07%	0	0.00%	14	3.40%	1	1.45%
Central Northeast	13	0.06%	0	0.00%	2	0.49%	2	2.90%
Lower Southwest	6	0.03%	0	0.00%	5	1.21%	1	1.45%
Upper Far Northeast	6	0.03%	0	0.00%	3	0.73%	0	0.00%
Lower South	2	0.01%	1	5.88%	0	0.00%	2	2.90%

## Report of the Incentives Subcommittee

### *Current State of Incentives for Historic Preservation*

The Incentives Subcommittee is exploring the different types of incentives, both monetary and non-monetary, that could be created to support preservation activities. The subcommittee will review possible target audiences, types of activities and potential costs of these proposals. It is important to understand what types of incentives are needed for different types of owners and properties to prioritize the preservation of the most vulnerable places. This subcommittee is also reviewing existing programs in the city that directly or indirectly incentivize preservation to understand how they could be utilized, expanded, and/or combined to advance historic preservation based on current demand and operation procedures.

Incentives help encourage adaptive reuse and historic preservation by offsetting added costs a property owner could incur by maintaining or restoring their properties to higher standards. There are currently programs in place that financially incentivize historic preservation, both of designated buildings and other historic and cultural assets, at the federal, state, and local level. However, these incentives are primarily tied to placement on the National Register, not the local Register, and to larger adaptive reuse projects.

*Federal Historic Tax Credits* – A 20 percent income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior to be “certified historic structures” listed on the National Register. All work must comply with the *Secretary of the Interior’s Standards for the Treatment of Historic Properties*. Previously, the tax credit could be taken in full when

the building was “placed in service.” However, with the passage of the tax reform bill in December 2017, the credit now must be taken over a five-year period. Depending on the annual income tax liability of the owner or tax credit investor and the dollar amount of the qualified rehabilitation expenses, this could provide less of an incentive for preservation than in prior years. Properties built before 1936 that are not on the National Register were previously eligible for a 10 percent tax credit, however the recently passed federal tax reform bill eliminated this program entirely.

*State Historic Tax Credits* – Established in 2012 and funded annually with \$3 million dollars, the Pennsylvania Historic Preservation Incentive Tax Credit provides up to a 25 percent tax credit to rehabilitate qualified income-producing historic structures, following the same guidelines and requirements as the Federal Historic Tax Credit. The state credits are awarded competitively and available funds are distributed to projects throughout the Commonwealth. Thirteen projects in Philadelphia have received a total of \$3 million in state tax credits since inception.<sup>11</sup>

*Private Voluntary Preservation Easements* – Organizations including the Preservation Alliance and Chestnut Hill Conservancy have historic preservation easement programs in which the owner of a historic property donates an easement that permanently requires the donor and all future owners to maintain and preserve the building exterior in perpetuity. Properties must be listed on the National Register of Historic Places or be a contributing building in a designated district (if certified by the NPS) to be considered charitable donations, meaning that the donor may take a one-time tax deduction equal to the value of the easement. The easement’s value is determined by an independent appraisal.

*City of Philadelphia Incentives* - While at the local level there are no financial, zoning, or streamlined-process incentives specifically designed to encourage property owners to designate, maintain and preserve their historic properties, the PHC staff provides technical assistance, free of charge, to property owners, typically of historically designated properties, who seek advice on repairing and/or making changes to their buildings or making changes to their properties. The PHC also supports residents who seek to establish historic districts or nominate a property to the Register to protect their community’s cultural and historic identity.

The City runs a number of programs that help to support preservation of a wide range of historic and cultural assets that are not necessarily designated. Programs that: help longtime homeowners remain and maintain their homes; increase energy efficiency and sustainability practices; and encourage businesses to invest in commercial corridors all help to preserve the history, culture, neighborhoods, businesses, and people broadly defined as the city’s historic assets. A few of these programs are noted below:

*Storefront Improvement Program* – This city program, administered by the Commerce Department, reimburses up to 50% of the cost of eligible improvements (up to \$10,000 per property, or up to \$15,000 for a multiple-addresses or corner business property) to commercial building owners and businesses on select commercial corridors.

*Basic Systems Repair Program*- This program provides free repairs to correct electrical, plumbing, heating, structural repair and roofing emergencies in income-eligible owner-occupied homes the maximum grant is \$17,500 per property. This program is well-utilized by Philadelphia’s homeowners and

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<sup>11</sup> Information provided by Cory Kegerise, Community Preservation Coordinator - Eastern Region  
Pennsylvania Historical and Museum Commission, State Historic Preservation Office

there is currently a wait-list for participation, although the wait list is expected to be largely eliminated by fall of 2019.

*Housing Preservation Loan Program (HPLP)* – The HPLP is a new initiative of the Philadelphia Redevelopment Authority and the City of Philadelphia intended to serve low-, moderate-, and middle-income ("LMMI") Philadelphia homeowners who need home repair loans. The goals of the program are: to facilitate healthier, more accessible and more livable homes; to repair the city's aging housing stock so that it contributes positively to the long-term growth of our communities; and to provide access to low-cost financing, credit counseling, and other services for LMMI homeowners. The program is expected to be rolled out later in 2018.

*Tax Abatements* – A more complicated incentive is Philadelphia's ten-year tax abatement. The abatement enables building owners to pay property taxes for ten years based only on the preconstruction or pre-renovation value of the property. On one hand, because the tax abatement allows for buildings to be improved without any property tax implications for ten years, it is an incentive to rehabilitate. Between 1999 and 2017 more than 9,000 rehabilitation projects received abatements. On the other hand, the property tax benefit is much greater for new construction on vacant land. Accordingly, as currently structured it may induce developers to seek new construction opportunities ahead of rehabilitation and/or reuse. Over that same 1999-2017 period, more than 18,000 abatements were given to new construction projects.<sup>12</sup>

Lastly, local non-government organizations have played an important role in historic preservation efforts to help support communities document their assets, preserve properties, and support economic stability of low income residents to better maintain and sustain Philadelphia's historic building stock of rowhomes.

## **Report of the Outreach and Education Subcommittee**

### *Current State of Outreach and Education*

The City's Ordinance grants the PHC the duty to "[i]ncrease public awareness of the value of architectural, cultural, and historic preservation." The Outreach and Education Subcommittee has two goals - to spread the word about the Task Force's current work and to research possible future outreach and education programs to support the PHC's duty. The subcommittee is exploring ways to build a constituency for preservation – beyond the typical audience that works with PHC today. It is also reviewing programs in Philadelphia and other municipalities that are successful in explaining historic preservation to the public and ways to educate the public on the regulations and services of the PHC. The Citizens Planning Institute (CPI), the education arm of the PCPC, teaches a core set of classes on planning, zoning and development in the city. Over the years, CPI has also offered several elective classes in preservation for any graduates from the core program. Many graduates of CPI, and other community groups and neighborhood organizations work in preserving their communities. However, these efforts are usually grassroots oriented rather than engaging in the formal regulations of the PHC. Those leading these grassroots efforts represent a wide variety of race, age and income levels throughout many of the city's neighborhoods.

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<sup>12</sup> Office of Property Assessment data provided to PCPC Staff, numbers based on unique addresses recorded in the first year of abatement

Non-governmental organizations, such as the Preservation Alliance, hold workshops to educate property owners and community groups about history, architecture and the workings of the PHC. Based on its work with neighborhood organizations, the Alliance has identified four key challenges to expanding the city's preservation constituency: many Philadelphians see preservation as an infringement on their property rights; residents, city government staff, and business leaders have limited understanding of historic preservation; the language of "historic preservation" is often itself viewed as elitist and focused on the protection of wealthy peoples' homes and famous architects' buildings; and a general history of prior generations may not resonate with current neighbors.<sup>13</sup>

### **Assessment of Philadelphia Historical Commission (PHC) Capacity**

The PHC was merged into the newly created Department of Planning and Development in 2017. This new department was approved by the citizens of Philadelphia in 2015. The department combined five agencies – the PCPC, the PHC, the Art Commission, Development Services and the Division of Housing and Community Development – into a single department that has jurisdiction over planning and development in the city.

The PHC currently has a staff of eight (two new staff members started in December 2017), seven of whom conduct historic preservation program activities. Another staff member from the Department of Planning and Development performs the Section 106 reviews for all Federal housing dollars in the city.<sup>14</sup> The PHC staff review permit applications, provide technical assistance to property owners, support researchers, write and review nominations to the Philadelphia Register, and administer the work of the PHC itself.

On average, the staff currently review approximately 2,200 permit applications a year. Applications that need to be reviewed by the PHC itself must be processed within 60 days. Applications that can be approved by the staff must be processed within five days. The PHC has granted much of the review authority to the staff and in 2016 the staff approved 94% of all applications, or nearly 2,000 applications, within five days of their submission, often on the same day.

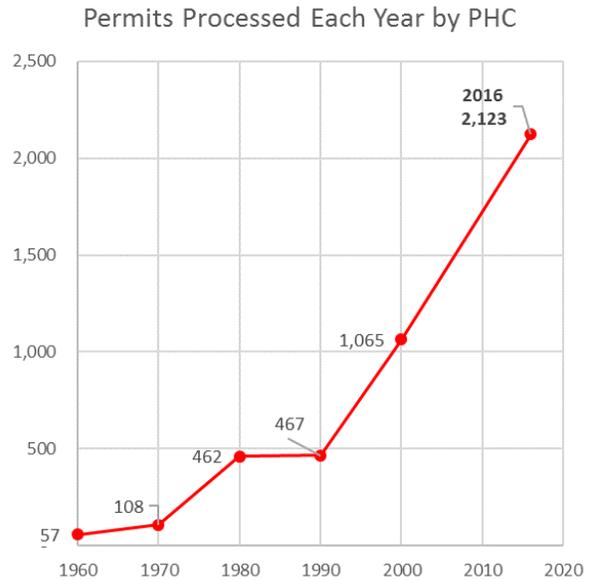
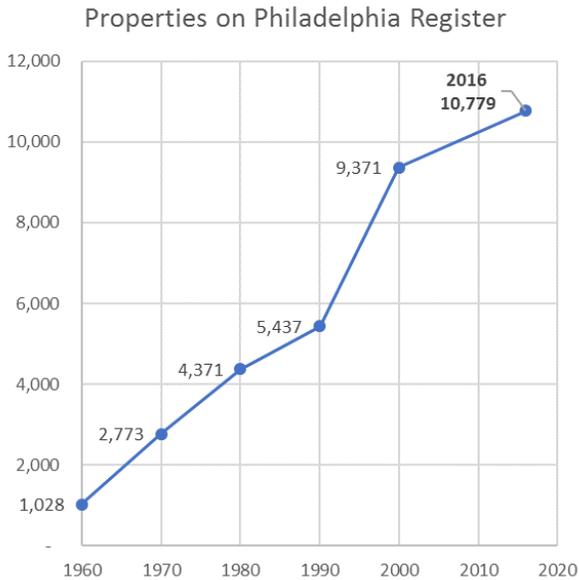
The permit review work has increased substantially as the number of properties in the PHC's jurisdiction has increased. In 2016, the number of permits processed by PHC staff more than doubled what was processed in 2000. With a staff of five able to review permits, this equaled to approximate 354 permits per staff member to process in 2016. As the number of permits increased, the rate of adding new properties to the Register has also slowed.<sup>15</sup>

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<sup>13</sup> Information is based on a presentation by Patrick Grossi of the Preservation Alliance to the Historic Preservation Task Force on September 14, 2017.

<sup>14</sup> City has been delegated Section 106 review authority for certain HUD funded programs through a Programmatic Agreement with HUD and the PA SHPO.

<sup>15</sup> From research conducted by the staff of PHC at the request of the Task Force.



Since 1985, the PHC has had the jurisdiction to approve or disapprove demolition applications for buildings on the Register. In the last 32 years, the PHC has received 59 demolition applications and approved 38 (56%). Although this is just over one demolition application per year, some of these applications required four or five committee and Commission meetings with staff providing the research and documentation for each meeting.<sup>16</sup>

As noted earlier, all approvals or disapprovals for permit work by the PHC may be appealed to the LIRB. During the last eleven years, since January 2007, the PHC staff has had to prepare research, testimony and logistics for 113 LIRB cases.<sup>17</sup>

The PHC is mandated to maintain the Philadelphia Register of Historic Places. Until December 2017, the PHC did not have staff capacity to nominate many potential historic resources. Once a property is listed on the Philadelphia Register, the PHC must have capacity to administer the permit activity that listing would generate. For now, the bulk of nominations to the Philadelphia Register that the PHC reviews are submitted by volunteers or organizations, such as the Preservation Alliance. The PHC annually reviews 40 to 50 nominations to the Philadelphia Register, but there is no specified review period stipulated for when the nominations must be processed (unlike the timelines required for permit review). And although community engagement is part of PHC's mission, it has the capacity to conduct few engagement and education activities for Philadelphia residents, city staff, or the development community each year.

The Department of Planning and Development was established in 2017 after a Charter change voted for by Philadelphia voters that required the consolidation of the City's planning, housing, preservation, and development related functions. The new Department has three divisions and places the Philadelphia Historic Commission (PHC) in the Division of Planning and Zoning aligning its work with the Philadelphia City Planning Commission, Art Commission and the Zoning Board of Adjustment. This has already resulted in greater cross-agency collaboration, resource-sharing and improved capacity in each of these

<sup>16</sup> From research conducted by the staff of PHC at the request of the Task Force.

<sup>17</sup> From research conducted by the staff of PHC at the request of the Task Force.

areas. Establishing this department also provides an opportunity to evaluate current practices and challenges, including our historic preservation activities.

## **Principles and Framing Questions Guiding the Work of the Task Force**

Over the course of the remainder of 2018, the Task Force will work to put forward recommendations to the mayor and City Council that can be used to help balance the goals of historic preservation with new development in Philadelphia today.

Through discussions during public meetings of the Task Force, in one-on-one interviews with members of the Task Force, and at the meetings of the subcommittees, the Task Force has begun to frame its work – to ensure that the effort is not simply one that catalogues current conditions but that seeks to create a bigger “preservation tent” for all Philadelphians.

This framework, will guide the work of the Task Force throughout 2018 as it works to meet the charge put forth by Mayor Kenney and articulated in the vision statement.

### **Principles Guiding the Work of the Task Force**

- Historic Preservation is an important public good, recognized in law, policy, and practice.
- Preservation must be understood as part of a larger system of city growth and development – one that is both regulatory as well as flexible and allows for new development to be added to Philadelphia’s legendary building stock.
- Many of Philadelphia’s neighborhoods located far from its historic core have a strong sense of place. We need tools to encourage their growth and preservation. Preservation must expand to capture the multitude of diversity that makes up Philadelphia.
- Philadelphia’s buildings and its built environment contains a wealth of stories. These neighborhood tales need to be captured for future generations. Allowing preservation to be understood as much about people and events as it is about buildings, sites, objects and landscapes.

### **Framing Questions Guiding the Work of the Task Force**

- How do we define historic preservation and establish a clear understanding of the city’s preservation priorities?
- Is there an expanded definition of preservation that captures today’s reality of many neighborhood groups and non-profits working to preserve their communities building on the preservation ordinance?
- Can preservation be a vehicle for meeting the goals of equity and inclusive growth?
- Should there be a tiered approach to preservation that allows for different degrees of preservation?
- What types of financial incentives would help integrate preservation into development plans?
- How can we help existing homeowners maintain their historic properties?
- How might the city better integrate the goals of historic preservation and development across other city agencies and regulatory bodies that touch the built environment such as planning, zoning, housing and redevelopment?

- How can the city reach different audiences to educate the public about the benefits of and programs that support preservation?

## **Next Steps**

City Council, in its adoption of the expanded Historic Preservation Ordinance in 1984 and reaffirmed in the new Zoning Code adopted in 2011, declared that it is “a matter of public policy that the preservation and protection of buildings, structures, sites, objects, and districts of historic, architectural, cultural, archaeological, educational and aesthetic merit are public necessities and are in the interests of the health, prosperity and welfare of the people of Philadelphia.”

Today, many Philadelphians favor initiatives that support a broad definition of preservation. However, increasing development pressure and a lack of resources have meant that city staff and communities are often only able to react instead of making strategic, equitable decisions around preservation.

Mayor Kenney’s Historic Preservation Task Force is a means to meet that challenge.

The Task Force’s next step is to review best practices from around the country in regulations, incentives, surveys and outreach and education. Informed by those best practices and guided by its framing questions and vision statement, the Task Force will offer strategies and recommendations to help Philadelphia balance the goals of historic preservation with new development.

This document is the first of three products from the Task Force. It provides an overview of the Task Force and a summary of the current state of historic preservation in Philadelphia (including economic benefits, preservation planning, and advocacy). It is intended to assist the Task Force members and the public to have a common understanding of existing conditions. The Task Force will produce two more papers: the second will note specific issues the Task Force has prioritized tackling, based upon its research, public comments, and their knowledge. The second paper will also identify the best practices being considered by the subcommittees to address this challenge. The third and final paper will contain specific recommendations for Philadelphia to adopt and proposed strategies for implementing and resourcing those recommendations. While the City is leading the charge, the work and strategies proposed will require engagement and participation by communities, public sector, academic and private partners to succeed.