

**Current Status of Historic Preservation
White Paper Outline November 14, 2017**

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A. INTRODUCTION

1. Mayor's mandate to Task Force and anticipated outcomes
2. Purpose of white paper
3. Primary sources of information that informed this white paper

B. STRONG HISTORIC PRESERVATION IS CRITICAL FOR PHILADELPHIA AS IT WELCOMES NEW INVESTMENT

1. **What is historic preservation?** The 33 Task Force members defined historic preservation in their Vision Statement as the act of "preserving the city's historic buildings, blocks and neighborhoods" using a "comprehensive set of tools that include incentives, protections, education and planning." The Task Force seeks to make recommendations that will help define what is historic and what are the city's preservation priorities.
2. **It is time to reexamine and modernize Philadelphia's historic preservation laws and policies for reasons that include:**
 - a. City's Historic Preservation Ordinance has not been comprehensively updated in over 30 years and the law and policies through which it is applied could be improved
 - b. City is experiencing a dramatic increase in real estate investment in some neighborhoods and this increases potential for the loss or preservation of historic buildings, districts, objects and sites
 - c. If done well, preservation promotes city growth, create jobs and improve home values
 - d. Preservation offers the opportunity to promote equity throughout the city by celebrating and safeguarding the irreplaceable places that are critically important to the history of Philadelphians in in every neighborhood
 - e. Philadelphia joined the Organization of World Heritage Cities and seeks to maintain the buildings that qualified the city for this recognition

C. CURRENT STATE OF REGULATION FOR PRESERVATION OUTCOMES: A legal analysis by the National Trust for Historic Preservation found that Philadelphia's historic preservation ordinance and regulations are fundamentally strong.

1. **National Trust analysis found that Philadelphia has a fundamentally strong ordinance that compares favorably to other cities.** Strengths of the ordinance include:
 - a. Broad authority to preserve historic sites, places and objects including familiar visual features of neighborhoods that exemplify the "cultural, political, economic, social or historical heritage of a community";
 - b. Robust financial hardship requirement that gives a property owner the right to demolish or substantially alter a designated building in the service of an overriding "public interest" or where it cannot be reasonably used or adapted;

- c. Requirements on historic property owners to maintain properties in order to prevent demolition by neglect;
- d. Ability for Commission to relax standards for low-income or moderate-income historic property owners to allow the owner to preserve the “basic form and rhythm” of the building or site rather than requiring original replacement materials; and
- e. Use of objective Secretary of Interior’s Standards for the Treatment of Historic Properties as well as the allowance of “similar standards” if appropriate under the ordinance.

2. National Trust suggested that the Task Force consider whether Philadelphia would benefit from:

- a. Tiered historic designation that applies different preservation standards depending upon the cultural and historic significance of a building so that an average rowhouse is not treated identically to a landmark building
- b. Clarification of when demolition of a historic building is in the “public interest”; and
- c. Demolition delay provision for designated buildings and buildings that are not designated as historic but meet certain criteria.

3. In addition, Task Force members have observed:

- a. Conflicts exist between the City’s Historic Preservation ordinance and its regulations as well as the Ordinance and the Energy Conservation Code and Zoning Code.
- b. Archaeological resources may be at risk under the current ordinance and policies.
- c. Appeal procedures for building permit applications should be reexamined and modernized

D. CURRENT STATE OF SURVEYS AND DESIGNATIONS OF HISTORIC DISTRICTS AND

PROPERTIES: Philadelphia lacks a comprehensive survey that provides up to date, reliable information about historically and culturally significant properties.

1. Philadelphia has not performed a comprehensive survey of its buildings, sites and objects to determine which properties are eligible for designation and protection.

- a. Philadelphia currently has 23,000 designated historic property addresses on the local register (11,000 if you eliminate condominium units). Philadelphia also has nearly 500 income-producing properties and 72 historic districts listed on the National Register of Historic Places.
- b. 2.2% of buildings in the city are locally designated as historic. The average percentage of buildings designated in 50 U.S. Cities is 4.3%.
- c. The lack of a survey is important because
 - “We can not protect what we do not know about.” (e.g. City Office of Emergency Management is identifying strategies to reduce the negative effects of flooding and climate change on historic resources.)
 - Lack of an accurate inventory reduces predictability for developers and makes it harder to safeguard city treasures.
 - Lack of information forces historic preservationists to run in to stop the loss of a historic asset at the last moment.

2. **An extensive number of smaller surveys that focus on a specific type of older building or older properties within a single neighborhood have been completed over the past four decades.**
 - a. These smaller surveys offer significant information about properties that should be prioritized for designation and the Pennsylvania State Historic Preservation office maintains a large volume of this survey data.
 - b. 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 this generates survey data.
 - c. Unfortunately, each of these surveys was completed at a different time, for a different purpose, collected varying types and levels of information and was not integrated with others into a database. In addition, most of these surveys were snapshots and not updated over time.
3. **Historic Districts:**
 - a. Philadelphia has 16 designated historic districts, one historic district under consideration and four nominated districts.
 - b. The process for the Historical Commission to consider a nominated historic district for designation can take over a year and imposes a moratorium on all exterior work once owners receive notice of the nomination. When considering the addition of a new Historic District, the Commission seeks support for the creation of a new district from property owners and District Councilperson, but is not legally required to do so.
 - c. Commission does not have oversight of new construction on lots that were vacant at the time a district was formed.
4. **Historic buildings, objects and sites: Designation of individual properties relies upon volunteers to identify and nominate properties.**
 - a. Commission does not have much staff capacity to nominate buildings, objects and sites.
 - b. Volunteers donate dozens of hours to complete an extensive analysis of the historic value of the property.
 - c. Owner's consent is not required.

E. CURRENT STATE OF INCENTIVES FOR HISTORIC PRESERVATION: Incentives for owners to maintain and preserve their properties are limited in Philadelphia.

1. **City has no incentives specifically designed to encourage property owners to designate, maintain and preserve their historic properties.**
2. **Incentives are important because the City seeks to encourage adaptive reuse and historic preservation requirements that may impose added costs on a property owner.**
3. **There are existing incentives that may serve to encourage adaptive reuse of historic buildings. These include:**
 - a. Federal Historic Tax Credits: A 20% 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. Since the inception of the tax credit program in 1978, \$773 million in tax

credits have incentivized over \$3.9 billion in investment in Philadelphia. This tax credit is at risk of being eliminated from the federal budget being considered by Congress.

- b. State Historic Tax Credits: Established in 2012 and funded with \$3 million dollars, the Pennsylvania Historic Preservation Incentive Tax Credit provides up to a 25% tax credit to restore a qualified income-producing historic structure where the project was awarded federal tax credits. Thirteen projects in Philadelphia have received a total of \$3 million in state tax credits.
- c. Voluntary Easements: The Preservation Alliance has a robust historic preservation easement program in which the owner of a historic property donates an easement that permanently requires owners to maintain and preserve the building exterior. There may be tax advantages associated with giving such an easement.
- d. Tax Abatements: Philadelphia's ten-year tax abatement is available for adaptive reuse of older buildings as well as new construction. From 1997-2014, 6,250 rehabilitation projects received abatements as compared to 9,600 new construction projects received abatements. The abatement can provide a lesser incentive for preservation than new construction because the difference in value that defines the amount of an abatement is less between an older building and a rehabilitated building than the difference in value between a vacant lot and a new building.
- e. Storefront Improvement Program: City program reimburses up to 50% of the cost of eligible improvements (up to \$10,000 per property) to commercial building owners and businesses on select commercial corridors.
- f. Philanthropy: Local foundations have played an important role in historic preservation efforts.

F. CURRENT STATE OF OUTREACH AND EDUCATION RE HISTORIC PRESERVATION: City could create a stronger, more diverse constituency for historic preservation.

1. **Constituency for historic preservation is geographically but not demographically diverse.**
2. **Community engagement is part of the Commission's mission but conducts few engagement and education activities.**
3. **Summary of community input to date (10/3 & 10/19 meetings)**
4. **Preservation Alliance identified four key challenges to expanding the city's preservation constituency:**
 - a. Many Philadelphians see preservation as an infringement on their property rights;
 - b. Residents, city government staff and business leaders have limited understanding of historic preservation;
 - c. Language of "historic preservation" is often itself viewed as elitist and focused on the protection of wealthy people's homes and famous architect's buildings; and
 - d. History of prior generations may not resonate with current neighbors.
5. **There is potential to expand support among several stakeholder groups including "small p" civic leaders who work to preserve and revitalize their neighborhoods.**

G. CURRENT STATE OF HISTORICAL COMMISSION CAPACITY

1. **Historical Commission mission, authority, and certification under Certified Local Government Program administered by State Historic Preservation Office described.**
2. **Historical Commission staff must devote most of their time to reviewing building permits.**
 - a. Annually the staff reviews 2,200 building permit applications a year that, by law, must be reviewed within 60 days.
 - b. The Commission has delegated much of its review authority to staff. The staff granted 94% of all approvals in 2016.
 - c. Commission has approved the demolition of one or fewer designated buildings each year since 2009.
3. **Historical Commission annually reviews 40 to 50 nominations to the Local Register, but there is no specified review period, so nominations can wait for a significant period of time to be considered by the full Commission.**
4. **City will add two members in FY18 to the six professionals on staff.**
5. **Philadelphia's Historical Commission's staff and budget are smaller than similar agencies in cities with fewer historic buildings according to the National Trust.**

Commission's program budget as part of the Department of Planning and Development for FY2018 is \$580,000.