

## **National Historic Districts in Jamestown: Burdensome or Beneficial?**

By Jamestown Renaissance Corporation Staff

Should downtown Jamestown—or any other part of the city—become a National Historic District? That was part of the conversation more than two years ago when the Jamestown Renaissance Corporation co-sponsored an historic tax credit workshop at the Robert H. Jackson Center.

How far has the discussion moved since then? Unfortunately, not very.

So what's preventing Jamestown from following the lead of Westfield, Fredonia, Warren, and several other communities in the region that have sought and achieved National Historic District status for their downtowns and historic neighborhoods?

There's no argument over whether parts of Jamestown would qualify for the status. A survey of historic resources completed in 1993 found that several parts of the city were eligible to become state and federally recognized historic districts—including most of downtown and parts of the Northside (Lakeview Avenue) and Southside (around the Fenton Mansion).

Instead, the major barrier is uncertainty over whether designation as a National Historic District would help or hurt building owners. Would restrictions and added costs to meet federal design and building construction standards be overly burdensome and stifle redevelopment? Or would the resources available to eligible properties in historic districts—namely, federal and state tax credits—promote redevelopment and reuse of the city's historic buildings?

The truth is this: a National Historic District doesn't tie the hands of property owners and force them to perform costly renovations. It gives them a choice. If a municipality or private owner seeks and is fortunate enough to receive public funding to assist with the rehabilitation of their building—in the form of tax credits or direct grants—they must work with the state's Historic Preservation Office (SHPO) to meet building standards set by the federal government. If they don't receive public funding, they don't have to follow preservation standards.

Having access to tax credits to assist with renovation of an eligible building would, however, be valuable enough to compel many building owners to use them and adhere to federal standards. Currently, income-earning buildings that contribute to a historic district and undergo a substantial renovation are eligible for a federal income tax credit and a state income tax credit—both worth 20% of qualified expenditures. Owner-occupied homes are eligible for a 20% state tax credit.

For example, if the owner of small downtown building in a National Historic District plans to spend \$250,000 on qualified expenses to completely refurbish their building in accordance with federal standards, they would receive a \$50,000 federal tax credit and a \$50,000 state tax credit (which could be used immediately, over a period of years, or sold to investors). Meanwhile, a homeowner who spends \$40,000 on qualified expenses to fix their historic home would receive an \$8,000 state tax credit.

The tax credits made available to property owners in a historic district are especially important in weaker real estate markets like Jamestown, where low rents on residential and commercial space create wide financial gaps between the cost to renovate and potential revenue—rendering many projects infeasible. If you plan to spend \$400,000 refurbishing a historic building but can't charge the level of rent needed to pay off loans and earn a profit, the project is dead. Or you spend less money and lower the quality of the product.

Tax credits are enough to help fill these financial gaps in some cases—not all—and boost the quality of the finished product. It can be the difference between a project happening and not happening.

In Jamestown, the Wellman Building and Erie Railroad Station were both nominated to the National Register of Historic Places to make redevelopment projects eligible for tax credits. Without a National Historic District, this is the only way to take advantage of the tax credits—adding buildings to the National Register one-by-one. Only six properties in Jamestown are currently on the National Register, protecting them from federal or state actions that would harm them (such as demolition for a highway project) and making them eligible for federal and state preservation resources. Buffalo is taking full advantage of these investment opportunities for commercial and residential rehabilitation and leads our state in number of projects approved for credit use.

Dozens more are listed as eligible for the Register and must follow federal preservation standards if they use federal or state money now, such as façade funding from the city's federal block grant program. As a result, many recent projects have had to adhere to federal standards without being eligible for additional preservation resources—essentially leaving money on the table.

Creating National Historic Districts in Jamestown would pave the way for many more properties to use the federal and state tax credits without having to add them individually to the National Register. Some owners will find the tax credits useful, others won't. But having the choice would provide many with redevelopment opportunities that are currently out of reach.

#### Resources:

New York State Historic Preservation Office

<http://nysparks.com/shpo/tax-credit-programs/>

National Parks Service, Technical Preservation Services

<http://www.nps.gov/tps/>

Jamestown City Code: Historic Overlay District

<http://www.ecode360.com/9404255>