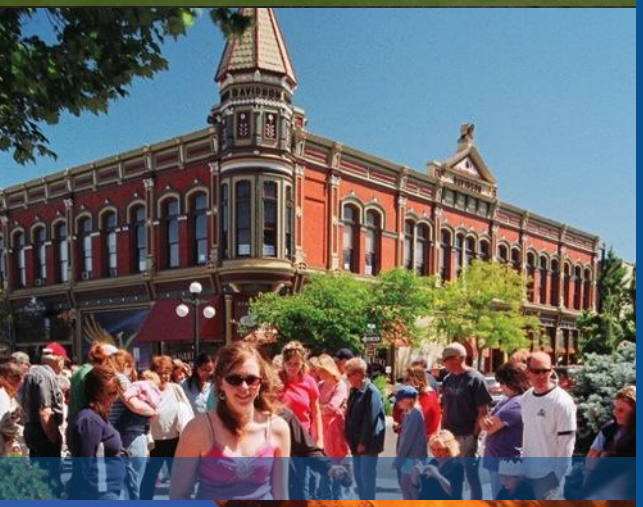
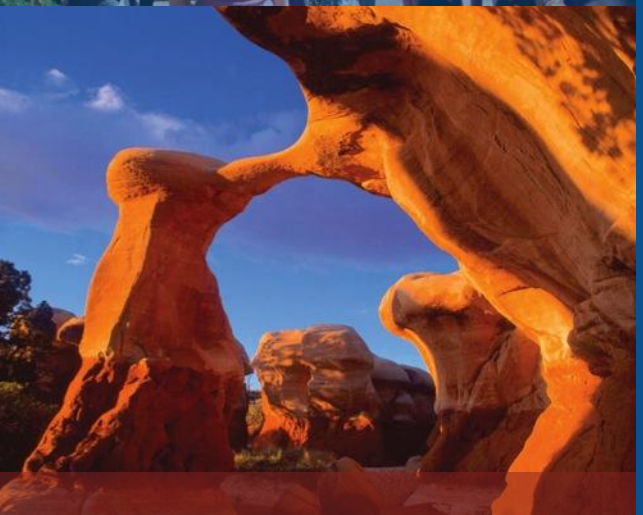






National Trust *for* Historic Preservation

Urban Land Institute Chicago

The Partnership for Building Reuse

Chicago

Jim Lindberg, Senior Director

Michael Powe, Ph.D., Senior Research Manager

Preservation Green Lab

FIRST STAKEHOLDER MEETING
JUNE 16, 2015





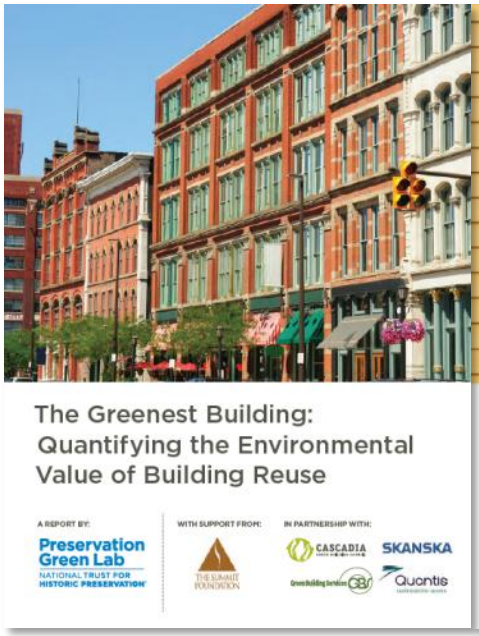



PRESERVATION GREEN LAB

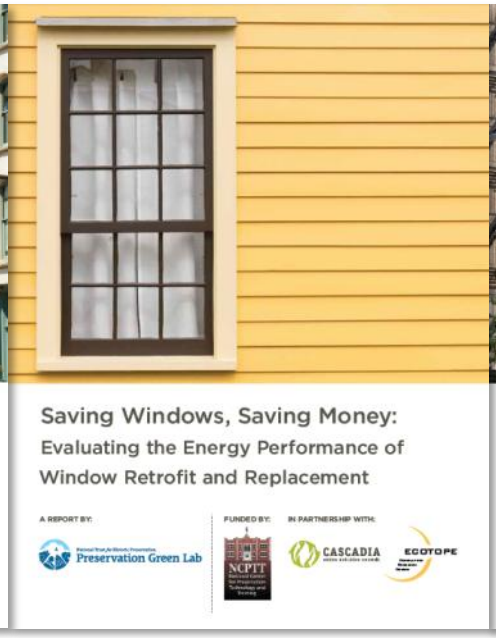
strengthens the fabric of communities
by capitalizing on the inherent value of their built assets
to improve social, environmental and economic performance.

PRESERVATION GREEN LAB

Applied research and practical solutions



Released January 2012



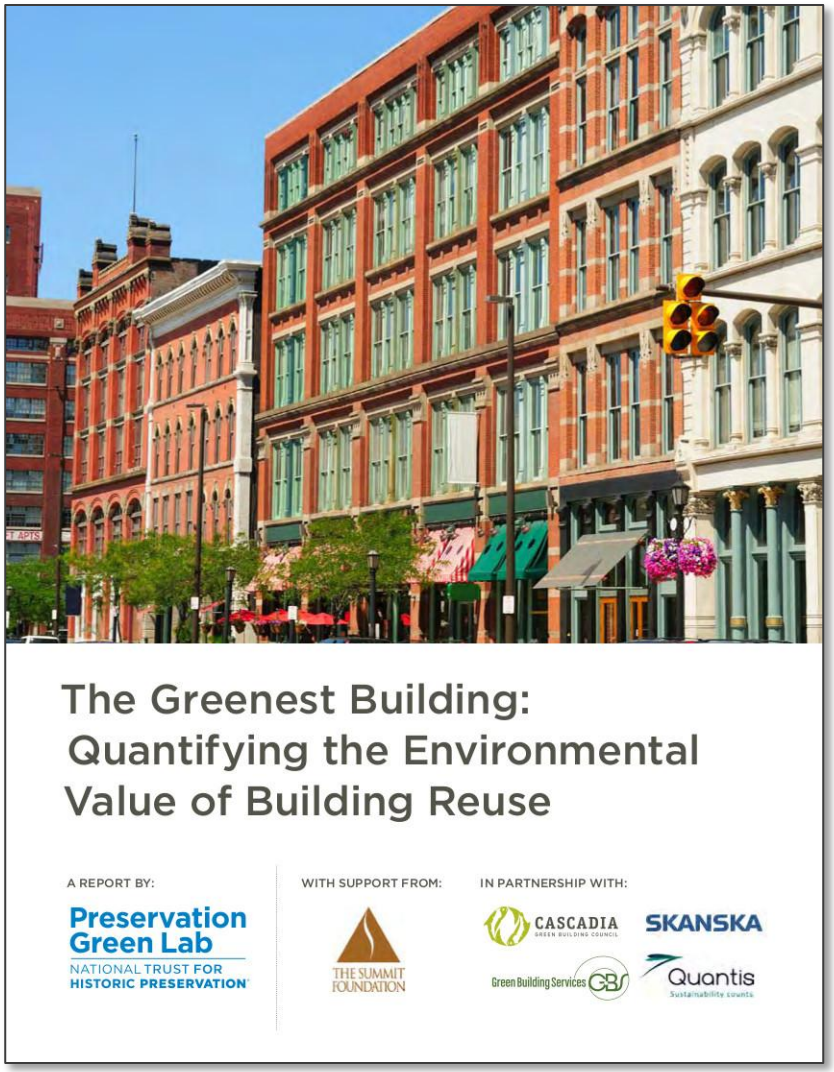
Released October 2012



Released June 2013



Released October 2013



Green Lab Research

Demonstrating the Value of Building Reuse

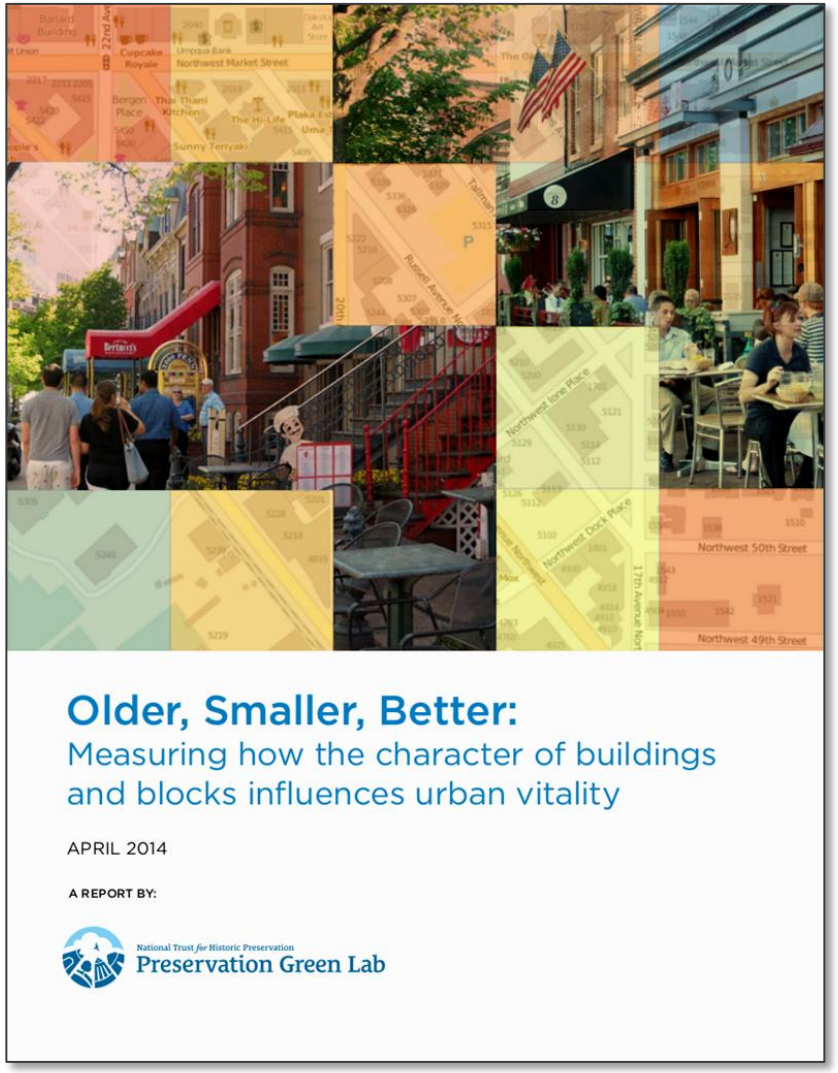
*It can take between **10 to 80 years** for a new, energy efficient building to overcome, through efficient operations, the climate change impacts created by its construction.*

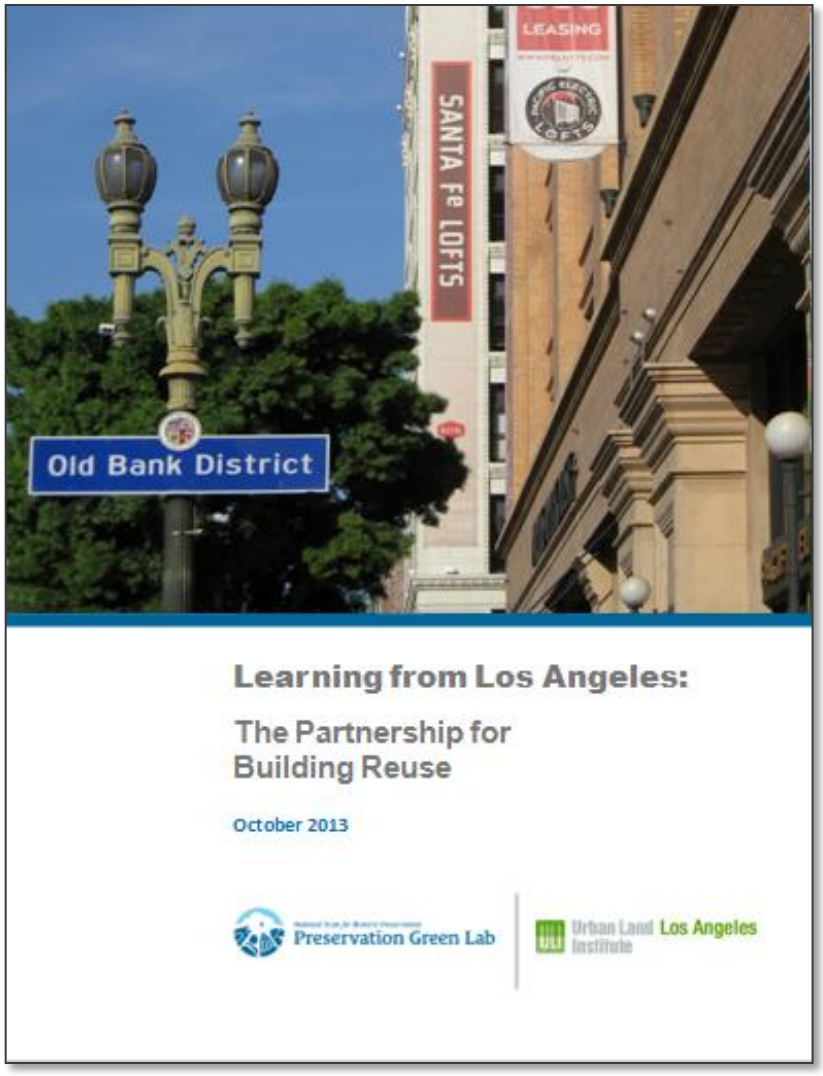
Green Lab Research

Older, Smaller, Better

Urban areas with older, smaller buildings and a mix of old and new structures have greater social and economic vitality.

-Greater density of jobs
-More local businesses, startups, and women and minority-owned businesses
-Younger residents and greater nightlife





Green Lab Solutions

Partnership for Building Reuse

Collaboration with Urban Land Institute and preservation partners to remove technical, financial and regulatory barriers to make building reuse easier and more likely in major US cities.







Build on Success: LA's Adaptive Reuse Ordinance (ARO)

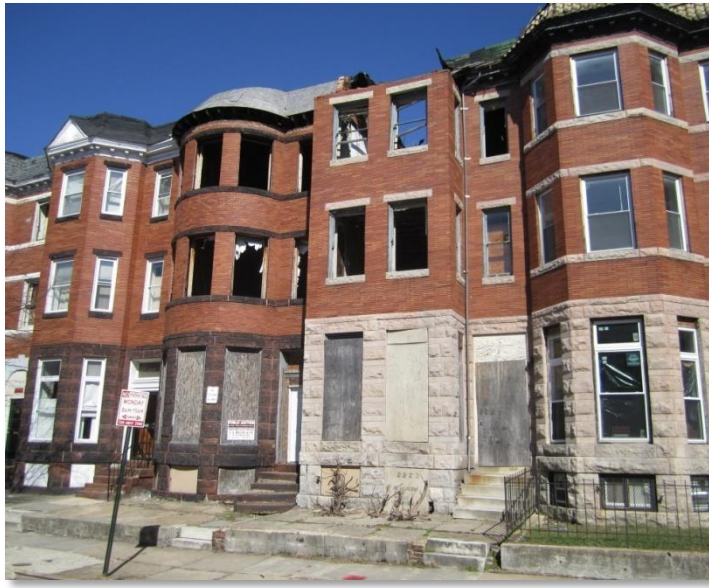
- Groundbreaking ordinance passed in 1999; expanded in 2013
- Removed zoning and building code barriers to reuse
- 60 building rehabilitations, 14,000 new residents
- Fewer projects since 2007



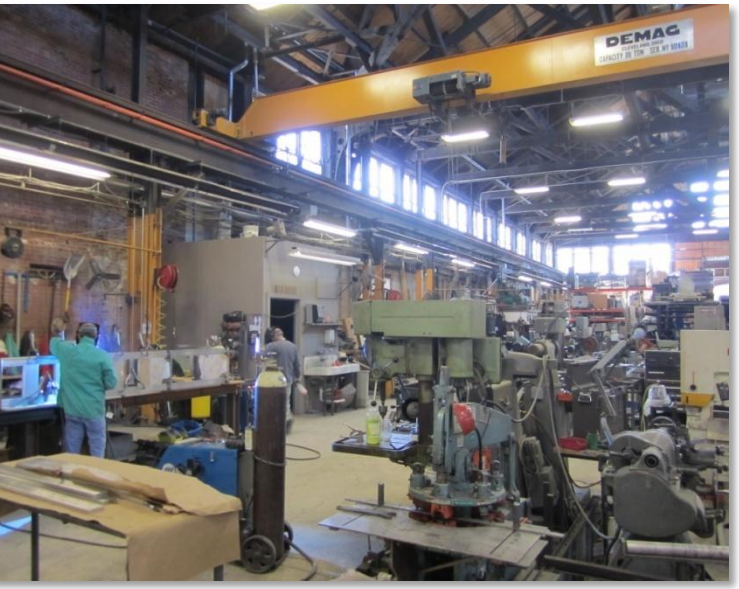
Philadelphia



Philadelphia



Baltimore



Baltimore



Baltimore



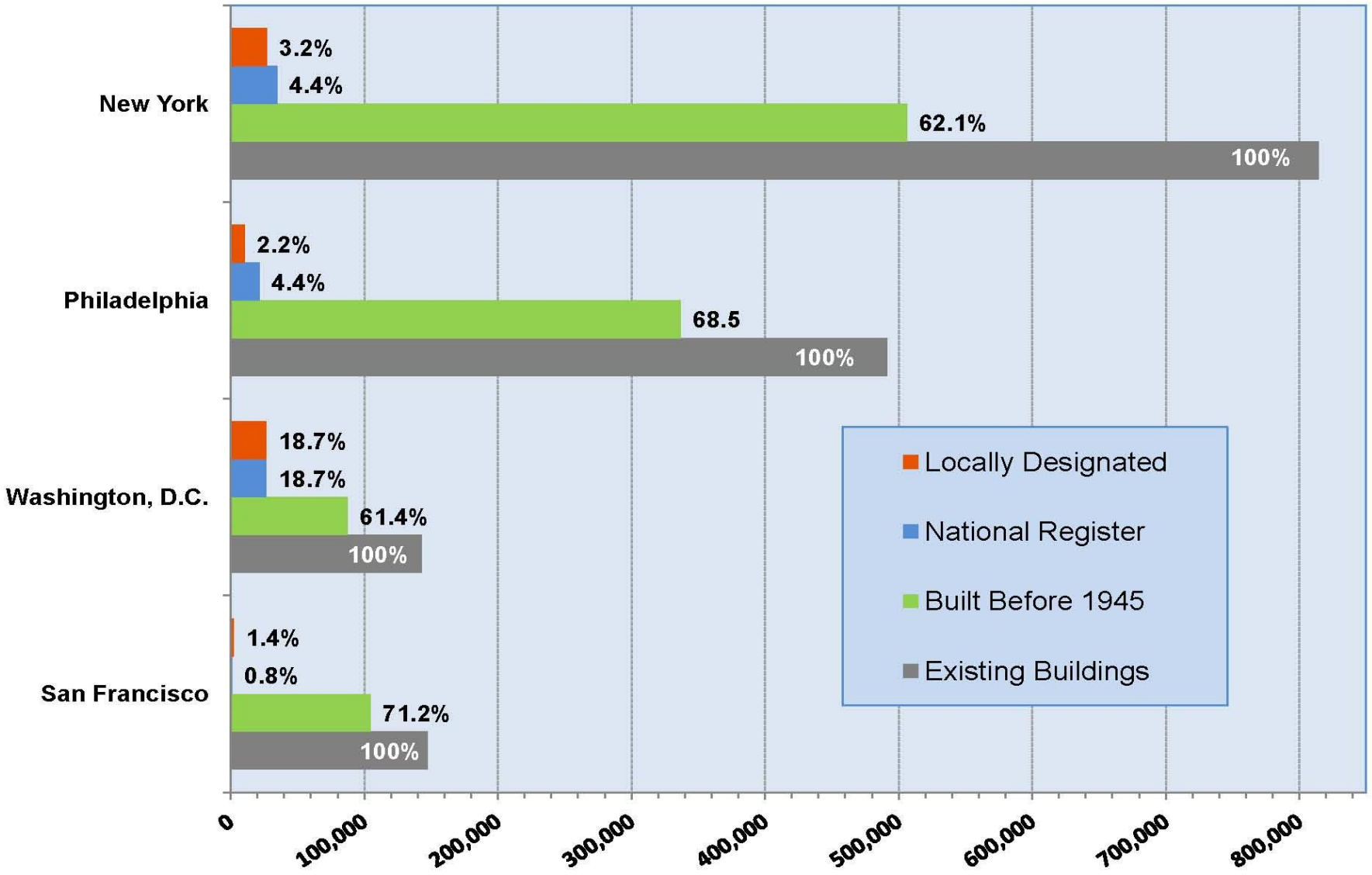
Philadelphia

The Partnership for Building Reuse

2012-14	2015-16	2016-17
• Los Angeles Pilot • Philadelphia • Baltimore	• **Chicago** • Detroit	• National Summit • 10 Principles publication

National Trust *for* Historic Preservation
Preservation Green Lab

ULI Urban Land Institute


New York
3.2%
4.4%
62.1%
100%
Philadelphia
2.2%
4.4%
68.5
100%
Washington, D.C.
18.7%
18.7%
61.4%
100%
San Francisco
1.4%
0.8%
71.2%
100%
Locally Designated
National Register
Built Before 1945
Existing Buildings
0
100,000
200,000
300,000
400,000
500,000
600,000
700,000
800,000

The Partnership for Building Reuse
Goals

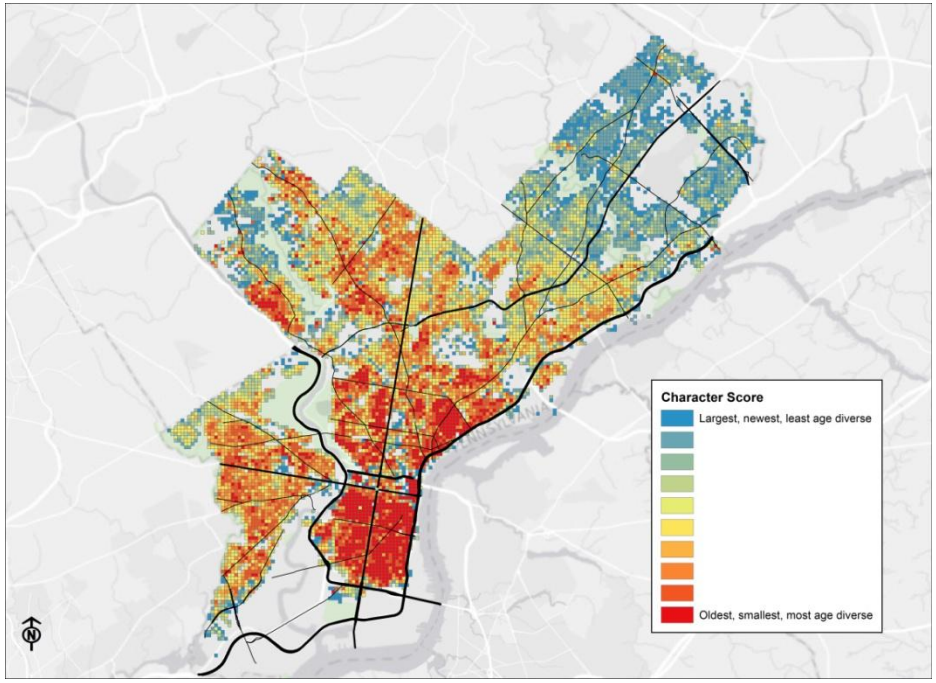
- Increase **market-driven** building reuse
- Identify common **barriers**
- Uncover hidden **opportunities**
- Share **best practices** and build on success
- Realize the potential for **sustainable development**

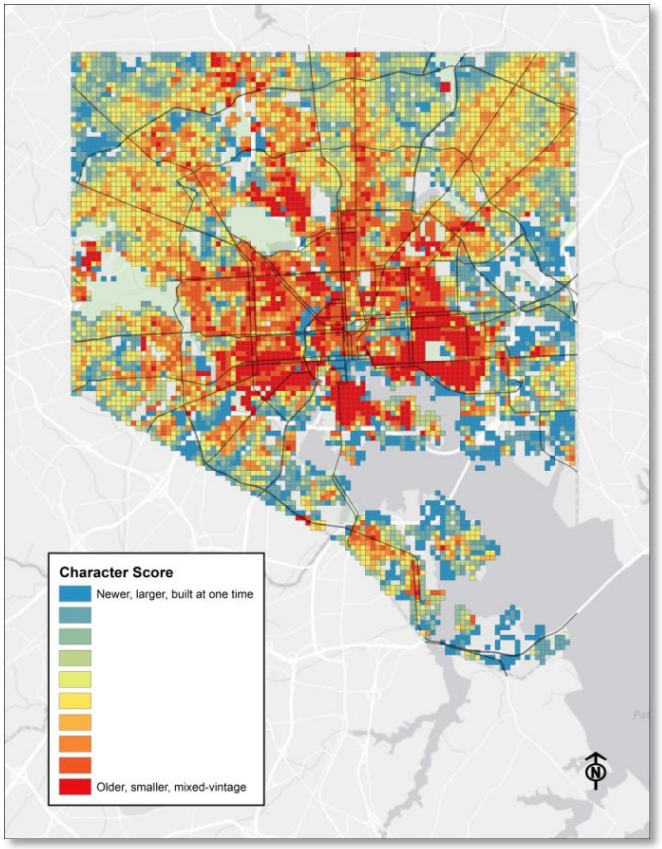
National Trust *for* Historic Preservation
Preservation Green Lab

ULI Urban Land Institute
Chicago

The Partnership for Building Reuse

Characterize the Built Fabric





Character Score Maps:
Philadelphia (left); Baltimore (right)

The Partnership for Building Reuse
Showcase Performance

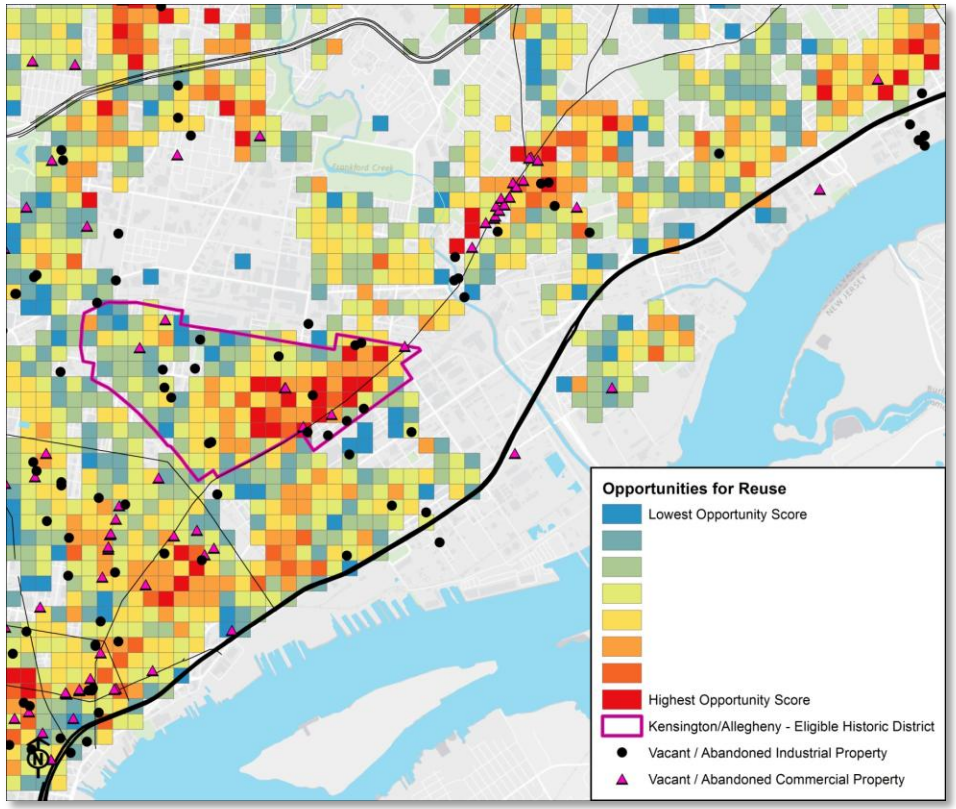


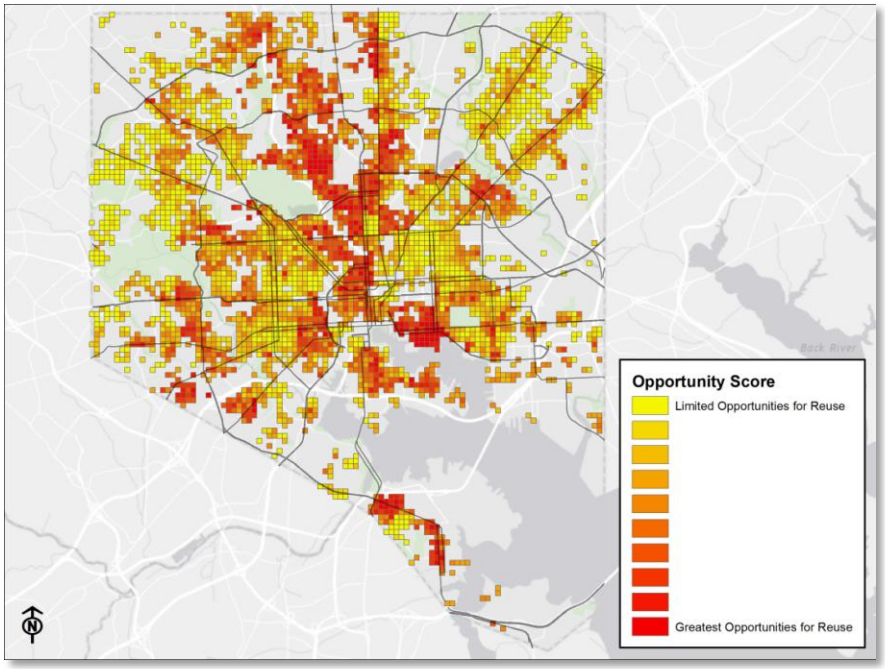


Center City, Philadelphia (left); Baltimore bike party, Hampden (right; photo: Live Baltimore)

The Partnership for Building Reuse

Uncover Opportunities





The Partnership for Building Reuse
Uncover Opportunities

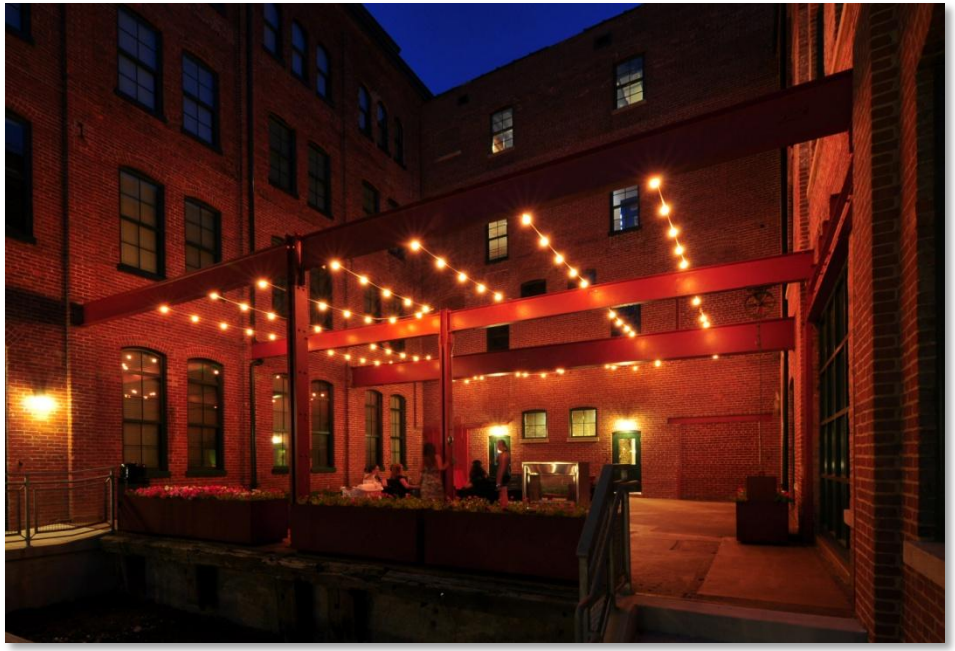




52nd St., West Philadelphia (left), American Ice Company, Baltimore (right)

The Partnership for Building Reuse
Build on Success





Miller's Court, Remington, Baltimore

The Partnership for Building Reuse
Identify Common Barriers

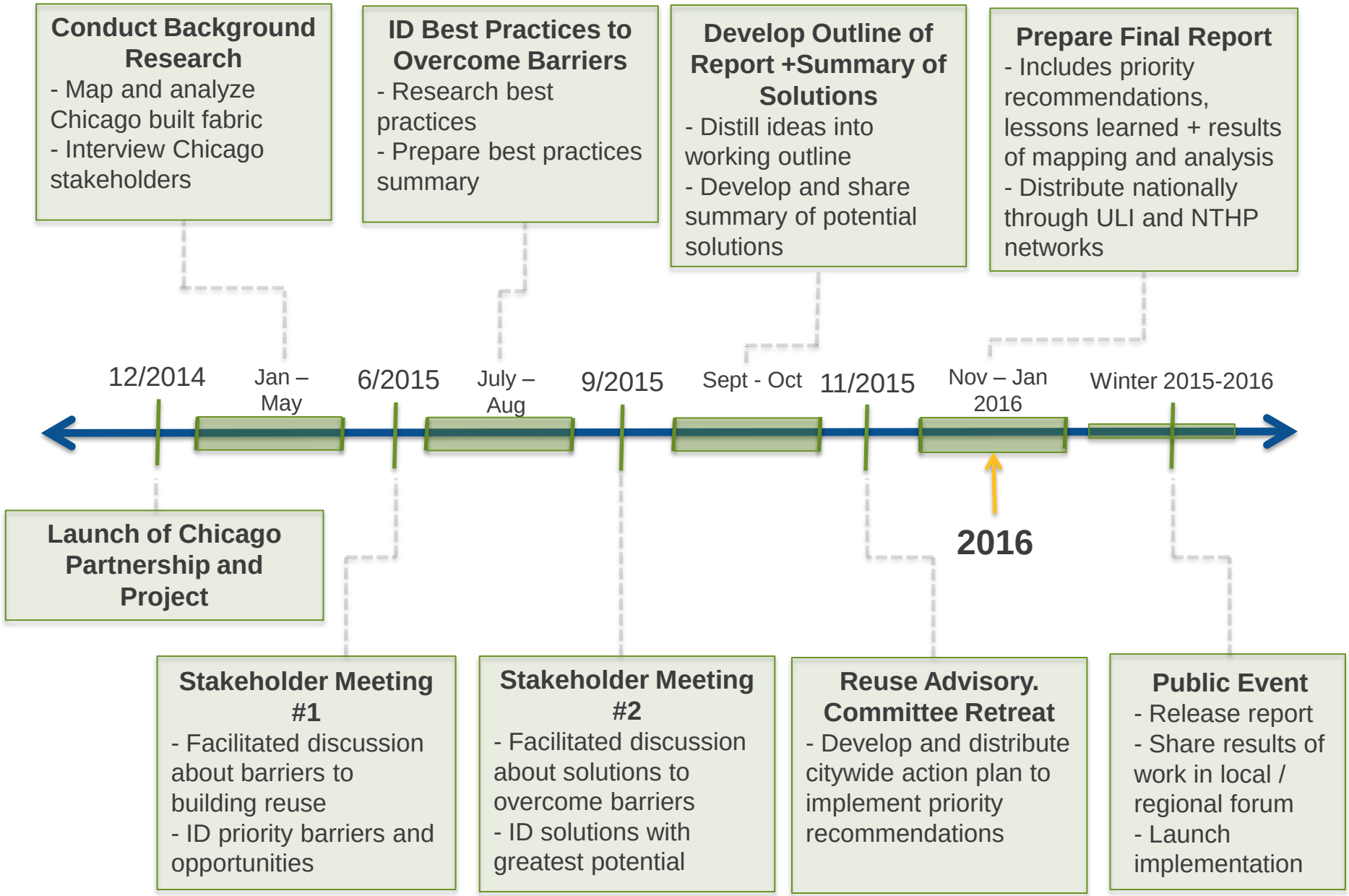


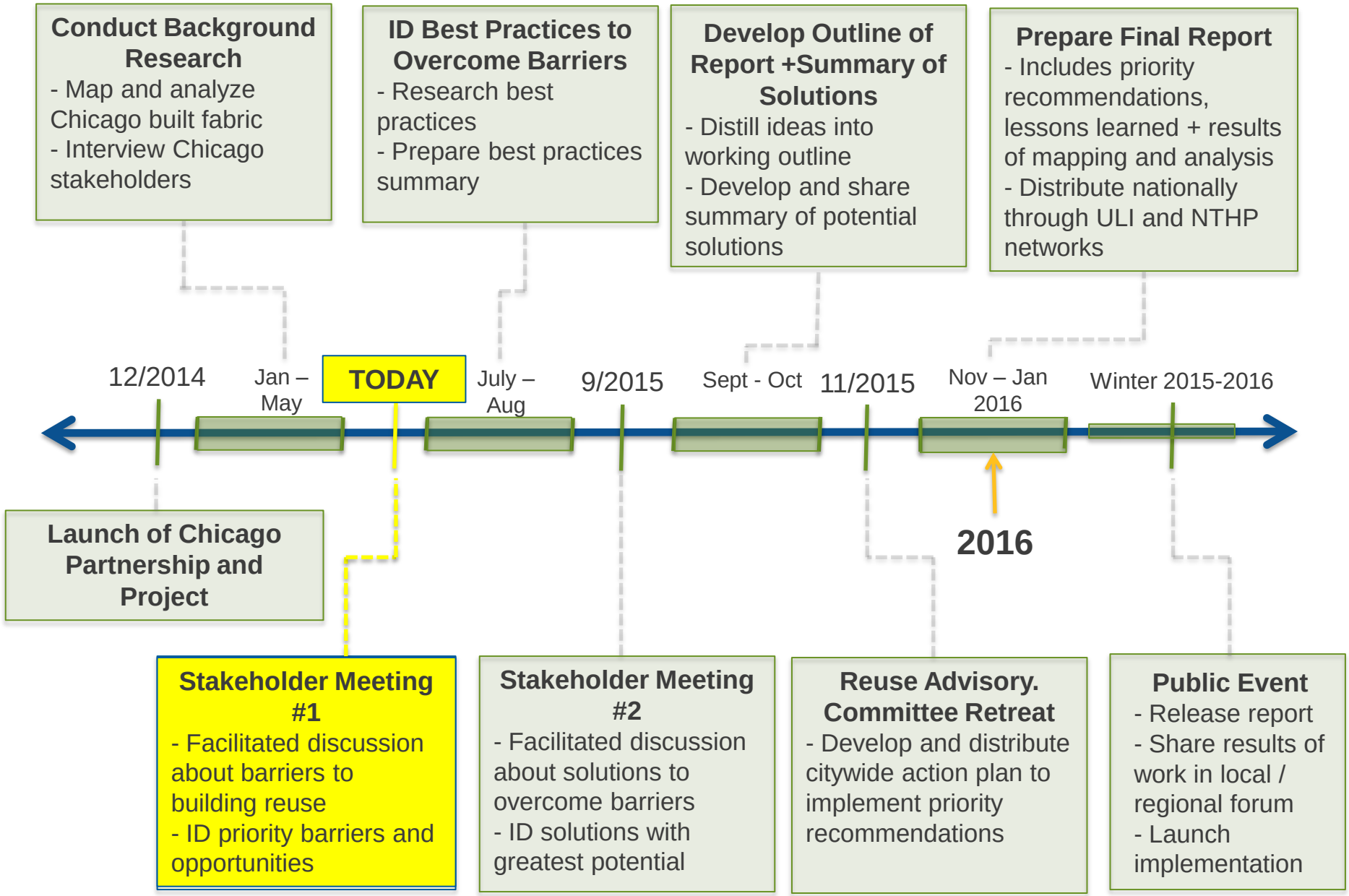
Regulatory Barriers
Zoning Code (Remington, Baltimore)



Market Barriers
Limited Demand (West Baltimore)

The Partnership for Building Reuse: Chicago


Conduct Background Research
- Map and analyze Chicago built fabric
- Interview Chicago stakeholders
ID Best Practices to Overcome Barriers
- Research best practices
- Prepare best practices summary
Develop Outline of Report +Summary of Solutions
- Distill ideas into working outline
- Develop and share summary of potential solutions
Prepare Final Report
- Includes priority recommendations, lessons learned + results of mapping and analysis
- Distribute nationally through ULI and NTHP networks
12/2014
Jan – May
6/2015
July – Aug
9/2015
Sept - Oct
11/2015
Nov – Jan 2016
Winter 2015-2016
2016
Launch of Chicago Partnership and Project
Stakeholder Meeting #1
- Facilitated discussion about barriers to building reuse
- ID priority barriers and opportunities
Stakeholder Meeting #2
- Facilitated discussion about solutions to overcome barriers
- ID solutions with greatest potential
Reuse Advisory. Committee Retreat
- Develop and distribute citywide action plan to implement priority recommendations
Public Event
- Release report
- Share results of work in local / regional forum
- Launch implementation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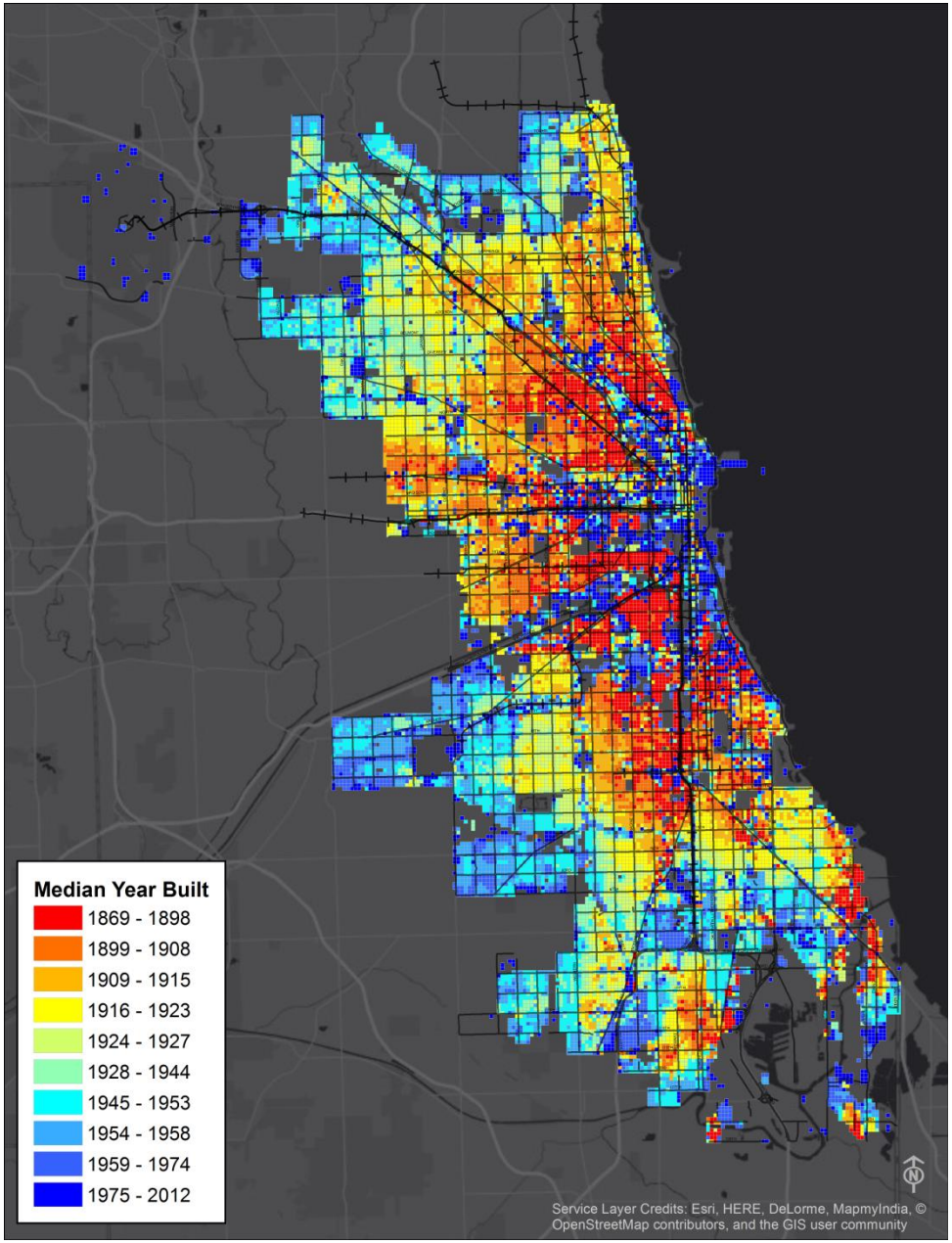
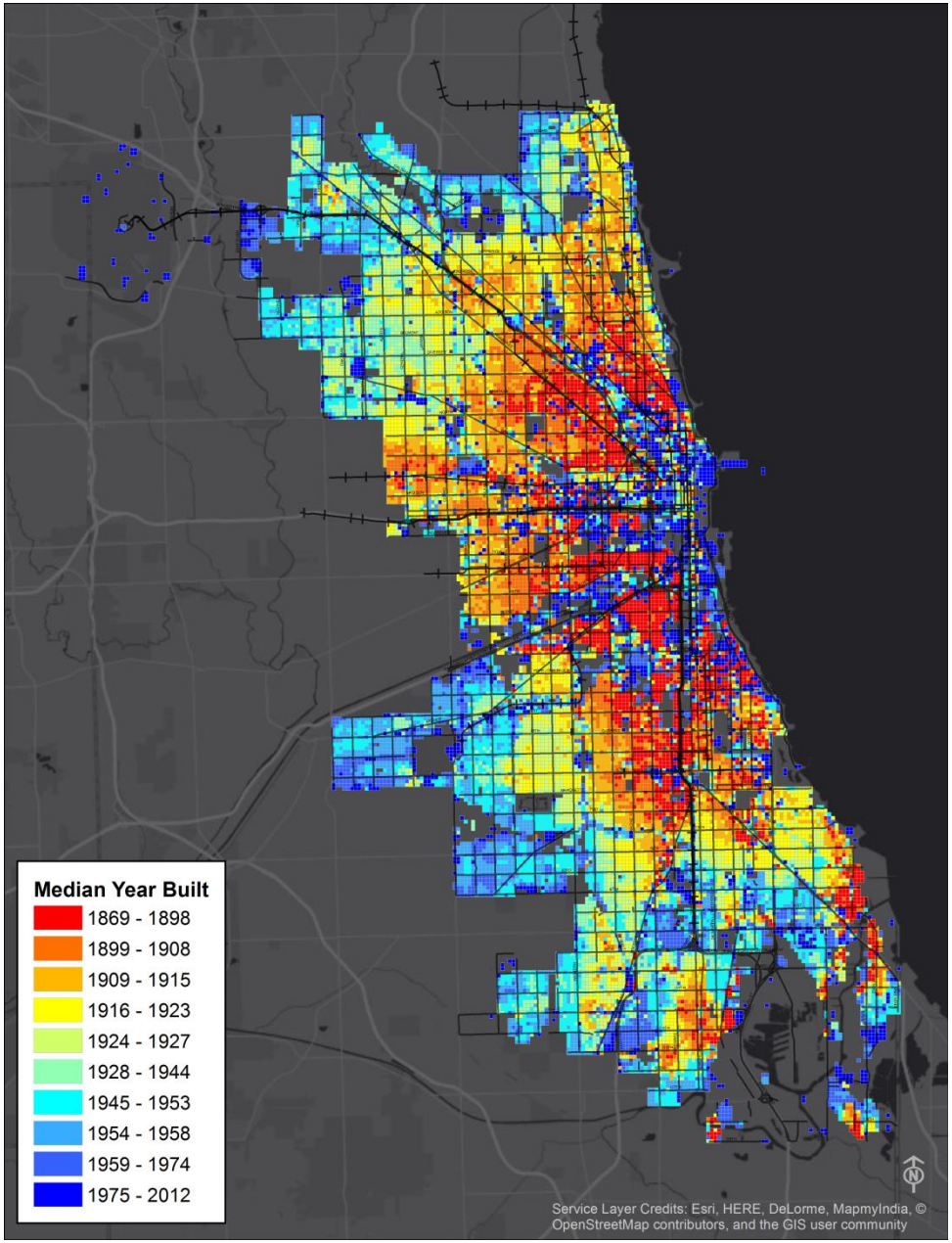


Analyzing the Built Fabric of Chicago

- Data from 502,362 buildings incorporated into 20,944 200-meter-by-200-meter grid squares
  - Avg year constructed = **1932**
  - Median year = **1926**
  - 63.2% built before **1945**



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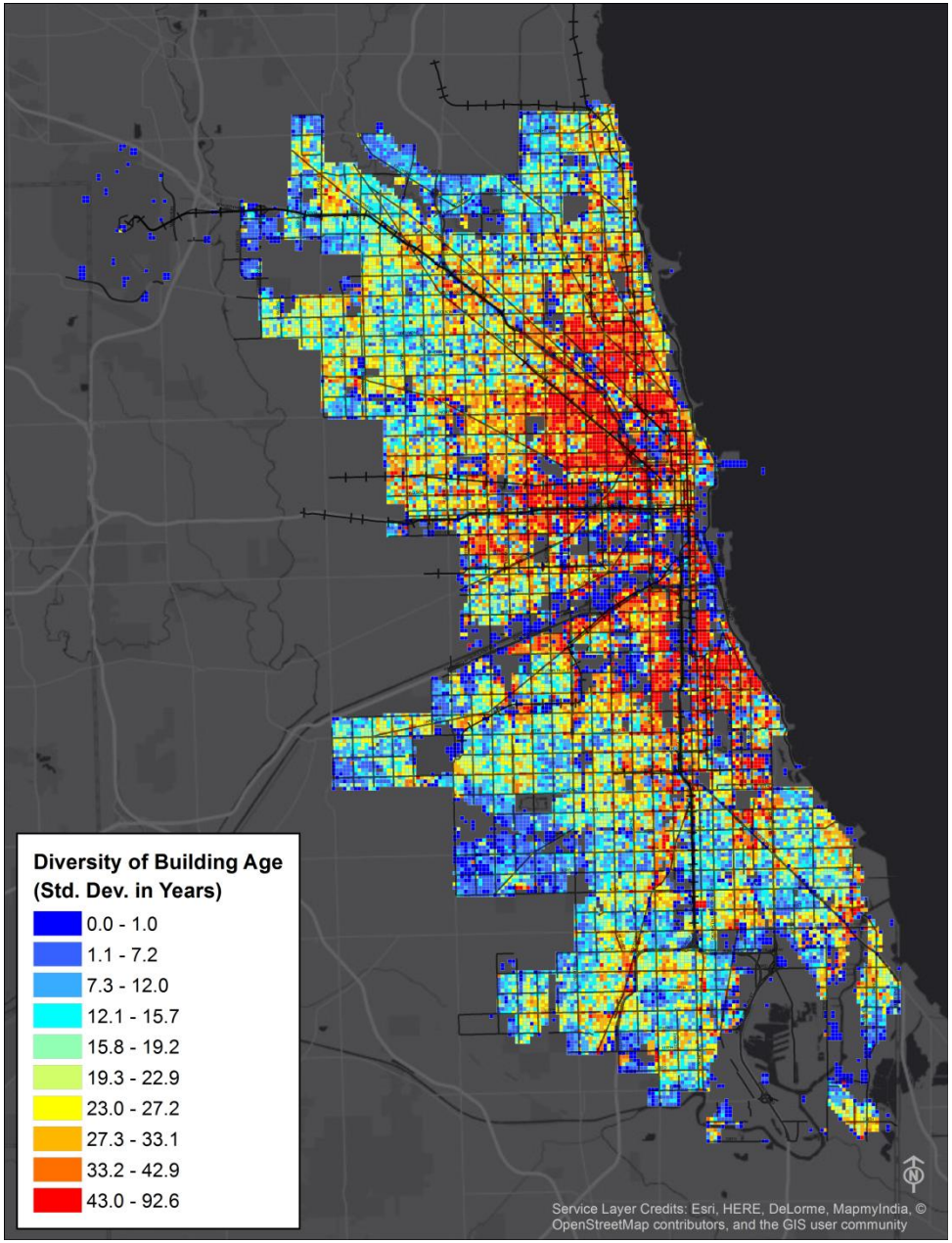

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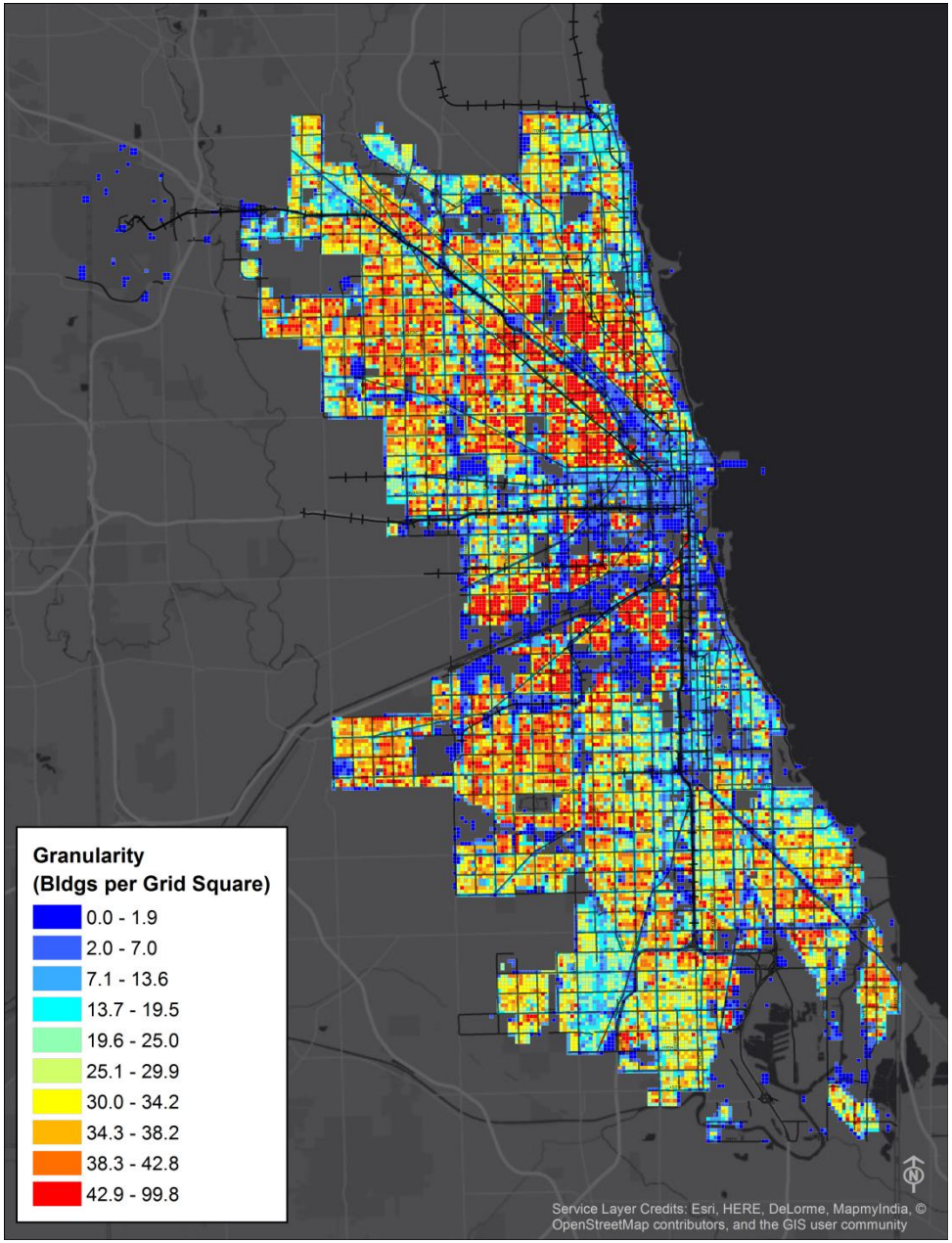

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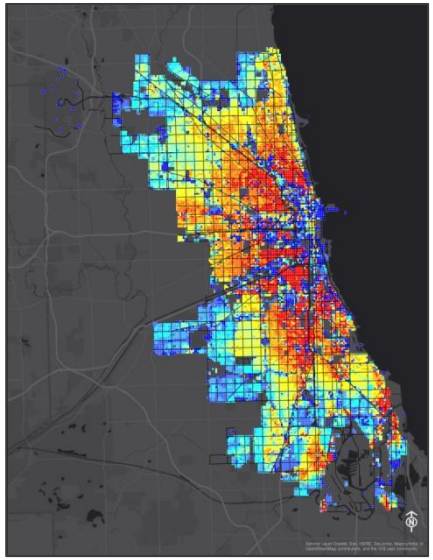
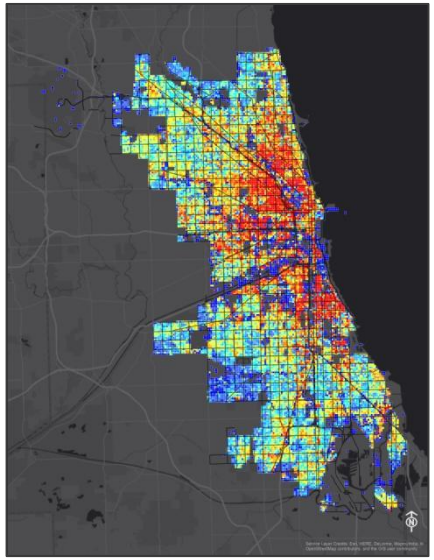


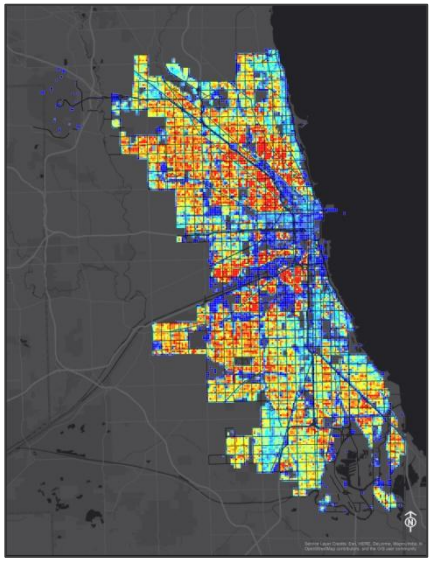
Building Age

+



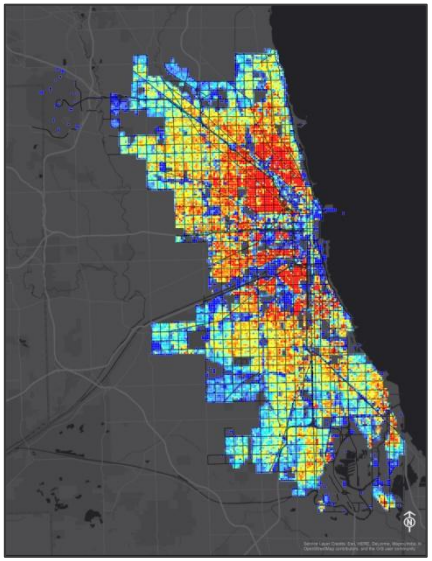
Age Diversity

+



Granularity

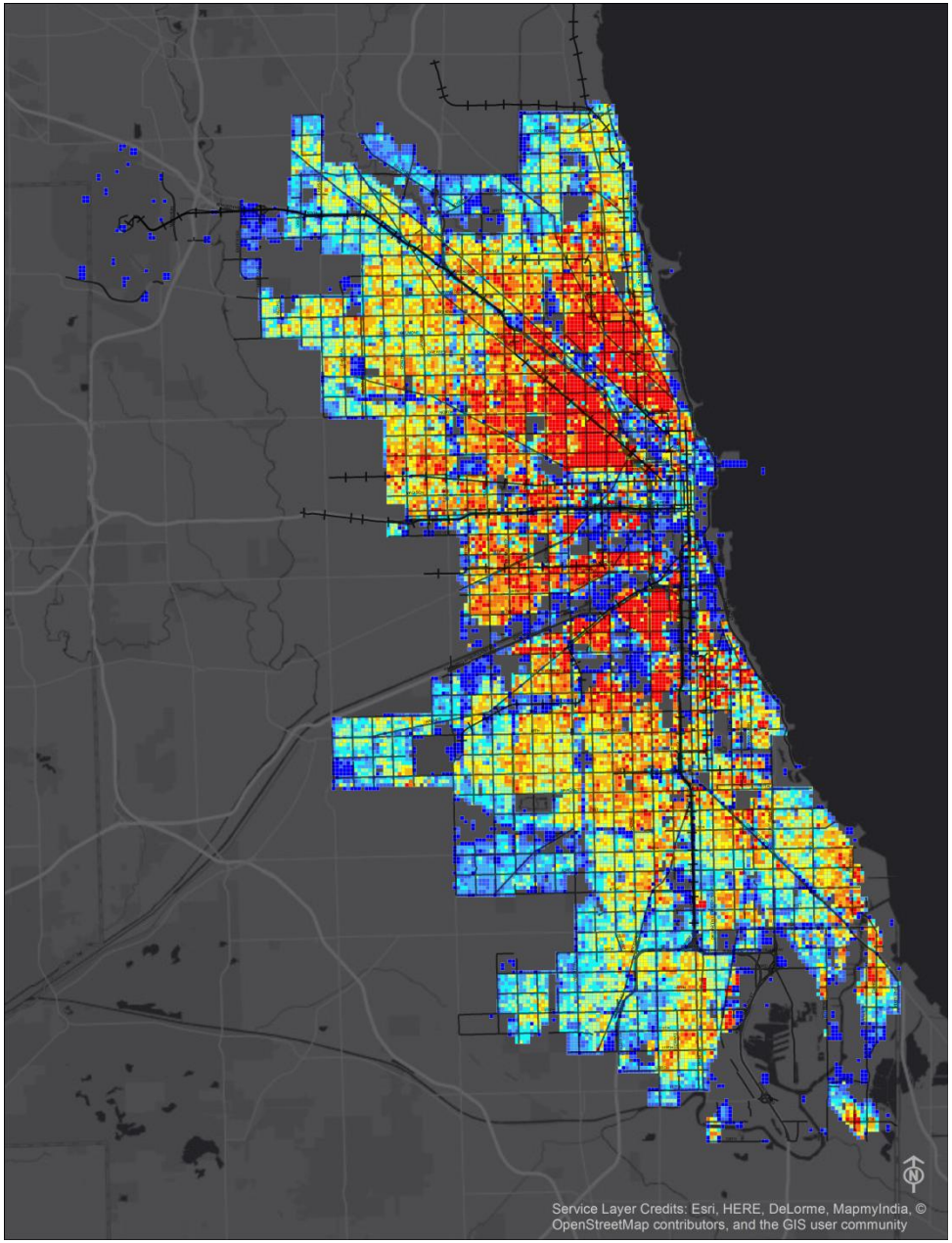
=



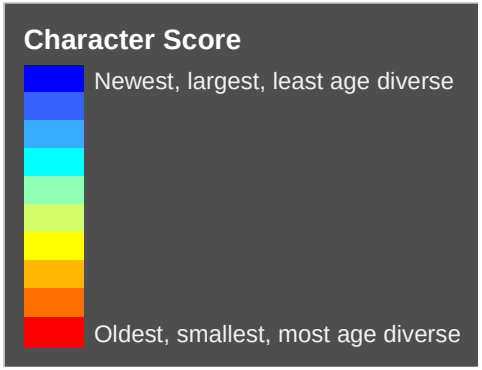
Composite of all three

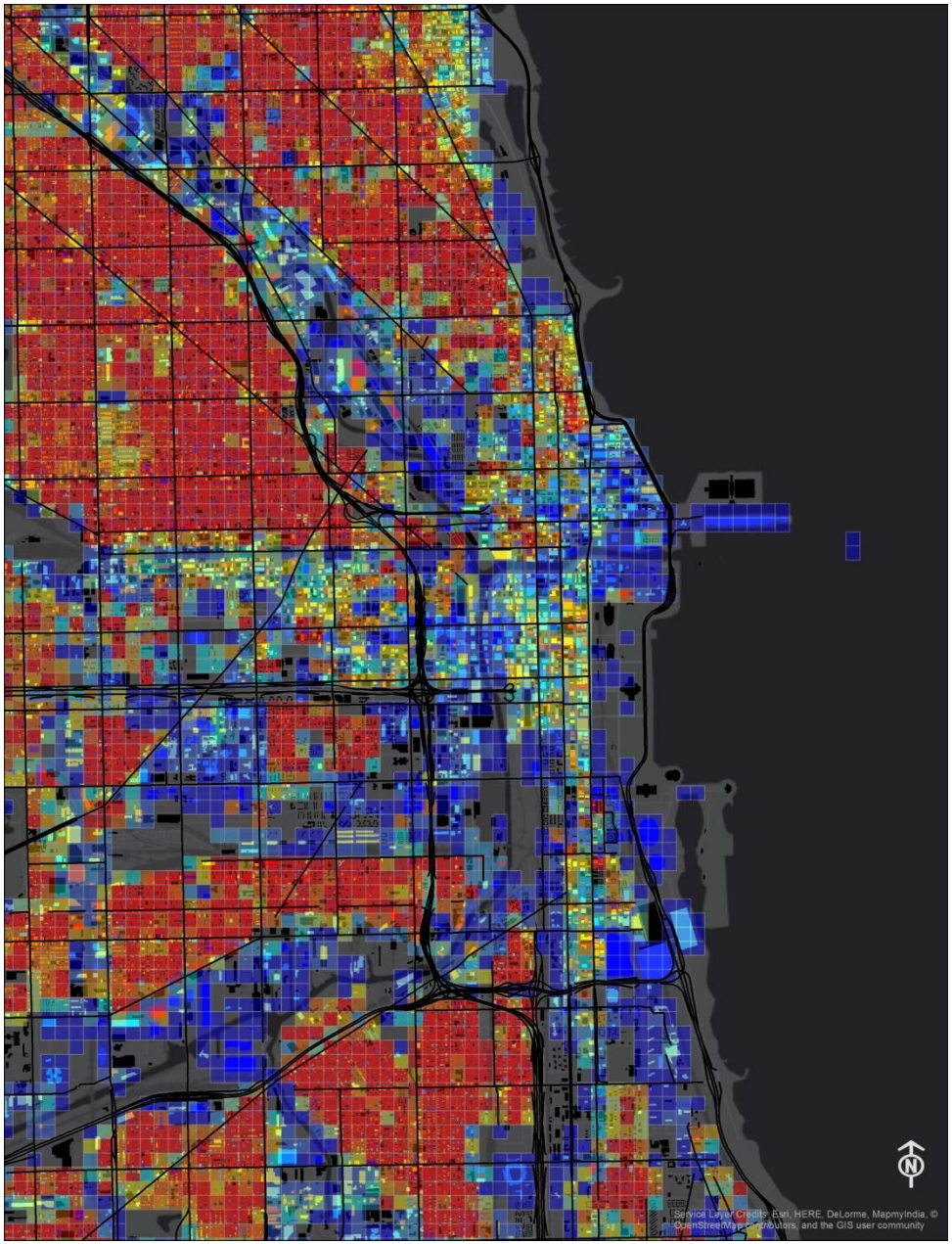
Our composite measure = “Character Score”

Analyzing the Built Fabric of Chicago



- The Character Score shows areas with older, smaller buildings and greater age diversity in hot colors.
- Areas with newer, larger buildings and less age diversity are shown in cool colors.





Analyzing the Built Fabric of Chicago

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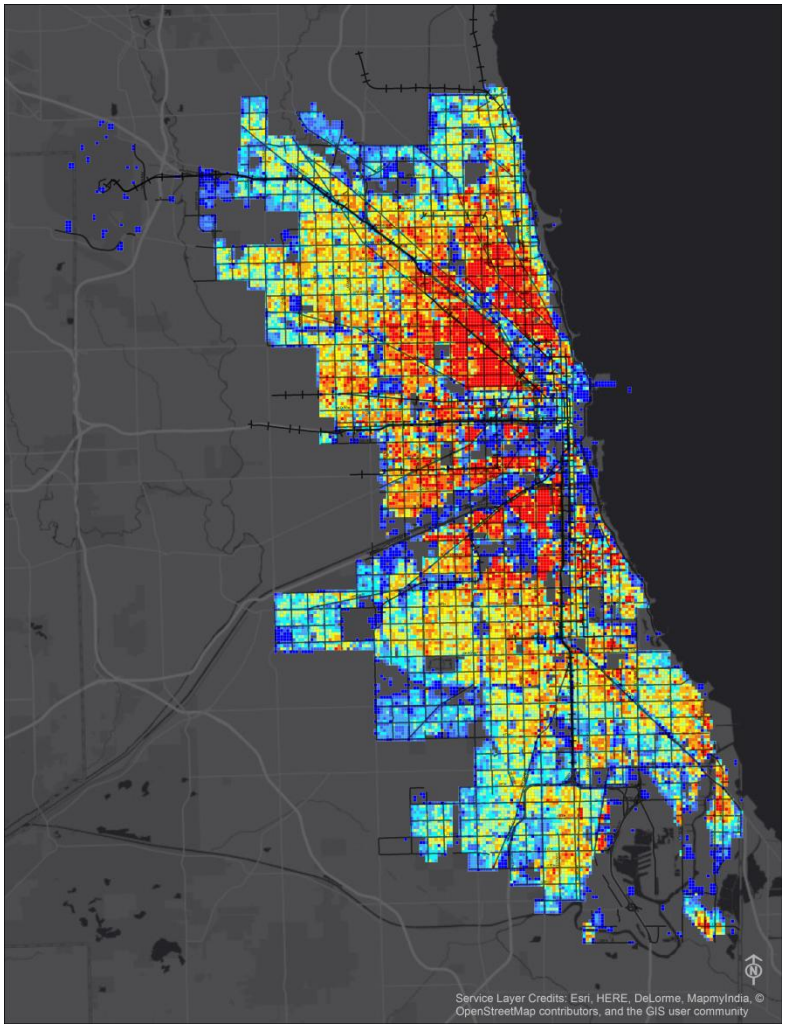
Character Score

Newest, largest, least age diverse

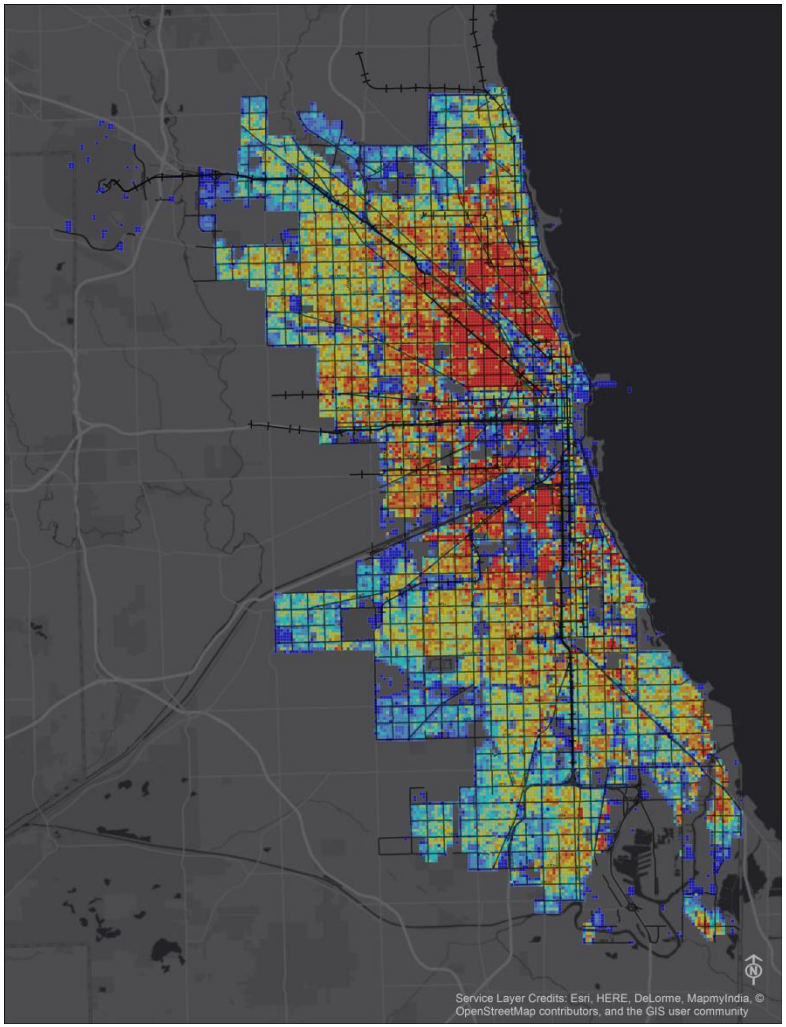
Oldest, smallest, most age diverse

Building Activity (2010 – 2015)



6,799 Demolition and Wrecking Permits

Building Activity (2010 – 2015)



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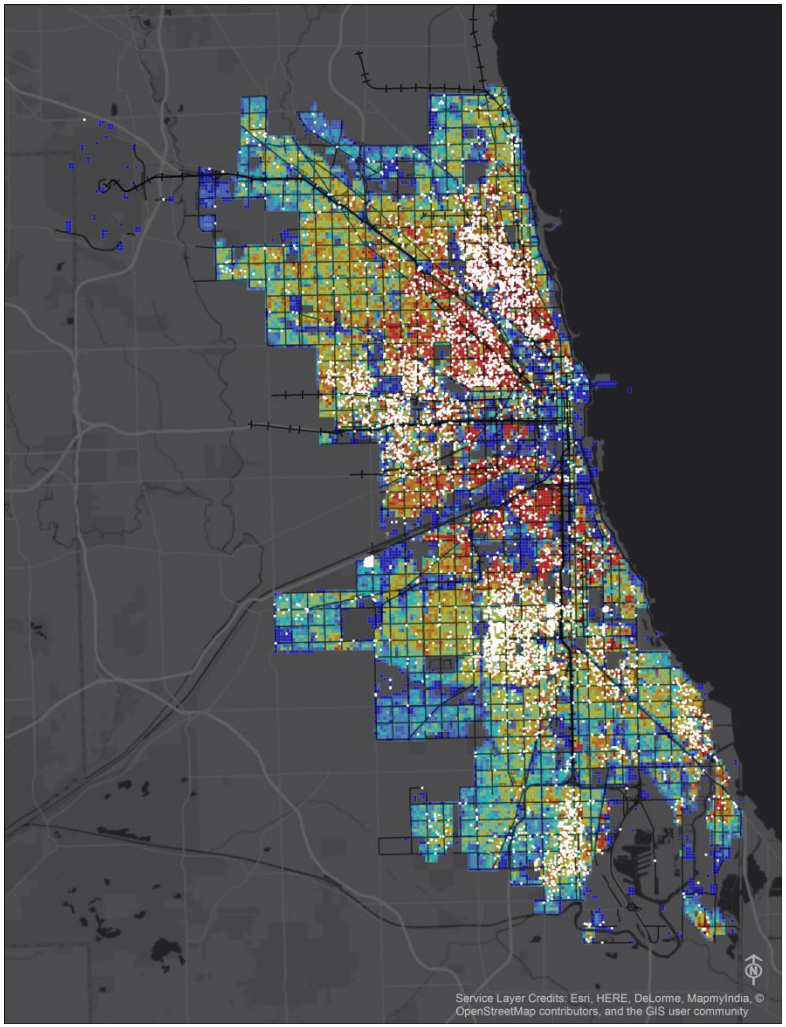

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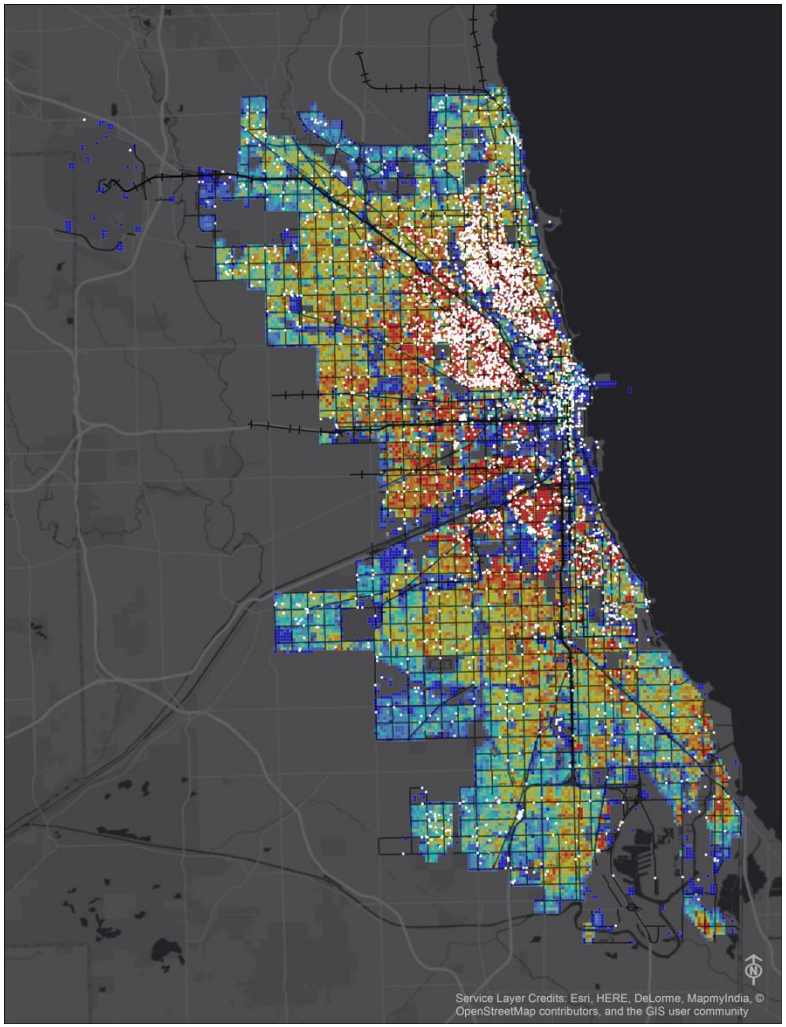
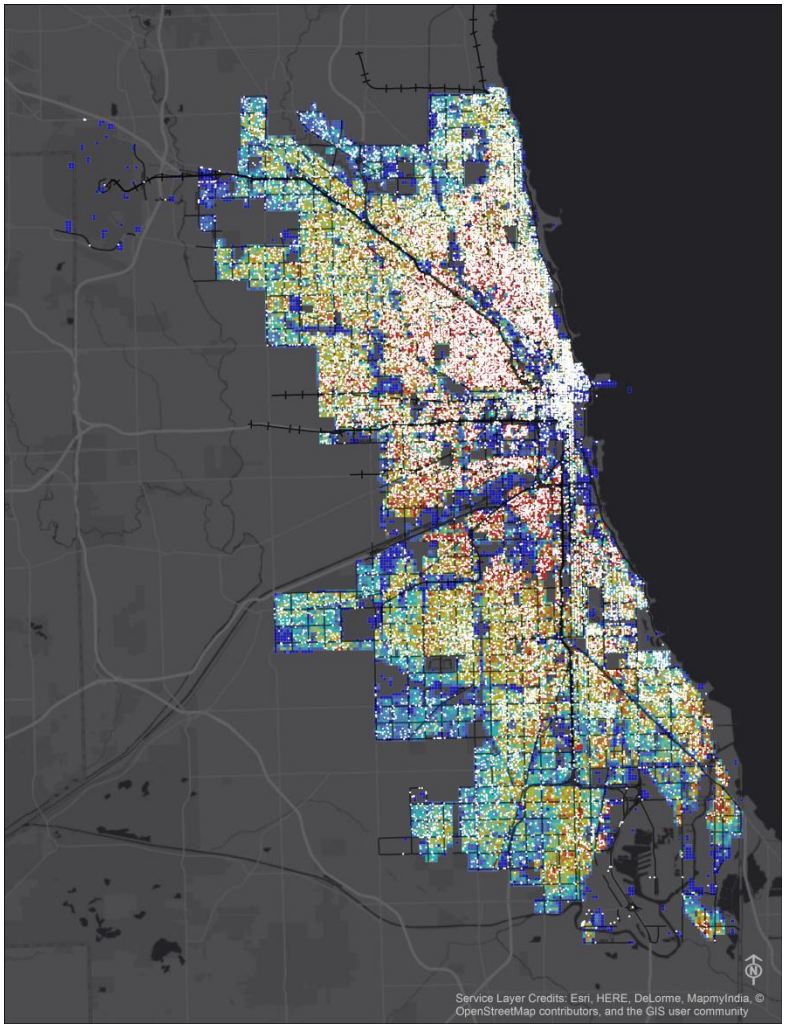


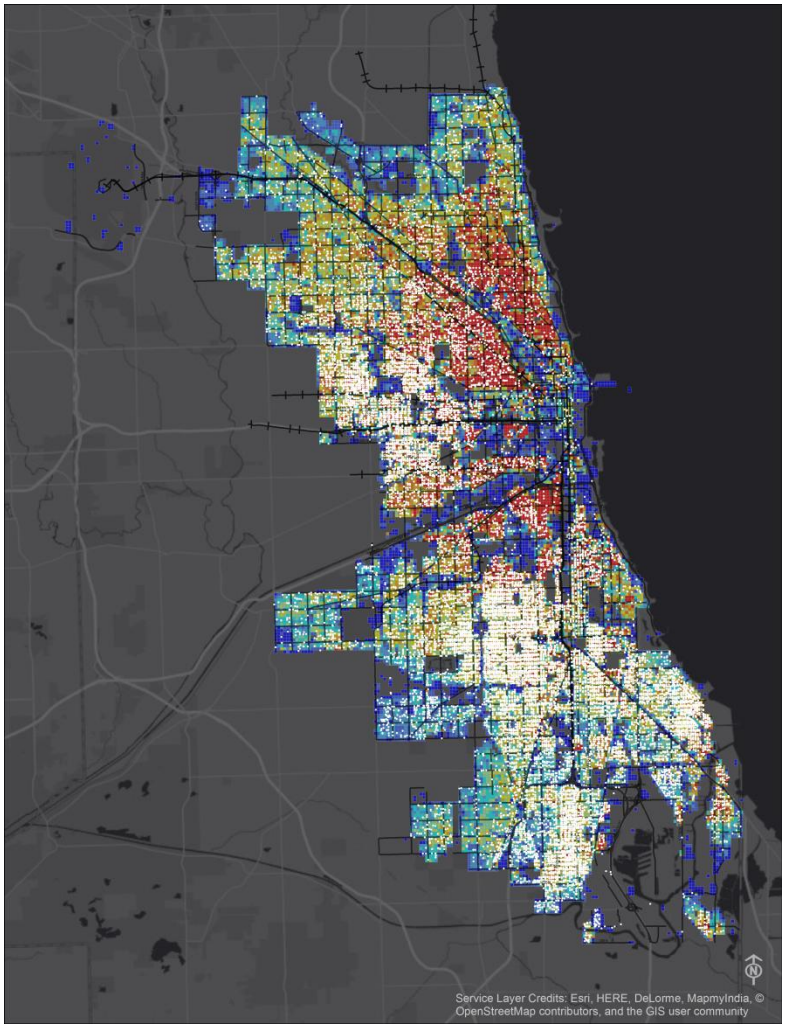
6,058 New Construction Permits

Building Activity (2010 – 2015)



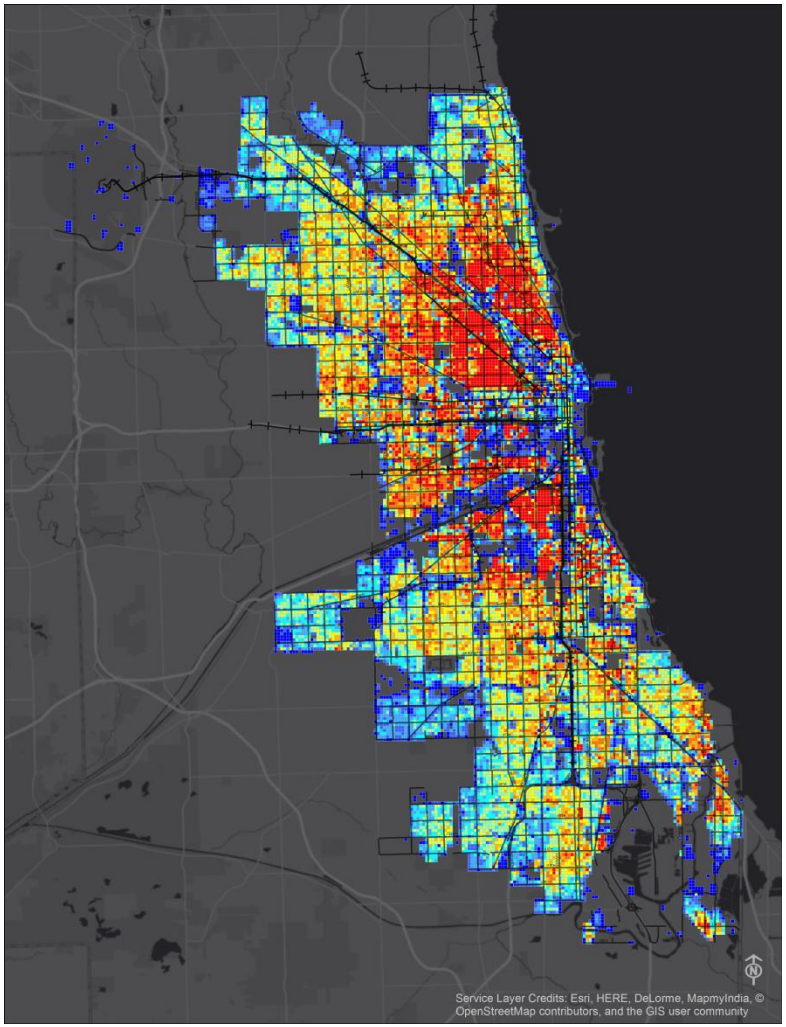
42,847 Renovation and Alteration Permits

Building Activity (2010 – 2015)



31,494 Calls to 311 for Vacant or Abandoned Buildings

Building Activity (2010 – 2015)



31,494 Calls to 311 for Vacant or Abandoned Buildings

The Partnership for Building Reuse
Chicago – Possible Outcomes

- Efforts in other cities have already shaped public discourse and are moving toward policy implementation
- Possible Outcomes in Chicago:
  - Creation of local implementation task force
  - Development of viable action plan
  - Launch of pilot programs in targeted neighborhoods





The Partnership for Building Reuse
Small Group Discussion

- *What are the barriers to building reuse?*
  - Group 1: **Regulatory** Barriers
  - Group 2: **Technical** Barriers
  - Group 3: **Market** Barriers
  - Group 4: **Financial** Barriers

National Trust *for* Historic Preservation
Preservation Green Lab

ULI Urban Land Institute
Chicago

The Partnership for Building Reuse
Regulatory Barriers

- PMDs - Planned Manufacturing Districts
  - Slow to adapt to changes, office and high tech uses
  - High tech may have different needs for nearby uses (e.g., restaurants and hotels). Current restrictions makes that challenging
- Parking – A major barrier both in terms of requirements and lack of flexibility / adaptability
  - Look at current TOD requirements; could perhaps broaden boundaries

The Partnership for Building Reuse
Regulatory Barriers

- No neighborhood plans
  - Aldermanic emphasis on plans – 50 aldermen, 50 different standards, 50 different interpretations of zoning
- Restrictions / Requirements for certain types of buildings
  - Some historic buildings are very difficult to work with (e.g., light and air circulation) but hasn't begun to incorporate new technologies

The Partnership for Building Reuse
Regulatory Barriers

- International Building Code could be adapted and used in Chicago
  - Different requirements depending on the building
- Very aggressive about requirements for copper piping rather than PVC
  - Makes materials more susceptible to theft
- Code hasn't adapted to new technology as quickly as it should

The Partnership for Building Reuse
Regulatory Barriers

- Accessibility requirements can be seen as extreme in Chicago
  - Could look to how Philadelphia and LA have approached this
- Could look to LA – Removing barriers
- Buildings that are difficult to reuse
  - Small, non-landmarked buildings on commercial strips

The Partnership for Building Reuse
Regulatory Barriers

- Will new SRO policies create new barriers?
- Need for ongoing task force that identifies barriers as they arise; could quickly raise concerns
- Signage – Difficult to get a sign permit in Chicago; this could perhaps be made simpler

The Partnership for Building Reuse
Technical Barriers

- Challenges of rehabbing and repurposing buildings
- Schools are particularly difficult
  - Classrooms, gymnasium, assembly areas – how to incorporate into other uses (e.g., residential)
- "Developers kit" could be created to support reuse
  - Could be made specific to particular building types (e.g., schools, churches). Need flexibility

The Partnership for Building Reuse
Technical Barriers

- LEED Certification / Rehab code – Oftentimes, more decrepit the building, the easier the rehab. Can gut and remove challenging aspects of a building where the building is in bad shape already.
- Energy requirements – Could there be easing of requirements with older/historic buildings
- Rehab code exists now, but could it be adjusted to make reuse more likely

The Partnership for Building Reuse
Technical Barriers

- Underground conditions below buildings pose costly challenge
- Bringing older buildings to modern standards (e.g., bedroom size, kitchen size) poses a challenge
- Adding energy efficient solutions to older buildings can be difficult
- ADA and parking access – Do we need same requirements for smaller residential and commercial properties
    - Are there creative approaches to ADA reqs for smaller and historic structures

The Partnership for Building Reuse
Technical Barriers

- Asbestos, radon, and mold can be unknowns that make projects difficult
- Natl Park Service standards – Secretary of the Interior Standards don't always fit well with older/historic buildings
  - Moulding needs to be replaced; risk throwing out baby with the bathwater
  - Need bigger picture on this
  - Rehab code is underutilized; could be promoted more / greater education on this

The Partnership for Building Reuse
Technical Barriers

- Need stronger education for developers – Show value and potential for reuse of older buildings
- "Orange"-rated (character) buildings in Chicago – Is there a way to make them more "investable" and closer to a red category
  - Is there a way to make reuse of "orange"-rated buildings easier?
  - Look beyond "orange"-rated buildings to focus on specific dates and types (pre-1945, pre-1920)
  - Religious structures struggle with guidelines

The Partnership for Building Reuse
Technical Barriers

- How to incorporate / adapt for fire safety with historic buildings (Sprinklers and fire safety)
  - Easing standards here might support reuse
  - Different application of rules and standards with fire inspection – Case-by-case assessment
  - Don’t necessarily want to change life safety

The Partnership for Building Reuse
Technical Barriers

- Tax code – Raising date for commercial tax credits above 1936; begin to make midcentury modern buildings eligible for these credits. Could also incorporate non-commercial buildings

The Partnership for Building Reuse
Technical Barriers

- Could you expand existing codes that operate like incentives to more areas?
- Performance-based codes could be powerful; prescriptive code can be restrictive and challenging
  - Interiors are often not considered with building codes
  - Performance-based codes for accessibility? Fire code does have a shell / scoring criteria for a project

The Partnership for Building Reuse
Technical Barriers

- Energy codes – Energy STAR provides a good precedence – Can demonstrate energy efficiency performance of building; can require a specific score
    - With existing building, there may be 3-4 different ways to address a challenge and meet performance basis
- Self certification can work for smaller commercial buildings, but it is still reviewed alongside other projects.
    - Can save a lot of time on permitting

The Partnership for Building Reuse
Technical Barriers

- City is looking at self-certification again; will consider this

The Partnership for Building Reuse
Market Barriers

- Real vs. perceived market barriers
  - *Difference Northside / Southside.*
- Market tipping point
  - *Tougher time for initial developers. Need small-scale developers to come in and make things happen, but that's difficult.*
- Neighborhood planning would be helpful but is lacking

The Partnership for Building Reuse
Market Barriers

- Internal vs. external barriers
  - *Condition of other buildings in the area*
  - *Can you get loans in the area*
  - *Grassroots (pop up) vs grasstops (incentives)*
- Market Value
  - Market value + prevailing wage
  - Prevailing wages themselves can pose a market barrier

The Partnership for Building Reuse
Market Barriers

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The Partnership for Building Reuse
Financial Barriers

- It all comes down to money and capital
- Banks and institutional investors aren't engaged with small scale and reuse
- Too much uncertainty
  - Inst. Investors aren't familiar enough with reuse
  - Location – banks are reluctant to go into new neighborhoods; makes it difficult to bring investment to areas that need it

The Partnership for Building Reuse
Financial Barriers

- Difficult to get financing
- Lots of incentives available, but tends to be used by big developers more than mom and pops
  - Could be that education for small developers could make a difference
- Some programs working well: TIF, SPIF?, NIC?
  - Enterprise zones have been very useful
  - Microfinance programs are available

The Partnership for Building Reuse
Financial Barriers

- CRA will only go so far; banks are using investments in historic tax credits, etc.
- Need more representation from banks at these meetings!
- Need to make rehab project balance out in costs so that it's comparable with new construction
  - Code requirements – Green permit program expedites review and reduces permit costs. Could be brought to reuse projects

The Partnership for Building Reuse
Financial Barriers

- Financing reuse projects is often overly complex; banks may seek simplest projects
  - Complex projects are intimidating for new/small developers
- Banks could make greater commitment and focus on particular neighborhoods

The Partnership for Building Reuse
Financial Barriers

- Low income housing tax credit (LIHTC) wasn't discussed very much today, but perhaps more could be done with this
  - Education on which tax credits can be used with which projects
  - Not enough LIHTC for the need
- Having an experienced team that knows all incentives, codes, etc., can be tremendously helpful

The Partnership for Building Reuse
Research on National Best Practices

- Are there areas we need to know more about nationally?
  - Light and vent codes – what are other cities doing?
- Adaptive reuse ordinances and programs
  - What could we learn from LA and Phoenix?
- Filling appraisal gaps (look to Detroit)
- Abandoned and vacant industrial tax credits (look to South Carolina)

The Partnership for Building Reuse
Research on National Best Practices

- Pilot programs for buildings that utilize PVC, etc
- Accessibility and how other cities dealing with ADA
- Performance-based codes – Look to Earthwise, Seattle Outcome-Based Energy Code
- Inflexibility of Natl Park Services standards – What is the status and trajectory on this?
  - Could be part of a national policy agenda
  - NTHP is involved in this; defining Sec 106 standards

The Partnership for Building Reuse

Research on National Best Practices

- Crowdsourcing / crowd-based fundings – Creative approaches to financing
- Rehab incentive – 10% credit that doesn't come along with other requirements. Works for non-historic buildings built before 1936
  - Who has used this well? Where is this being utilized successfully?
  - Has been discussed in Congress; costs are being debated

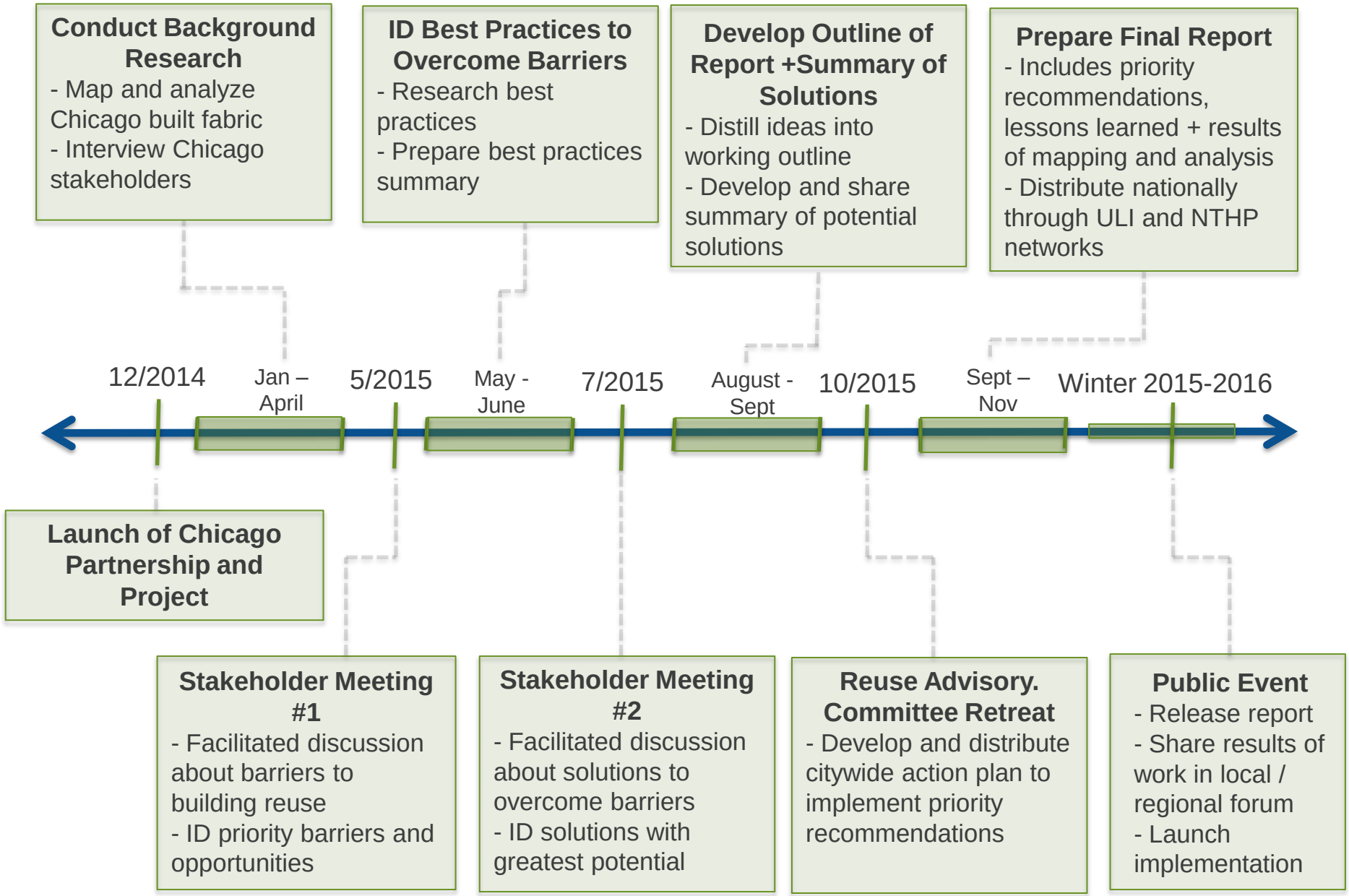
The Partnership for Building Reuse

Who Else Should Be Part of Mtgs?

- Users of space (office and retail tenants)
  - Would be great if we could bring some additional people?
  - Could use some help from stakeholders in getting some additional people into the room and at the table

The Partnership for Building Reuse
Who Else Should Be Part of Mtgs?

- Who is missing from this conversation?
  - Scott Goodman from Sterling Bay
  - Governor and state representatives to get state tax credit
  - Alderman/aldermen
  - Cook County Land Bank
  - Chicago Rehab Network


Conduct Background Research
- Map and analyze Chicago built fabric
- Interview Chicago stakeholders
ID Best Practices to Overcome Barriers
- Research best practices
- Prepare best practices summary
Develop Outline of Report +Summary of Solutions
- Distill ideas into working outline
- Develop and share summary of potential solutions
Prepare Final Report
- Includes priority recommendations, lessons learned + results of mapping and analysis
- Distribute nationally through ULI and NTHP networks
12/2014
Jan – April
5/2015
May - June
7/2015
August - Sept
10/2015
Sept – Nov
Winter 2015-2016
Launch of Chicago Partnership and Project
Stakeholder Meeting #1
- Facilitated discussion about barriers to building reuse
- ID priority barriers and opportunities
Stakeholder Meeting #2
- Facilitated discussion about solutions to overcome barriers
- ID solutions with greatest potential
Reuse Advisory. Committee Retreat
- Develop and distribute citywide action plan to implement priority recommendations
Public Event
- Release report
- Share results of work in local / regional forum
- Launch implementation