CAN HISTORIC NEIGHBORHOODS COMPETE?
ANALYSIS OF AND RECOMMENDATIONS FOR LOCAL INCENTIVES FOR OWNER-OCCUPIED RESIDENTIAL STRUCTURES

A Thesis
by
REBECCA ELIZABETH ROWE

Submitted to the Office of Graduate Studies of Texas A&M University in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

December 2004

Major Subject: Architecture
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Approved as to style and content by:

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December 2004

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ABSTRACT

Can Historic Neighborhoods Compete?
Analysis of and Recommendations for Local Incentives for Owner-occupied Structures. (December 2004)

Rebecca Elizabeth Rowe, B. A., State University of New York at Geneseo
Chair of Advisory Committee: Prof. David G. Woodcock

This research study sets out to determine what incentives and programs are being utilized throughout the country and in Texas to keep historic residential neighborhoods maintained and vibrant. For this purpose, federal, state and local programs have been surveyed to discover what programs are being utilized and which might be successful in Texas cities. Also surveyed were prospective homebuyers to determine what incentives and maintenance assistance could induce them to purchase, or to consider purchasing, an older home versus a new home in a builder community.

The responses of the prospective homebuyers’ survey indicates that there is a good deal of interest in older homes among prospective homebuyers. A program to assist them should be based on education, making pertinent information and resources available, and providing financial relief for those purchasing and rehabilitating an older or historic home.
Dedicated to my husband, Foster.

“There’s a building to preserve.”
ACKNOWLEDGMENTS

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The biggest thanks to my husband, Foster, for putting me through school, and for putting up with me.
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CHAPTER I

INTRODUCTION

1.1 Background

Callers to the Texas Historical Commission, the state agency for historic preservation, requesting information on financing purchase, maintenance, repair or rehabilitation of older or historic residential properties are disappointed with the response. All that is available to them is the Department of Housing and Urban Development’s 203(k) program which requires most if not all rehabilitation decisions to be made prior to the mortgage being finalized, leaving no room for contingencies and not allowing for work to be performed by the homeowner (Department of Housing and Urban Development, 2004). There is also a slight possibility that there may be local tax abatements available to them but research conducted by the author while working at the Texas Historical Commission in 2001 revealed fewer than twenty such programs in the state. Now where do they turn? There are no Federal Tax Incentives available for residential properties as there are for incoming-producing sites, though the proposed Historic Homeowner’s Assistance Act seeks to remedy that situation. The State of Texas does not have a state income tax with which to offer credits for investment in historic properties while other states, such as Michigan, have seen tremendous investment in historic homes through

This thesis follows the style and format of the Journal of Architectural and Planning Research.
state tax credits. There is no National Neighborhood Preservation program to assist historic homeowners the way the National Main Street program has been able to assist in the revitalization of so many downtown/commercial districts.

Meanwhile countless communities of non-descript builder homes are popping up around every city in America. These are made up of brand new houses with a multiplicity of incentives for homebuyers – no down payment, furniture credits, the opportunity to customize certain aspects of the house before it is completed. These homes lack the character and uniqueness of the older, established neighborhoods, and are not burdened with the associated maintenance and repair costs that can come with an older home. With none of these developer incentives available for the older neighborhoods I have observed more and more of the homes in these neighborhoods staying on the real estate market for months and in many cases more than a year. Prospective homebuyers are apparently drawn to the convenience of financing options, of no immediate maintenance concerns, and the promise of no down payments. Some more recent incentives even include free window treatments and the possibility of winning $20,000 worth of furniture. One community is even adding a 5-acre waterpark to its facilities. What is less apparent to the public that these communities are being marketed to, are the associated costs of these developments. Green and Malpezzi (2003) site the following concerns:

- **Congestion.** Building additional housing units in a community generally increases traffic locally…
• **Environmental costs.** Building additional housing units may reduce the local supply of green space; affect air quality; and increase pressure on local water, sanitation, and solid waste collection systems.

• **Infrastructure costs.** Building additional housing units may increase the cost of dealing with the problems listed above…

• **Fiscal effects.** In addition to the obvious effects from the above, demand for local public services may increase… New residents may or may not pay sufficient additional taxes to cover the marginal costs. (Green and Malpezzi, 2003: 121)

These costs are glossed over by the marketers, often go unmentioned and do not seem to be of concern to the general public. Yet it will be the public, even more so than the residents of these new developments, who will end up footing the bill on the infrastructure and environmental costs.

And what happens to the older homes that have been for sale for months with no financial incentives to persuade potential homebuyers? From what I have witnessed from my own home search last year to now is that they fall into disrepair and the prices are dropped repeatedly until they are finally turned into rental units as a way for the owner/landlord to make back some of their expenses. Unfortunately the tenants do not have the pride of ownership as incentive to keep these homes in repair, and landlords are frequently absent and equally ambivalent about maintaining the property.

1.2 Statement of Problem and Research Question

There is no comprehensive program at the federal, state or local levels that offers funding for purchase, maintenance, repair or rehabilitation to potential historic homeowners. Because of this, the quality of our historic neighborhoods is being chipped
away. I have observed many older homes staying on the real estate market for several months, and in some cases more than a year, and the being turned into rental units when they fail to sell. With no pride of ownership as an incentive to keep the property in good repair there is little investment in these homes and they eventually become blighted and detract from the character and quality of the neighborhood. Lindley R. Higgins did a study of homeownerships programs showing that when tenant based properties increase in a neighborhood there is also an increase in crime rates, meanwhile real estate values and retail opportunities decrease. He expands on this concept, stating that homeownership can have a positive effect on communities in a variety of ways:

Anyone involved in creating housing and homeownership programs, in neighborhoods struggling to maintain or restore their viability, knows that the ripple effects extend far beyond the initial construction or rehabilitation of shelter…homeownership initiatives can stabilize a neighborhood, increase real estate values, stimulate local business development and reduce crime (Higgins, 2001: iii).

With studies indicating that homeownership is such a boon for neighborhoods there should be a greater emphasis placed on creating incentives for purchasing older homes in order for them to be able to compete in the marketplace with new homes in communities where builders offer a number of incentives. According to this study keeping homeownership rates high in these neighborhoods will contribute to keeping those areas attractive and vital.

Not only is there evidence that homeownership has a positive impact on neighborhoods, but also that historic preservation initiatives, even something as simple as historic designations for properties, increases interest in historic neighborhoods and homes. In
nine Texas cities historic designations helped to stabilize property values and in seven of
these cities preservation and designation efforts saw property values actually increase by
twenty percent over neighborhoods that were not designated (Texas Historical
Commission, 1999: 4). With the Higgins study and Rutgers study in evidence it is clear
that both homeownership and historic preservation efforts have strong, positive impacts
on older neighborhoods. What is key is to find ways to create historic preservation
programs that focus on incentives for homeownership, maintenance and repair. Clearly
historic preservation and housing programs should no longer be mutually exclusive and
a program that synthesizes them needs to be tailored to meet the needs of prospective
historic homebuyers.

There are two research questions before the author – 1) Are older homes less attractive
to prospective homebuyers than newer homes because of the associated maintenance and
repair costs? And 2) if so, would the availability of financial incentives impact this
decision? It is time that the role of historic and established residential neighborhoods in
our townscapes was recognized as containing as much historic material, relevance,
character and potential for investment as downtown districts. A Main Street program
can only be so effective if the view from Main Street is a dilapidated and abandoned
residential district. It is not only important to create housing units in downtown districts
but to maintain housing in the neighborhoods bordering those districts as well.
This thesis will also examine programs in other states, cities and through non-profit organizations that support older neighborhoods and homes in an effort to find programs that may be suited to the historic preservation efforts in Texas.

1.3 Importance of the Study

1976 saw the introduction of the Historic Preservation Tax Incentives for income producing properties. The tax incentives were created to remedy a flaw in the tax code that made it more financially advantageous for developers to knock down historic buildings and start their projects from scratch. By creating a substantial financial incentive for rehabilitation historic buildings became more attractive to developers and thousands of buildings that would previously have been demolished to make way for new construction have been saved and returned to use. Since the program’s inception:

- more than 27,000 historic properties have been rehabilitated and saved
- the tax incentives have stimulated private rehabilitation of over $18 billion
- more than 149,000 housing units rehabilitated and 75,000 housing units created, of which over 30,000 are low and moderate-income units. (National Park Service, 2004)

This program has been instrumental in maintaining and restoring historic fabric that would have been lost, preserving a sense of place and past.

In 1980 the National Trust for Historic Preservation began its Main Street program in response to the growing disuse and decay of America’s historic downtown districts. As people began moving out to the suburbs new shopping malls followed them and soon
there were fewer and fewer reasons to make the trip to a downtown that could no longer compete with strip malls and big-box retailers. Businesses left or failed, buildings were boarded up, trash littered the street and once vibrant city centers were left to die.

Facing these issues, over 1,600 communities have adopted the Main Street approach in the past 21 years to look again at Main Street, their heart of the community, to save its historic buildings, to revive its commercial core, to strengthen business, to control community-eroding sprawl, and to keep a sense of place and community life in America. (Main Street, 2004)

The Main Street program was created to encourage towns and cities to not give up on their historic commercial, downtown centers. The program has met with incredible success.

Developed by the National Trust for Historic Preservation’s Main Street Center, the Main Street Four-Point Approach – organization, promotion, design and economic restructuring – has met with success in more than a thousand towns and cities all across the United States. Each city that enters the program is required to hire a full time Main Street manager to implement the program goals on a local level. The manager will coordinate with a Main Street board and other volunteers to engage in fundraising for special projects and to organize a yearly Main Street festival which acts both as a fundraiser and as a promotional tool for the local program. The manager is also responsible recruiting small businesses for downtown and helping those merchants those endeavors successful. Other promotional strategies for Main Street, one of the four-points, includes advertising, retail promotions and marketing campaigns carried out on
behalf of the downtown merchants. The goal is to bring local and area shoppers back downtown to spend both time and money, directly investing in the success of their city’s commercial center. Main Street also promotes appropriate historic preservation treatments and design for historic downtown structures and businesses. For the first three years of inclusion in the program, Main Street cities are provided with free design advice and services through the state Main Street office. This service is of vital importance to small business owners who want to put the best face on their properties and possibly pursue financial incentives such as the federal tax credits. The fundraisers implemented on a local level are often used to support programs that provide paint, façade and sign grants that follow historically appropriate design guidelines based on the guidance of the Main Street office. Another cornerstone of the program is the economic restructuring that is encouraged locally. The Main Street managers work closely with the existing downtown businesses to discover what they need and to help them get access to it, and attracting new businesses to the district to lower the vacancy rates and provide more reasons for visitors to come downtown again. The program recognizes that the major part of making the downtown an attractive area for business and investment is creating financial incentives and this something the national Main Street center and the state Main Street programs seek to bring to communities across the country (Dane, 1997: 4, 5).

While the Federal Tax Incentives for historic preservation and the Main Street program have been hugely successful both from a preservation standpoint as well as an economic
one, there is still one area that has been overlooked – owner occupied housing. This study seeks to make recommendations for cities across America, though most specifically in Texas, to create programs to educate both the public, as prospective homebuyers, and realtors, to be able to market historic homes more effectively and have a better understanding of programs available to historic homeowners. To accomplish this there must be a demystifying of the process of finding, purchasing and maintaining a historic home and, ideally, creation of programs that would make historic home ownership more economically feasible, even desirable, and therefore a viable alternative to the purchase of a new property. The Historic Preservation Tax Incentives and the Main Street program illustrate what can be accomplished through financial incentives and our historic neighborhoods are in need of this kind of saving as much as our downtown districts. Through the Main Street program in particular, improving the infrastructure of downtown through street repairs, tree planting and the rehabilitation of building facades are integral to bringing investment and life back to the historic district. Too often these revitalization efforts fail to see the importance of maintaining and reinvesting in the residential districts as well. These neighborhoods are just as important to a town’s identity, to the sense of history and of place, and their ability to attract development and investment as the Main Streets or the Courthouse Square. Leaving them to decline surrounds our rediscovered downtowns with blight and encourages sprawl. Such abandonment ultimately leads to redevelopment that ignores the historic qualities of a neighborhood.
1.4 Research Methodology

This study will focus on three areas: 1) what incentives could induce potential homebuyers to consider older/historic homes; 2) what programs, if any, are in place in Texas cities that already have a stated commitment to historic preservation by inclusion in the Main Street program; and 3) what programs exist throughout the country that could be tailored to suite the needs of Texas. Area 1 will be researched through a survey of prospective homebuyers (appendix A) and areas 2 and 3 will be studied through internet searches and guided by the National Trust for Historic Preservation’s publication *Rebuilding Community* (National Trust, 2002), as well as information received from the Texas Historical Commission.

The survey for potential homebuyers was placed in eight real estate offices in the towns of Taylor, Georgetown and Elgin. All are Main Street cities and all are convenient to the author. The author did not have contact with the respondents who were asked to participate in the survey by the realtors. The completed surveys were left at the offices where the author picked them up four weeks later. These responses will inform decisions on the types of programs and incentives that would be of interest to Texas homebuyers and what could induce them to consider purchasing an older home rather than automatically writing them off as too expensive due to associated renovation and maintenance costs.
To discover what incentives already exist in Texas towns with a stated commitment to historic preservation the Texas Historical Commission’s Main Street office has been conducting research through surveys of Main Street managers and this information was made available to the author. Responses were provided to the author electronically and the author did not have direct contact with the Main Street managers. Before making recommendations for programs in Texas it is important to know what, if any, incentives are currently being offered. Main Street cities are being targeted because of their inclusion in a historic preservation based reinvestment program. The hope is that if there are programs for homeowners in Texas that they would be available in these cities.

Previous research by the author while employed by the Texas Historical Commission revealed a lack of incentives for owner-occupied residences throughout Texas (Texas Historical Commission, 2001). The author subsequently conducted internet research to discover incentives in other parts of the country. This research led to the National Trust’s publication *Rebuilding Community* (National Trust, 2002). A “best-practices” toolkit for historic preservation and redevelopment, in which 22 community initiatives are highlighted, this publication was used as a roadmap to current programs around the country, in order to identify what is working and why. The findings were used to make recommendations as to programs that could be successful if instituted in Texas.
1.5 Definition of Terms

It is always appropriate to define the terms as used in the Secretary of the Interior’s Standards for the Treatment of Historic Properties. *Preservation* focuses on the maintenance and repair of existing historical materials and retention of a property's form as it evolves over time. *Rehabilitation* acknowledges the need to alter or add to a historic property to meet continuing or changing uses while retaining the property's historic character. This is the standard most often used for architectural historic preservation projects. *Restoration* is undertaken to depict a property at a particular period of time in its history while removing evidence of other periods. *Reconstruction* re-creates vanished or non-surviving portions of a property for interpretive purposes (Grimmer and Weeks, 1995: 2).

Central to this study is the concept of older and historic neighborhoods/houses, which refers to those buildings constructed prior to 1950. Additionally there are builder communities, or those master-planned communities that target specific economic markets of potential homebuyers while offering homes in a limited range of styles and materials in order to create a manufactured sense of community. Hand in hand with these definitions of types of housing are the definitions of housing policy terms. *Low-income housing* and *affordable housing* are the two areas most often covered in literature on housing policy. The U. S. Department of Housing and Urban Development’s official standard for calculating *housing affordability* is that spending more than thirty percent of household income on housing implies that housing is not affordable, so exact numbers
are not so important as ratios (Green and Malpezzi, 2003: 135). *Low-income housing* is a subset of *affordable housing*, generally referring to those for whom housing costs is the greatest burden.

*Sprawl*, and its antidote, *smart growth*, are some other current issues that will have a significant impact on the future of builder communities and housing policy. The National Neighborhood Coalition’s definition of *sprawl* has two parts. The first relates to our physical landscape – growth that is characterized by unlimited expansion and low-density, “leapfrog” land use and strip development. The second is related to the socioeconomic effects of current land-use patterns: a form of suburban development that hinders accessibility and devours open space, and is characterized by fragmented governmental powers, a lack of public transit, fiscal disparities and segregation (National Neighborhood Coalition, 2000: 2). For the purposes of this thesis the first aspect of sprawl, as it relates to the landscape, is what is generally being referenced. The remedy to sprawl is what is termed as *smart growth*. The International City/County Management Association (ICMA) defines the term as growth that recognizes the connections between development and quality of life (National Neighborhood Coalition, 2000: 10).

### 1.6 Organization of the Thesis

Following the Literature Review this thesis is be organized into three parts. The first is a survey and review of current programs for historic preservation related to housing. This
discussion is drawn from the National Trust for Historic Preservation’s publication

*Rebuilding Community* that surveys 22 different programs and initiatives from across the
country and the impact that they are having in their respective communities. Very often
barriers to historic homeownership are not limited to financing issues, but can be
because the prospective homebuyer is unaware of ownership opportunities or is
intimidated by the process of a rehabilitation. Recognizing that there are many facets to
this issue, the review of current programs is not limited to funding initiatives but covers
a wide variety of programs encouraging historic homeownership and demystifying the
associated issues. Along with this is a survey of programs respecting historic
preservation and housing in Texas. As Texas is such a large state this discussion focuses
on those cities that already have a stated commitment to historic preservation through
their inclusion in the Main Street program.

The second component of the thesis analyzes data provided by a survey of prospective
homebuyers to discover whether or not the age of the house is a determining factor when
purchasing a home. Older homes typically require a greater financial investment in their
maintenance than do newer homes and may be a deterrent for prospective homebuyers.
The survey also asks homebuyers what incentives could induce them to consider
purchasing an older home. This serves as an indicator of whether or not the same type
of financial programs that are currently available for rehabilitation of historic
commercial structures could be applied to the residential market as well.
The third section will review findings from the surveys and literature review and make recommendations for new programs and initiatives, or changes in those that exist, that will answer the needs discovered in the surveys.
CHAPTER II

LITERATURE REVIEW

It was generally understood by the author that there was little to no programmatic information on owner-occupied housing to be found. However, it was surprising that there was just as little research on the subject. While studies of low-income housing programs, federally subsidized programs, and non-profit initiatives abound, none really address the basics of historic home ownership – the issues of economics, maintenance, renovation and education. Patterns of purchase of older versus newer homes and how financial incentives can be used at a local level to increase purchase of older homes appears to be beyond the scope of most studies. Donovan D. Rypkema, writing for the National Trust for Historic Preservation, has identified several compelling arguments for closer ties between preservation and low-income housing in “Historic Preservation and Affordable Housing: The Missed Connection” (Rypkema, 2002). While not an exact fit for the research subject, the value of this article goes beyond the articulation of the connection between preservation, rehabilitation and low-income housing policy. Rypkema is able to offer compelling statistics on affordable and low-income housing issues, myths and realities; issues that should be compelling even to those who may not be preservation advocates under other circumstances. For instance, one of the first issues presented is that the crisis in affordable housing is no longer confined to the “poorest of the poor,” but is becoming more and more pervasive in the lives of the working class and even the middle class. He writes that the problem is not confined to
the bottom of the pay scale. “Our communities can not survive without teachers or police officers or nurses. But in two-thirds of metropolitan areas a household dependent on one teacher’s or police officer’s salary cannot afford to buy a median priced home, and licensed practical nurses are priced out of all but the lowest cost-to-income markets.” (Rypkema, 2002: 2)

It is the supposition of the researcher that this is very probably one of the strongest reasons behind the growing popularity of builder communities across the country. These communities not only offer new housing that requires a relatively small investment in maintenance and repair in the near future, but the builders are also able to offer incredible financing deals for homebuyers that often include no money down. This is something that is very difficult to find in conventional home financing and is very attractive to those living on a tight budget. Rypkema states that while homeownership rates in general have increased in the past twenty to twenty-five years, the percentage of young families owning homes has actually fallen from 44.7% in 1979 to 41.2% today due to its increasing inaffordability (Rypkema, 2002: 2). Homeownership is still a cornerstone of the “American Dream” and these inorganic communities are perhaps better able to provide it through creative financing than traditional mortgages. Perhaps energy spent looking for viable alternatives to this kind of community is misplaced, although the intrinsic and actual value of older neighborhoods, and the need to reduce sprawl suggest otherwise.
Publications by the National Neighborhood Coalition (NNC) such as “Neighborhoods, Regions and Smart Growth Project: Connecting Neighborhood and Region for Smart Growth” (National Neighborhood Coalition, 2000) and “Smart Growth for Neighborhoods: Affordable Housing and Regional Vision” (National Neighborhood Coalition, 2001) tackle this issue in terms of urban, or suburban, sprawl and its solution – smart growth. Here the issues are not simply home ownership or affordable housing, but the inequity of land use patterns and how our environment is effected. While not specifically named as sprawl in any of the publications being reviewed for the purposes of this thesis, builder communities often meet the criteria for this categorization. They are often unlimited in their expansion, leapfrog land use, strip development that devours open space while creating greater ethnic, financial and class segregation of communities (National Neighborhood Coalition, 2000: 2). They offer “affordable” homeownership but at a price that is paid not by the purchaser but by the entire community. As these developments move further and further out from the center-city, the entire community bares the cost of extending utilities and infrastructure to follow this incessant expansion. Since older neighborhoods do not have the marketing machine behind them that the builder communities have, they are less and less of a presence on the planning radar for the city. NNC’s smart growth publications outline how much needed capital is siphoned away from existing neighborhoods to the new development. As a result, infrastructure in the older parts of town suffers and becomes another on a long list of reasons that the new developments are more attractive to buyers than older neighborhoods that are suffering from a deplorable lack of investment by the city.
A major policy proposal of the smart growth advocated in these publications suggests that the best use be made of the current resources of the area, to reinvest in existing neighborhoods rather than to throw them away in favor of investment in fringe neighborhoods. In the National Neighborhood Coalition’s six “Neighborhood Principles for Smart Growth” principle #6 is that “growth strategies should make use of the human, economic, and physical assets within communities” (National Neighborhood Coalition, 2000: 10). Specifically that new growth should connect and build upon existing resources in a community, a strategy that is always less expensive for a city than starting from scratch, is both a preservationist and a smart growth philosophy. Fortunately the National Neighborhood Coalition reports that there is a renewed interest in “revitalizing older neighborhoods as an alternative to sprawl” (National Neighborhood Coalition, 2001: 4). This will involve rehabilitations as well as infill projects – new construction is not discouraged – and will result in the retention of open spaces and a reduction in infrastructure costs as resources are reused.

The ideas expressed by Rypkema (2002) regarding affordable housing and the program goals of the National Neighborhood Coalition for reducing sprawl and promoting smart growth are synthesized in the best practices toolkit for the National Trust, Rebuilding Community (National Trust, 2002). From financing and public policy to design guidelines, advocacy and marketing this book covers some 22 programs and initiatives in affordable housing, rehabilitation projects and building codes, to name a few. The
programs covered are successful, working programs with proven track records that are indicative of the goods things that are yet to come. They were instituted in places that recognize that “communities that remain vital, appealing places to live are those that have preserved their historic structures and streetscapes” (National Trust, 2002: 6). These communities and neighborhoods have a high degree of architectural integrity, strong real estate values, cultural richness and a sense of place. When referencing the definition of the builder community the requisite architectural sameness and homogenization of residents is completely antithetical to this concept.

Each of the communities highlighted has focused on their built heritage, specifically in housing, and has worked towards creating new, and increasing the effectiveness of current programs in that area. For example, the state of Vermont created programs that mirror those at the federal level providing incentives both for affordable housing projects and rehabilitation of downtown buildings. The resulting reinvestment in their city centers maintains a sense of urban place as it preserves the infrastructure and landmarks while at the same time maintaining the sense of openness in the adjacent countryside that will not be developed as quickly. As one project is completed it serves as a showcase, preservation’s best marketing tool, so that as other building owners see the impressive physical results as well as the financial success a domino effect is created and more and more buildings undergo transformation. One characteristic of this initiative that immediately jumps out at the researcher is that the state agency sponsoring this program is the Vermont Housing and Conservation Board (National Trust, 2002: 14,15). It is in
itself an innovation to have housing and conservation linked as the uniting purpose of a state agency. Typically these two things are separated to the point that agencies such as the Texas Historical Commission, the state agency for historic preservation, has absolutely no programs dealing with housing other than those pertinent to the federal tax incentive program. To this researcher, the unification of these two areas is essential to the future of our neighborhoods and communities. This pairing of housing and preservation is the basis for the entire book, *Rebuilding Community* (National Trust, 2002); to make those connections between preservation and housing and what can happen when the two come together.

A perennial effort to remedy the shortcomings of opportunities for private homeowners is the oft-proposed Historic Homeownership Assistance Act. The proposed bill would allow a 20% federal income tax credit to homeowners who rehabilitate or buy a qualified historic house. The bill has many attractive features, such as allowing for developers to rehabilitate a property and to sell it to a homeowner with the credit. The bill would also permit homeowners with little or no tax liability to convert the tax credit into a mortgage credit certificate to obtain an interest rate reduction on their mortgage. The rules also differ from the commercial credit in that qualified properties, while they must be designated as historic, need not be listed on the National Register, but can qualify through listing on state or local registers. This makes the program more inclusive, allowing homes that may have been altered to the point that they would no longer be eligible for national listing but are still important locally to utilized the credits.
However, other guidelines will remain the same such as the necessity of meeting a substantial rehabilitation test, as with the Investment Tax Credits that means spending $5,000 or the adjusted basis (total value of the property, minus the value of the land).

Something that is not clear from the literature on the proposed bill is the concept of a phased project. The guidelines for credits for income producing properties provide for the option of a phased project, which allows the developer to meet the substantial rehab test over a period of sixty months rather than the twenty-four months applied to non-phased projects. This would be an essential element for homeowners who may need to complete work over an extended period of time. One drawback to the proposed program is that the Secretary of the Interior’s Standards for Rehabilitation will be used as guidelines for modifications and certification. While this is not a problem in and of itself, the Standards would have to be applied with more flexibility to private homes than the way in which the author has seen them applied to public, commercial buildings. It will not always be feasible either, through design or financially, to adhere as strictly to the Standards when dealing with homeowners of limited resources rather than the developers utilizing the commercial credits (Preservation Action, 2003).

The author finds a lack of information and programs in the area of owner-occupied housing that is not specific to affordable or low-income housing concerns. While these provide excellent and essential starting points, they do not adequately address the problems of the declining state of older and historic homes and neighborhoods.
Prospective homeowners in these neighborhoods may not qualify as low-income, but would still be better able to afford an older home if there were incentives in place to attract purchase and rehabilitation similar to those for historic commercial properties.

Addressing issues of sprawl is also very well worth the time and is an essential part of recognizing the importance of and opportunity laden within our existing neighborhoods. It is irresponsible to think of housing, indeed all of our built environment, as disposable. It is economically unsound to think of community evolution as something that expands unchecked leaving a trail of empty buildings and dilapidated infrastructure in its wake as new buildings are erected at a furious pace. However, as important as the steps to smart growth laid out by the National Neighborhood Coalition are, they are heavy on rules and regulation while incentives for compliance are non-existent. Programs such as the federal tax incentives for rehabilitation have illustrated that guidelines are more willingly adhered to when a financial carrot is dangled in front of the developer. Until there is a compelling reason for developers to chose housing rehabilitations over new construction then builder communities will continue to grow.

These are the shortcomings in both research and policy that this thesis seeks to address.
CHAPTER III

CURRENT CONDITIONS – PROGRAMS

3.1 State Initiatives

While wide reaching federal programs can have a tremendous impact on the condition of historic preservation, programs at the state level are better able to be tailored to answer the issues unique to each place. For instance, New York State is able to offer a program for the preservation of historic barns while Texas has the flexibility to focus their efforts on historic county courthouses. This flexibility has also led several states to recognize the deficiency of federal programs when it comes to owner-occupied historic housing and to take up the cause of the historic homeowner on their own. A growing number of states are offering State Income Tax Credits for historic homeowners equal to a percentage of the expenditure necessary for the rehabilitation of the property. In Maryland this amounts to 25% of the qualified expenses in the rehabilitation of a historic structure (National Trust, 2002: 65). Under this plan homeowners can also elect to transfer the credit to their lending institution in exchange for either a lower interest rate on their mortgage or a reduction in the principle. This kind of flexibility increases both the program’s appeal and its utility. North Carolina offers a 20% state tax credit on rehabilitations of income producing properties, and when this savings is combined with the Federal Tax Incentives the owner can realize a credit of 40%. Since there is no federal equivalent for owner-occupied historic homes, North Carolina offers a 30% tax credit on non-income producing historic structure rehabilitation (National Trust, 2002: 
In addition to tax credits many states are offering tax abatements such as Georgia’s eight-year freeze and two-year phase-out period on property tax assessments on certified historic properties that have undergone substantial rehabilitation. This program, administered through the Georgia Historic Preservation Division, generated approximately $16 million between the years of 1992 and 1996 in both the commercial and residential sectors (National Trust, 2002: 64).

The Vermont Housing and Conservation Board (VHCB) are the administrators of another type of housing program that encourages rehabilitation of historic structures. The state of Vermont combined their need for more units of affordable housing with a desire to revive their downtown centers. Statewide policy was rewritten to combine incentives for affordable housing development with an emphasis on projects that involve rehabilitation of existing downtown buildings. Under these new guidelines, housing developers who receive state funds from the VHCB must first look to preservation and rehabilitation when considering development. The goals of the program were not only to save existing structures and to create more affordable housing, but to have the rehabilitated units act as a catalyst for additional downtown revitalization. Through this program, more than 6,200 units of affordable housing have been created, more than 80% of which have involved rehabilitation. These rehabilitation projects have included historic schools, municipal buildings, commercial and industrial as well as single-family residential structures. While it is true that this program has had a tremendous effect on preserving downtown properties, I would argue that the VHCB may one day want to
take this initiative one step further and give precedence to those projects which will focus on rehabilitation of existing single family residential structures. According to Rypkema quality jobs are moving out of downtowns and into suburbs at a rapid pace (Rypkema, 2002: 2). To encourage most affordable housing to be created in an environment that is increasingly service industry jobs rather than professional positions is to continue to keep low-income families isolated from better opportunities (National Trust, 2002: 14, 15).

When it comes to historic preservation initiatives, New Jersey is leading the way among the states. The New Jersey Historic Trust administers the Garden State Historic Preservation Trust Fund which provides planning grants of up to $50,000 and brick and mortar grants of up to $750,000 for eligible properties listed on either the state or National Register. However, like most state grant programs for historic preservation funds are limited to nonprofit organizations and government entities, so owner-occupied housing is ineligible (National Trust, 2002: 60, 61). What is exceptional in New Jersey is their new rehabilitation subcode, which requires structural and safety regulations that work with the existing buildings’ height, area, construction type, fire resistance ratings, zoning, and fixed dimensions. This contrasts with most building codes that require existing buildings to meet the same codes as a newly constructed building, which often means demanding alterations that are costly in older buildings. While on the face of it, the rehabilitation subcode is not a funding program, application of the code has trimmed more than 25% off the construction budget of some urban projects, therefore extending
the limited funding available for rehabilitation projects. It is a concept that has had a
tremendous impact on the landscape of New Jersey. In 1997 the total rehabilitation
investment in New Jersey was $363 million; in 1999 – the year the code was introduced
– investments in rehabilitation in New Jersey’s 16 largest cities reached $590 million.
This program has a great deal of potential to make more preservation projects feasible
and could be an incredible benefit if adopted in other areas of the country (National
Trust, 2002: 12, 13).

3.2 Local Initiatives

With a lack of federal policy and limited state programs, it appears that, for the moment
at least, a cohesive approach to protecting and encouraging historic homeownership
opportunities is left to local governments and community-based organizations. These
local policies and initiatives fall into the categories of advocacy and marketing, design
guidelines, public/private/or non-profit partnerships and creative financing. Indeed, for a
project to be truly successful, it should incorporate all of these aspects. Yet some of the
really strong programs from across the country can be used to illustrate these principles
of practice.

Two examples of advocacy and marketing efforts for better practice in historic
preservation can be found in Pioneer Valley, Massachusetts and Rochester, New York
and both focus on educating the potential historic homeowner. The Community
Development Section of the Pioneer Valley Planning Commission (PVPC) saw many
people hesitating to get involved in rehabilitation projects because of the often
complicated processes and unique considerations involved. To remedy this and make the process more user-friendly, they published a guide to help property owners understand what it means to own a historic building and what were appropriate steps in undertaking a rehabilitation. The PVPC paired with the Massachusetts Department of Housing and Community Development to create a “Guide to Historic Housing Rehabilitation” which covers accepted preservation practice in everything from vinyl siding to lead abatement of interior trim. Using illustrations and frequently asked questions, the booklet explains the Secretary of the Interior’s Standards for Rehabilitation and how they can be applied to private homes to maintain historic integrity. Not only has the guide had its intended effect of educating the public, but the rehabilitation projects that have taken place because of it have created a renewed sense of pride in the historic neighborhoods that have implemented the suggested rehabilitation treatments. One item of particular interest in this instance is that the Pioneer Valley Planning Commission’s housing programs were most active in small, rural towns of 500 to 10,000. This would indicate that rehabilitation programs that target urban and commercial centers are excluding areas with just as strong, and perhaps more immediate, needs (National Trust, 2002: 22, 23).

In Rochester, New York the focus on historic homeownership shifts back from the rural landscape to the urban one, but the message remains the same. To serve the needs of a city of 220,000 the Landmark Society of Western New York, the Greater Rochester Association of Realtors and the city of Rochester have partnered to create the Home
Room – A City Living Resource Center. Much like the “Guide to Historic Housing” published in Massachusetts these organizations have made their goal the education of the potential historic homeowner. To make historic homeownership a more attractive prospect in Rochester, the services of the Home Room include a web site and resource center with extensive listings of houses currently for sale in Rochester and detailed information on many city neighborhoods. The center educates the public about the benefits of city living through classes, tours, a weekly newspaper column, advertising campaigns and an annual housing fair. But the education on historic homes does not end with the public; the resource center also offers a course to realtors called “Marketing Historic Homes Successfully,” where they are introduced to the incentives available for owners of historic properties. This is perhaps just as important a step in encouraging historic homeownership as reaching out to prospective buyers. It is imperative that realtors have a better understanding of both the benefits and the drawbacks of owning historic properties so that they can more effectively communicate them to the buyers. There is a good deal of misinformation in this area and a strong understanding at the professional level would go a long way towards making the prospect of owning a historic property less frightening (National Trust, 2002: 24, 25).

Another wide-reaching program in marketing of historic properties is the Catalogue of Historic Homeownership Opportunities compiled and published by the Local Initiatives Support Corporation (LISC) in Hartford, Connecticut. The LISC was looking for a way to visually showcase the rich and underutilized building stock in Hartford while
marketing these properties to investors and community development corporations. The catalogue includes 125 vacant buildings that are available for renovation into homes. To further assist potential investors, the catalogue includes information on lot size, name and address of current owner and tax delinquency status. As in all of these programs, the goal of the Historic Homeownership Opportunities Catalogue is three-fold; to eliminate blight in neighborhoods, to preserve the stock of historic housing and to encourage the creation of more homeownership units. The organization’s commitment to these projects and the partnerships that have been fostered because of it has led a local funding group to pledge a $10,000 incentive fee per unit to any nonprofit developer who will renovate buildings in the catalogue. So far developers have identified more than 50 properties in the catalogue that will be renovated (National Trust, 2002: 20, 21).

While the programs in Pioneer Valley, Massachusetts and Rochester, New York each touched on appropriate and inappropriate renovation treatments, communities in Atlanta, Georgia and Lewiston, Maine have made their historic district guidelines truly user friendly and in the process have promoted the cause of historic homeownership. In the Martin Luther King, Jr. Historic District in Atlanta, the partnership of the Historic District Development Corporation and the Atlanta Urban Design Commission created rehabilitation guidelines specific to this historically significant African American neighborhood. Responding to a policy on Affordable Housing and Historic Preservation that stresses flexibility and community involvement the guidelines focus on the home’s exteriors. The purpose is to emphasize and protect the features that are most important
to the historic character of that neighborhood. The guidelines are illustrated with descriptions of preferred preservation practice, detailed options for rehabilitation and discussions of the visual impact of individual structures on the neighborhood. In addition to providing best preservation practice descriptions, the guidelines also work to present rehabilitation options that are economical for the affordable housing market. The underlying philosophy of the guidelines is that it is possible to have affordable historic preservation that does not sacrifice the historic character of the neighborhood or the individual structures. Because of the flexibility of the guidelines and their emphasis on affordability there has been a strong response from the neighborhood (National Trust, 2002: 28, 29).

In Lewiston, Maine the Lewiston Historic Preservation Design Manual seeks to achieve the same goals as that in Atlanta. Clear illustrations of local examples of preservation codes and ordinances combined with clear language and definition of terms has made the process accessible and user friendly. With the aim of widespread public education on historic preservation the Lewiston Historic Preservation Review Board sought to keep the cost of the manual low so that they would be able to publish a number of copies and distribute them as widely as possible. The publication went to members of the Planning Board, City Council, Historic Preservation Review Board, Lewiston Historic Commission and Maine Historic Preservation Commission, city staff and to owners of designated historic properties. Copies were placed in locations around the city such as libraries, schools, the chamber of commerce and the historic society. The wide
distribution of the manual in both the public and private sectors and its accessibility has helped the city administer its historic preservation ordinances and has made the process user friendly and generally successful (National Trust, 2002: 30, 31).

While for-profit/non-profit partnerships have proven beneficial in the start up and success of the programs discussed in some initiatives, these partnerships are the very basis of the program. In Philadelphia Penrose Properties, Inc. and the Parkside Historic Preservation Commission (PHPC), both National Trust Honor Award winners, have formed a partnership known as Brentwood/Parkside Associates, Ltd. in order to rehabilitate the Brentwood Apartments. The project was spurred by years of neighborhood decline and housing abandonment with the burnt out shell of the Brentwood Apartments typifying this trend. The partnership took great care with the rehabilitation, spending 20-25% more on this project than most restoration projects in the city for a grand total of $6.5 million spent by the time renovations were completed in 1996. This project was considered worthy of the extra time, money and attention to detail because of its landmark quality and importance for the future development of the Parkside neighborhood. Forty-three units of affordable housing were created using a combination of the affordable housing tax credits and those for historic preservation. Because of the size and scope of this highly successful project, and most especially because of the quality of the finished product, the neighborhood was galvanized and historic preservation efforts have continued to revitalize the area. Without the financing available to the for-profit developer through tax credits and the active support for the
local non-profit organization this rebirth would not have been possible (National Trust, 2002: 34, 35).

In Pittsburgh a similar partnership is helping to reshape a community. The Allegheny West Civic Council, Inc. (AWCC), an all-volunteer community organization for preservation, and the Northside Leadership Conference (NSLC), a coalition of 14 Northside neighborhood organizations, partnered to restore Denny Row. This collection of imposing, three-story row houses was in poor condition after 15 years of vacancy and vandalism and was in dire need of renovation. Despite this neglect, the houses still had a high degree of historical and physical integrity including original interior architectural elements such as plaster crown moldings, oak staircases and wood detailing. Understanding that in neighborhood revitalization putting a good face on a dilapidated property was more important that a meticulous interior restoration, the AWCC decided to fully restore only the exterior of the houses – including porches, brickwork, windows and roof as well as simple landscaping – in order to have a more immediate impact and to create interest in the project. The renovated exteriors gave Denny Row significant curb appeal and increased the value of the properties from $10,000 per unit to between $30,000 and $40,000. Individual homebuyers then purchased the units and rehabilitated the interiors themselves and they are now worth more than $160,000 on the open market. When the project started, 14 of the 19 houses on the block were vacant and today there are only 2 vacancies with homeownership accounting for 11 of the 19 homes. Residents
of the neighborhood report that traffic through the area has slowed, that there is less litter and that the general climate has been vastly improved (National Trust, 2002: 38, 39).

Some of the strongest partnerships in community revitalization, historic preservation and housing rehabilitation do not happen between the public and private sectors, but between community-based organizations and the communities in which they exist. This is the case in Providence, Rhode Island where Stop Wasting Abandoned Properties, Inc. (SWAP) has been working since 1976 as a community development corporation to help residents rehabilitate vacant houses slated for demolition in their neighborhoods. They began by selling houses for a dollar and helping families renovate them for owner-occupancy. Today they provide a variety of housing-related services through a Homebuyer Education Program as well as assistance in maintaining, repairing and improving housing in a Homeowner Assistance Program. They now have an in-house staff that can provide homeowners and homebuyers with assistance from purchase through renovation to maintenance. Since 1976 they have facilitated the rehabilitation of 73 units of affordable rental housing and 43 units of homeownership units. As with most programs of this magnitude a good deal of the impact that make is secondary, a result of the positive image that they have helped to create in the neighborhoods. Once there are a few successful projects and the image of an area begins to change, for-profit developers and current residents begin to sit up and take notice and more investment takes place (National Trust, 2002: 36, 37).
Perhaps the most important aspect of any successful formula for neighborhood revitalization and creation of housing is the financing. Without the right backing from the right sources, many historic preservation or affordable housing programs would fail long before they had the opportunity to effect any real change. Often the best financing packages can come from programs administered by the city government where initiatives are focused on specific local problems and can be channeled into specific local remedies. In Boston, the Department of Neighborhood Development has created the Historic HomeWorks program that offers matching grants of up to half of the cost of home improvements. Owner-occupants of one to five units houses or condominiums can qualify for grants of up to $7,500 for “historically appropriate exterior repairs and improvements” (National Trust, 2002: 52). Further stipulations include income – no more than $55,000 for a household of one, $85,000 for a household of two or more – and the house must be at least 50 years old. Additionally, and perhaps the steepest condition for funds, is that the grantees must guarantee that the house will be their primary residence for ten years. This program was designed for at-risk homeowners such as the elderly who are living on small, fixed incomes and struggling to maintain older homes that require more maintenance than newer homes. Making these funds available for exterior maintenance and repair only also ensures that the neighborhood will maintain its historic character and will remain an attractive place to live, thereby drawing new residents while encouraging current residents to maintain their homes. Requiring that the funds are matched guarantees that the homeowners are as invested in the project and in the neighborhood as the city (National Trust, 2002: 52, 53).
In Fall River, Massachusetts the Cushing Companies, a private developer/contractor, realized the value of concentrating their revitalization efforts to have maximum impact and maximum visibility, that a “critical mass of buildings is necessary to make rehabilitation viable” (National Trust, 2002: 54). To accomplish this the company acquired twenty-five vacant and blighted buildings, selecting a wide variety of scattered buildings not only so the return on the projects would be felt throughout the community but using their diverse portfolio to attract a wide range of investors. Additionally, they secured historic preservation tax credits for several properties and combined them with low-income housing credits for others. The Cushing Companies were able to leverage $3.8 million in low-interest rate loans from both city and state agencies, secured with $10 million in private equity from the tax credits. Construction was phased over several years and the completed units were marketed to working families already living in the neighborhood. As was the case in so many of the projects previously discussed, this initiative was successful in creating improved and badly needed housing and reducing blight in a historic, working-class neighborhood. To further extend the project’s positive impact on the area, construction work was carefully separated into bid packages that allowed the participation of small, local subcontractors, which provided an additional boost to the local economy. While this project is foremost an example of maximizing use of the financing available strong partnerships were also needed to bring the renovations to fruition. Perhaps more partners than any of the other projects, the Cushing Companies, Fall River Community Development, Fall River Affordable
Housing Corporation, the Commonwealth of Massachusetts’ Department of Housing and Community Development, Massachusetts Housing Investment Corporation, BankBoston Development Company and the Niagara Neighborhood Association (National Trust, 2002: 54, 55).

Perhaps the program with the greatest potential for broad impacts on neighborhood revitalization, historic preservation and housing creation is the Lease-to Purchase program in Pittsburgh’s East End. The Bloomfield-Garfield Corporation (BGC) was created in 1975 in reaction to the massive loss of employment suffered by the city in the 1960’s and 1970’s. As the steel mills closed and jobs were lost, the population base and the economy were chipped away and a number of homes were abandoned and left to deteriorate. In the last fifteen years the BGC’s role in the community has changed from a grassroots advocacy organization to one concerned with economic development and community revitalization, namely rehabilitating historic housing. The City of Pittsburgh offers financial support of the renovations through its Urban Redevelopment Authority. Once the units are rehabilitated, the customer, selected through an application process by the BGC, makes a $1,000 deposit on a lease for the property and agrees to purchase the house by payment of monthly fees that are collected as rent and deposited as mortgage payments. Once the renter is able to secure a mortgage on their own, their initial deposit becomes their down payment, demonstrating their intent and commitment – and that there is a strong market for homeownership opportunities in neighborhoods that are currently predominantly renters. Until their mortgage is secured, the renter (soon to be
purchaser) makes monthly payments that approximate what their mortgage will be, they are able to move into the property and use the next 12-24 months to get a mortgage. This program serves not only to provide people with poor credit histories an opportunity at home ownership, but also conserves the historic building stock – providing better quality housing for the money than new construction would (National Trust, 2002: 58, 59).

In Providence, Rhode Island the Providence Preservation Society has created the Revolving Fund to preserve their architectural heritage and stimulate community revitalization through advocacy, low-interest loans, technical assistance, and redevelopment. The Revolving Fund is a capital pool that has been established through public and private sources, including the Rhode Island Historical Preservation and Heritage Commission and the Bank Rhode Island. The funds are used for rehabilitation loans to homeowners and to acquire abandoned properties for development and resale in targeted low and moderate-income neighborhoods. To maximize its impact, the Preservation Society targets its resources to specific historic neighborhoods that are in need of revitalization and partners with neighborhood steering committees and community-based organizations to tailor strategies to meet the needs of the area. The Society provides extensive financial counseling, technical expertise, and construction monitoring to loan recipients. Since the Fund’s creation in 1980 loans have been made in excess of $2.5 million for 146 restoration projects, including the renovation of 39 previously abandoned buildings. The Society has taken a long-range view of its
neighborhood revitalization efforts and is still working with its first target neighborhood. They treat housing as a component of a comprehensive neighborhood revitalization strategy that includes neighborhood organizing, infrastructure improvements, promotional activities, overall design enhancement and economic development initiatives (National Trust, 2002: 62, 63).

Perhaps my favorite local initiative is one that is not highlighted in Rebuilding Community (National Trust; 2002), but was a program that I came across through internet research. It is the Homesteading program in Lynchburg, Virginia, which offers abandoned, dilapidated houses – the programatic information specifies “not habitable” – for the bargain price of $1. Participants of the program are required to rehabilitate the structure and to occupy it as their primary residence for at least five years while properly maintaining the property. The Lynchburg Redevelopment and Housing Authority will also accept proposals from investors who will complete repairs and then re-sell the home to an owner who must comply with the remaining stipulations. Rehabilitation plans must be approved by the city’s Historic Preservation Commission and all exterior work must adhere to the Secretary of the Interior’s Standards for rehabilitation (Lynchburg Housing and Redevelopment Authority, 2001). Unfortunately at the time of this writing, the Housing Authority does not have any statistics to determine how successful the program has been or how it has affected the communities in which these homes are located. One can only imagine that this program has tremendous potential both for neighborhood redevelopment and affordable homeownership.
Recent trends in both commercial and residential construction across America have rendered a good portion of the landscape from east to west, north to south homogenous and tepid. Communities across the country have realized the value of preserving and utilizing their historic buildings for the distinctive character that they provide and the economic opportunities they afford. Every year the new cable network Fine Living lists the top ten communities to live in across the country and each year sense of place and community are two of the most important factors for ranking in the top ten.

Minneapolis, Minnesota: “diverse neighborhoods;” Madison, Wisconsin: “great culture and great sense of community;” and Westport, Connecticut: “fabulous housing stock” – are all touted for their historic preservation efforts and successes by the network (Fine Living Network, 2003). Indeed, those preservation efforts are a part of what makes those cities desirable places to live, neighborhoods that invoke a sense of community, of place and diversity. In perusing real estate advertisements on-line, lower priced homes are typically a mixed bag of older homes in disrepair and unremarkable homes from the 1970’s, 1980’s and 1990’s. Once you reach the highest priced homes (over $500,000); they are almost always either brand new, state of the art custom, architect-designed homes or are renovated historic homes (National Association of Realtors, 2004). There are many more examples available to illustrate that renovated historic homes and commercial buildings are highly prized. The communities highlighted have realized this and are aware that vibrant downtowns and desirable neighborhoods require both education and investment and they are will to do both. Because of their willingness to
get involved they are able to capitalize on that investment as others see the improvements made and are inspired to make their own.

3.3 State of Texas

It is this willingness to get involved and to invest in older residential neighborhoods and historic downtowns that communities in Texas are learning – slowly but surely. Texas was one of the first states to participate in the Main Street program and has met with tremendous success in the communities that have committed themselves to the strategies of marketing, economic restructuring and historic preservation. Currently more than 80 cities, towns and neighborhoods – from Beaumont to San Antonio to Granbury – advertise themselves as Texas Main Street cities. The Texas Historical Commission’s Main Street Office is currently conducting research in these communities to discover what financing and/or incentive programs are available for housing. In addition, they are hoping to get a feel for whether or not such programs would be desirable and what types of incentives would be the most welcome by both homeowners and city officials. Surveys were sent electronically to the managers of each of the eight-two Main Street cities with responses coming from nine by the listed deadline. (This would be a response rate of 12% which, from what I understand from the state Main Street office, is typical of past survey attempts.) In addition to questions regarding programs for older residential properties, the surveys sought to compare the incentives available in each city for historic commercial properties and how often these incentives are utilized.
The majority of respondents basically had the same types of programs to report. Incentives for downtown commercial structures ranged from matching sign, paint and façade grants to low interest rate loans available through local lenders. Cedar Hill, a Main Street city for the past four years, used to run a lease subsidy/marketing program for retailers and property owners in their historic commercial district to encourage existing businesses to move downtown and new businesses to open there. They report that during the time this program was in practice, twelve businesses took advantage of the assistance which was supported by a $50,000/year grant from the Cedar Hill Economic Development Corporation. The city of Taylor, five years in the Main Street program, has façade, sign and paint grants with nine area businesses utilizing the funds in current grants. In Denton, a Main Street graduate city with fifteen years invested, façade grants of $500 in the commercial district were hugely successful and generated a waiting list every year. Those towns with incentives in place report that those programs are successful and have contributed a good deal to the accomplishment of the goals they set out to attain when they became Main Street cities.

Of the nine cities that responded to the survey only two offer any type of financial incentives for historic residential properties and both are in the form of tax abatements. In Floresville, a newcomer with three years in the program, has a five-year tax phase in for rehabilitated older homes where the tax valuation stays the same the first year after improvements and is gradually raised to the post-rehab value of the home. Denton’s tax abatements encourage homeowners to pursue not only home repair but local historical
designation as well. Residential properties that are designated are eligible to receive a tax break of 50% off of their city taxes for fifteen years, though they must apply with the Denton Central Appraisal District each year. It is also encouraging to know that cities such as Taylor and Gainesville are pursuing the idea of tax abatements for older homes and that other cities that responded asked for additional information on creating this type of incentive for their residents.

Two responses – from Gainesville and Cedar Hill – went into more detail than the others and stated very interesting and diametrically opposed positions on the subject of financial incentives at the city level for residential properties. In Gainesville, where there are currently no programs in place for support of historic homeownership or maintenance, a historic residential district has created a homeowner’s association and is very interested in pursuing incentives for rehabilitation of these structures. The responding Main Street manager reports that this district is going through a renaissance with new homebuyers investing in restoration and rehabilitation. Because of all of the activity focused on this neighborhood the tax rates in this district is the highest in the area and this neighborhood has become a marketable asset for the city. The hope is that incentive programs would continue this trend and that these neighborhoods will continue to thrive and serve as an example of what’s possible for the rest of the community. The Main Street manager from Cedar Hill had a very different opinion to express. The community currently has no incentives or tax abatements in place for residential properties, will not have any in the near future and evidently has no interest in pursuing
the matter. While the Main Street office had administered funds for lease subsidy/marketing assistance, there are no financial incentives for repair, maintenance or restoration of commercial buildings in the city, either. The sentiment, apparently, is that the city should not involve itself in financial assistance for repairs or improvements to infrastructure for which they are not directly responsible. The opinion expressed on the survey is that this goes double for residential properties which many feel are not an appropriate investment for government. While it is not difficult to imagine people feeling this way about funding the repair of privately owned properties, especially in private property-centric Texas, in the opinion of the author it is short sighted to think that it is not a worthy investment, but rather one that would certainly have a positive impact on the appearance, image and success of a town.

Previous research conducted by the Texas Historical Commission’s Architecture Division in 2001 revealed twenty townships or counties throughout Texas that offer tax abatements, credits or freezes for historic residential properties. Another five communities offer these types of exemptions and incentives on a case-by-case basis. Most of the available abatements require a substantial rehabilitation and offer the reduced tax valuation for periods ranging from five to ten years. Some municipalities provide multiple abatements and exemptions, which in turn provide additional incentives for prospective and current owners of historic properties. In Austin not only are historic homeowners offered a 100% tax exemption on improvements by the city, but the school district also allows a 50% exemption on school taxes. The city of Plano offers two
levels of tax exemptions for historic properties: 100% tax exemption for structures that are individually significant and 75% for those that are contributing to a district. In addition, those buildings of individual significance are given a 50% exemption for improvements while those in districts are provided with a 35% exemption on improvements.

Other cities are interested in contributing incentives for historic property owners, but are equally interested in making certain that their investment is sound and protected by holding those owners accountable to certain standards of maintenance and appearance. The city of Boerne in Kendall County provides for rehabilitated landmark structures to be assessed for taxes at the pre-rehabilitation value for a period of ten years. While this is a standard incentive, Boerne protects the city’s investment in the property through a provision that allows for the tax abatement to be cancelled if the structure is not properly maintained. This provides added insurance for the city that the owner will continue to maintain the property in an appropriate and attractive way, making it an asset to the city. San Angelo has a similar prerequisite in their tax abatement program. In this case only properties within a Historic Overlay Zone are eligible for exemptions; however, these exemptions are not granted until repairs and maintenance has been performed to the Preservation Commission’s specifications. The city of Round Rock also offers an exemption of 75% of the assessed value of historically significant properties, but receiving this exemption is contingent on an annual review to be certain that the owner is properly maintaining and preserving the exterior condition of the site. Statistics on the
impact of such programs are available in the Texas Historical Commission publication, _Historic Preservation at Work for the Texas Economy_. They report that tax abatement programs for residential properties in Abilene meant $23,000 in lost revenue for the city, but generated more than $5 million in reinvestment (Texas Historical Commission, 1999: 6). In Dallas similar programs generated investments totaling $260 million while only forgoing $20 million in tax revenues (Texas Historical Commission, 1999: 7).

While the sample available for analysis in this study was small, it does seem to bear out the general trends. While there are a number of programs and incentives for rehabilitation, maintenance and repair of commercial historic properties, these same types of incentives for residential properties are virtually non-existent. Those communities from Texas that do have programs for residences, as well as those neighborhoods highlighted by the National Trust in _Rebuilding Community_ (2002) report that these programs are successful. This success is apparent as the value of the homes in these communities continues to increase, which in turn increases the value of those neighborhoods to the cities they are in and draws attention to the programs that are making revitalization possible. Many of the cities surveyed in Texas have realized the benefits of the programs available in their historic commercial districts and are interested in pursuing the same types of incentives for their residential neighborhoods. Those city programs compiled in the 2001 Texas Historical Commission survey illustrate a wide range of possibilities in local government incentives. From exemptions to abatements, from city taxes, county taxes and school taxes, there are a number of ways for
municipalities to invest and reinvest in their historic infrastructure. These communities are realizing that their residential neighborhoods require the same kind of commitment from city hall as do their historic commercial centers. Now it is time for the state of Texas and the federal government to make this same commitment.
CHAPTER IV

PROSPECTIVE HOMEBUYERS, A SURVEY

4.1 Methodology

Before making recommendations for a program that would address the needs of historic residential neighborhoods it is essential to understand the needs of the residents of those communities, both present and potential. To discover what types of programs and incentives would be most valuable to homebuyers, a survey was developed and placed in real estate offices to be made available to prospective homebuyers (Appendix A). This study also sought to ascertain how the age of a home factored in the decision to purchase and, if it did in fact play a role, if there were a prejudice against older homes due to the associated maintenance and rehabilitation costs. Twenty-five surveys were placed in each of eight participating real estate offices in the towns of Elgin, Taylor and Georgetown, for a total of two hundred surveys circulated. The questionnaires were available to prospective homebuyers for four weeks and a total of twenty-nine completed surveys were returned to me for a response rate of fourteen point five percent. A note of interest regarding the response rate; one real estate office requested an electronic version of the survey and this one office, with this particular medium, had the highest response rate. The placement of these surveys also raised issues for future research. All of the participating offices commented that they were not sure how many people the surveys would reach as their businesses have suffered with the advent of the builder communities which have effectively disenfranchised traditional real estate offices.
4.2 Survey Results

*What are you looking for in a home?*

Answers to this question ranged from the very typical “good neighborhood,” “proximity to job, shopping, restaurants,” to those who were very specifically looking for a home with character. “Curb appeal” is very important and some people wanted nice, big yards while others were looking for little to no yard at all so that there would not be much upkeep involved. One respondent voiced a preference for older homes, as they tend to have larger yards than newer homes. Perhaps the most often cited characteristic that prospective homebuyers were looking for was space, something roomy, comfortable and open. A number also mentioned concerns regarding price, a good “value” or a “good investment,” indicating that while most of what draws buyers to their homes is an amorphous feeling of having found “the one,” economics still play a large role in the decision to purchase. These financial concerns, considered together with the number of respondents looking for a house that was in good condition and livable, lends credence to the idea that grants, tax abatements and exemptions would indeed act as an incentive to prospective homebuyers.

*Is the age of the home a criterion?*

*If so, how old or young a home are you looking for?*

Responses to this question were split with eleven respondents saying that age was not a big factor in their decision, seventeen saying that it was a factor for them and one riding
the fence with a “perhaps.” A number of those who said that age was not a factor qualified that response by saying that the condition of the home was of greater concern than the age. An eighty-year old house in good condition was preferable to one that was twenty years old and falling apart. Others said that the style, craftsmanship or the era of the home was more important than age, that if the home had sufficient charm and character, age was less relevant. Another group commented that while a specific age range was not a deciding factor, given the option they would prefer to own an older home. Those who said that age was a criterion cited specific eras and styles that they were particularly interested in or were avoiding. The majority of respondents who fell into this category were either looking for pre-1950’s homes, new or nearly new homes and most were specifically avoiding those built in the 1980’s. One person in particular responded to this question by saying that when they initiated a home search, the age of the home was not a criterion. However, during the process it did become an issue and that they had ended up purchasing a house built in the 1980’s rather than the 1920’s bungalow they had originally been looking for because of the cost of rehabilitating and maintaining an older home.

A couple of respondents who expressed a preference for newer homes did voice some concerns about the prospect of buying a home of shoddy workmanship and poor construction materials. One person mentions builder communities in particular as having the reputation and appearance of being of poorer quality than individual new homes or older ones. Another regales us with stories of poor quality workmanship that resulted in
a light fixture falling out of the ceiling and the feeling of bumps under a linoleum floor, possibly the result of the workers not sweeping the subfloor before laying the linoleum. This respondent is also suspicious of newer homes and what they will look like in a few years after they have had the opportunity to settle and the resulting cracks in the drywall and plaster appear. This respondent feels that in older homes the settling has already occurred and so the purchaser is aware of what they will be dealing with as far as cracks and other problems.

While at first glance the responses to these two question seem to indicate strong preferences towards older homes or new homes, particular styles and characteristics a closer reading reveals that prospective homebuyers are most concerned with purchasing a home that is in good condition. Time and again the age preferences were qualified with statements on newer homes of poor quality and older homes of superior craftsmanship and quality. This would indicate that many of those who say that they are looking for newer homes could possibly be swayed, or induced to consider an older home if it was in good condition.

*Would you consider purchasing an older home?*

The conclusions drawn from the previous questions – that those who indicate a preference for newer homes could be inspired to buy an older home – are borne out in the responses to this question. Only five of the respondents say that they would not consider purchasing an older home with the remaining twenty-four saying that they
would consider it, some stating again their preference for older homes. One person who answered this question in the negative qualified that response by saying that they would not consider purchasing an older home at this time. This would indicate that perhaps under circumstances later in life this would change and that they are not categorically opposed to older homes.

*If not, how much is the cost of maintenance and repair a factor in this decision?*

Every response to this question indicated that the costs of maintenance and repair of older homes was a big, if not the biggest, factor that would lead prospective homebuyers to purchase newer homes. (Fifteen respondents did not answer this question, as they had previously established that they would consider purchasing an older home despite the associated expenses.) One person stated that even if there would be some major repair costs, that they would try to negotiate the extra expenditure as a part of the purchase price. Others said that there were circumstances other than finances, such as having children, which would make them wary of taking on the challenge of rehabilitation. That so many respondents rated maintenance and repair costs of older homes as a major factor in purchasing decisions is perhaps the strongest indicator that programs offering financial assistance in this area would be successful.

Donovan Rypkema sites some statistics that, while directed at rehabilitation as an alternative to new construction for public housing, can have bearing on prospective homebuyers decisions to purchase an older home, even one that is in need of repair. He
cites a recent survey by the Department of Housing and Urban Development which estimates that the cost of repairing a home with severe physical problems is $75,000 and one with moderate physical problems at $25,000. He also reports that only three percent of the older housing stock has been identified as having severe physical problems with another eight percent having moderate physical problems (Rypkema, 2002: 10). This would indicate that fully eighty-nine percent of the pre-1950 housing stock requires less than $25,000 in repairs. As a number of respondents indicated that they prefer the quality of older construction to what they perceive to be a “cheapness” in new construction, than the cost of rehabilitating these homes may well be worth the investment.

*If there were financial incentives and assistance in place to aid in the maintenance and repair of an older home, would that influence your decision?*

Responses to this question fell into three categories – those who could be influenced to purchase an older home, those who could not be induced to consider purchasing older homes and those who would not be swayed by financial incentives because they were already dedicated to buying an older home. Two respondents fall into this last category, having previously indicated that they were looking specifically for “an older home downtown.” Twenty-five respondents indicated that financial incentives would tip the scales in favor of purchasing an older home as opposed to a newer one. One person stated that “buying an older home can be a very smart decision,” while another said that they did “prefer older to new K B Home – style identical beige boxes” and that financial
incentives would strengthen their resolve to avoid such houses. Only two respondents said that they could not be induced to purchase an older home. One stated that they simply prefer newer homes and the other person who was only looking for a new home said that they did not want to spend the time to fix up whatever house they purchased. This is an overwhelming response in favor of offering incentives. If we can think about each of these prospective homebuyers, who say that incentives would make a difference to them, in the midst of their search for a home, being shown an older house and given information on assistance and incentives that would be available to them. How much more attractive will that house be as an investment and as a home? Indications are that availability of these incentives could be a deciding factor in the purchase.

*What kinds of incentives and/or assistance would induce you to consider an older home?*

The two most common types of assistance mentioned on the surveys were low interest rate loans for both purchase and repairs and tax breaks, exemptions and abatements. As previously discussed tax abatements are already available in some Texas communities and low interest rate loans can be obtained in a number of Main Street towns, but currently these rates are only offered to commercial properties. Perhaps local banks could be persuaded to make the same kind of investment in the residential neighborhoods. A number of respondents were interested in grants or rebates for features of older homes that would need to be updated such as electrical and HVAC systems, plumbing, structural repairs and exterior items such as paint. A few were bold enough to ask for grants for cosmetic work and one even wanted funds to do a
restoration of the original design. While these kinds of projects would be funded in a perfect world, they may be beyond the scope of most programs. Another suggestion seen on multiple surveys was for special insurance policies that would cover repairs and replacement of outdated systems and features. One in particular feels that this insurance should be provided to the buyer through the seller, though it should be noted that this type of insurance can be written into a contract at the time of home purchase. Others mentioned having greater access to qualified professionals and contractors, home inspectors experienced with the unique circumstances of older homes and preservationists who can explain the needs of those homes to the new owners. A few respondents stated that guidance and education would be welcome when it comes to purchasing and rehabilitating an older home. One interesting response was hopeful that grants and other financial assistance could come without the stipulation that the owners would be required to open their home to the public on a regular basis. Also interesting was the number of times that people mentioned being able to secure those funds without having huge amounts of paperwork to fill out. Currently, the tax credit program for commercial properties comes with an application so intensive that preservation consultants can be hired to handle the paperwork for the property owners or architects. If this level of paperwork were the case for the proposed tax credit program for residential properties, there would likely be fewer people taking advantage of those credits and therefore fewer appropriate rehabilitations.
Perhaps the most interesting and inspired response to this question was raised by one respondent who felt that and reduced purchase price should be offered along with a deadline during which the house must be fixed up. This suggestion mirrors the previously discussed $1 homes available through the Homesteading program in Lynchburg, Virginia. A program like this would enable people with limited funds available for purchase to become homeowners while investing sweat equity into the home. It would also benefit the city offering this program as they would see higher rates of homeownership and fewer abandoned, blighted properties. The potential effects of a program like this cannot be overstated.

### 4.3 Survey Conclusions

The responses from the prospective homebuyers indicates overwhelming support for programs that would provide financial incentives for purchase and repair of older homes, education on maintenance and appropriate treatments and access to qualified, experienced professionals. Essentially what it appears the respondents are looking for is assurance that they will not be alone throughout the process of rehabilitation, that there are resources to support them in a number of ways, financial and otherwise. It is a process that can be intimidating and being able to approach it with the proper education, assistants and assistance can make all the difference. Enough of a difference that homebuyers who are currently weighing their options and choosing between older and historic homes or newer homes in builder communities could very easily be influenced by the availability of programs to assist them.
CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

Are older homes less attractive to prospective homebuyers than newer homes because of the associated maintenance and repair costs? Responses given by prospective homebuyers seem to indicate that the answer would be yes, the costs of repairing and maintaining older homes do make them less attractive when considering a home purchase. Nearly every respondent stated that these associated costs are the largest factor in deciding whether to purchase an older or newer home; indeed it is such a large factor it is often the deciding one. This is in spite of the fact that most of the respondents say that they prefer older homes to newer homes in principle, style and character.

Would the availability of financial incentives impact this decision? Again, the responses are a resounding yes. With only two respondents out of twenty-nine stating that incentives would not impact their decision to purchase a new home rather than an older one, the positive responses of the remaining twenty-seven respondents is a strong indicator that such incentives would be hugely successful. Apparently there is sufficient interest in a program that could provide not only some financial incentives but other types of homeowner and rehabilitation assistance as well.

Based on the research presented in this thesis, I would envision a strong statewide program for historic residential structures with three main components: education, financial incentives and supportive local and state public policy. Both the programs
presented in the National Trust publication, *Rebuilding Community*, as well as the responses to the prospective homebuyer surveys indicate that these three approaches used in tandem would address many of the problems currently facing older neighborhoods. Each component individually would certainly have a positive impact, but, like the four-point approach of the Main Street program, in order to address the full range of issues that are putting older neighborhoods at a disadvantage in comparison to builder communities, a comprehensive approach is needed. Financial incentives for property owners without education – on the resources available to them, proper maintenance techniques and where to go with questions and problems – could be used on inappropriate alterations. Education without incentives will not have the impact that it would by giving the newly educated property owners the means to achieve an appropriate and complete rehabilitation. But neither of these things will be very practicable without supportive policy on a local level, as well as through the state.

With no state income taxes, Texas is at a disadvantage when it comes to offering financial incentives for historic preservation. Because of this they must look to programs that are more creative and go beyond tax credits to affecting the practice of preservation throughout the state in other ways.

A state that is interested in amending procedures to make historic preservation of housing more feasible should adopt a policy similar to that adopted by the Vermont Housing and Conservation Board. As previously discussed, this policy position on
funding for affordable housing projects requires that developers receiving money from the state for such projects, must first look to rehabilitation of existing downtown buildings rather than to new construction (National Trust, 2002: 14, 15). This approach has two very positive effects; first, open space is conserved rather than developed and, second, existing historic structures are rehabilitated and returned to use bringing life back to previously abandoned downtowns. To take this policy one step further state government should require that developers look first to the rehabilitation of existing housing stock rather than commercial buildings in order to revitalize residential neighborhoods. Just as Vermont’s program, this approach would have multiple effects. Older, vacant homes would be renewed and occupied which would have a positive impact on home values in the area and would contribute to a sense of community and vitality. Once again open space would be preserved and sprawl would be minimized, which would also help to conserve the financial resources of cities, as they would then be spared the costs of having to extend utilities and services ever further from existing neighborhoods. According to Donovan D. Rypkema rehabilitation of housing units rather than building new structures makes excellent financial sense and can realize wide reaching economic impacts:

[The National Association of Home Builders] calculated that the construction of 1,000 single family homes generates 2,448 jobs in construction and construction related industries and approximately $79.4 million in wages…The same amount of money spent on housing rehabilitation, however – which would create two to three times more housing units – could generate 2,838 jobs and $88.7 millions in wages – certainly a major economic impact (Rypkema, 2002: 11).
These kinds of figures would support the creation of a policy like Vermont’s and would indicate that housing rehabilitation and preservation are solid investments for state government. Rypkema also cites figures from a recent study by the Department of Housing and Urban Development which shows that only eleven percent of those homes over fifty-years old would require more than $25,000 in repairs, a figure that is well below what it would cost to build new homes (Rypkema, 2002: 10). These figures again support the idea that housing rehabilitation is a worthy investment for both public and private entities. While in a perfect world the economic issues and dollar values involved in preservation would be secondary to the intrinsic value of the properties and the sense of place, history and community that they create, the reality is that financial considerations will always play a major role in public policy.

The other state program that showed the greatest promise for positive contribution to historic preservation efforts in Texas is the rehabilitation code in New Jersey. To speak again to the economic issues involved in historic preservation, the creation of this rehabilitation subcode has greatly reduced the cost of rehabilitation projects. In some cases application of the rehabilitation code has trimmed twenty five percent or more off construction budgets which has the potential to greatly extend the limited funding available for preservation of cities and neighborhoods. This code is successful because it works with the existing characteristics of the building and does not require that work done to an existing building meet the same codes as a newly constructed building, thus making adaptive use more feasible and encouraging reinvestment. Since the
implementation of the code there has been a surge historic preservation investment.

National Register nominations for the state have also increased and local historic commissions have become more involved in the creation of exterior design guidelines that integrate the needs of the code with proper preservation practice. From 1997 to 1998 monies invested in rehabilitation increased forty one percent and by 1999 reinvestment in historic properties had reached close to $600 million (National Trust, 2002: 12, 13). The potential for a similar surge in spending on historic housing should be a strong impetus to pass such a code in Texas. A probable twenty five percent reduction in rehabilitation costs, while hugely beneficial to commercial projects, could make an even bigger difference to historic homeowners needing to complete repairs and perform maintenance to their homes. Certainly simplified rehabilitation/building codes that were based on the extant features of the structure would pass on a financial savings, but perhaps they would also serve to make the process of rehabilitation less complex and therefore less frightening to historic property owners. As was stated time and again in the prospective homebuyer surveys, the complexity of rehabilitation projects, the requisite paperwork, the financial stress and the myriad of other considerations involved is intimidating. Whatever simplifications can be made to the process would ease the minds of both current historic property owners and potential historic property owners and could, in fact, tip the scales in favor of purchasing an older home rather than a new home.
Ideally a program to encourage historic homeownership and historic residential neighborhood revitalization would be administered at the state level through the State Historic Preservation Office. Just as with the Main Street program, there should be at least one point of contact and eventually a small staff to oversee the program’s implementation at the local level. Rather than adopting the Main Street style of administration in individual cities, a program such as this could benefit from regional resource centers that can act as a centralized clearinghouses for information that individual homeowners as well as city governments can access. A practicable model would be the Home Room resource center in Rochester, New York, a program highlighted in *Rebuilding Community* (National Trust, 2002: 24, 25) and previously in this thesis. Such a center would be based on the idea that making the process and practice of historic preservation more simplified and user friendly is just as important to potential historic property owners as financial incentives. This concept is borne out in the surveys where it was indicated that many people who are interested in, or willing to, purchase older homes are not just put off by the financial liabilities involved but can feel overwhelmed when faced with complicated repairs and aging materials. They also feel at a loss when it comes to looking for the information that will be relevant to the issues of an older home as well as which professionals are qualified to handle projects like theirs. It should be noted that the Main Street program has faced similar issues with historic commercial property owners needing specialized guidance in carrying out appropriate rehabilitation projects and that this type of assistance is provided to those property owners through the state for free. Prospective historic homeowners want and
need to be aware of the positives and negatives of owning an older home and to be provided with the right information and resources to deal with their unique circumstances. The type of resource center proposed must strive to offer the most comprehensive information possible for the historic homeowner.

One of the “incentives” most often mentioned on the surveys that would make purchasing an older home more feasible and attractive was good information; the where, why and how of finding qualified professionals and relevant information. When taking on the task of purchasing and rehabilitating a historic home, knowing where to go for assistance – beyond financial – is tremendously important. To create a resource program similar to the Home Room (National Trust, 2002: 24, 25), the centers should be located in metropolitan areas but offer information for outlying towns as well. A database of prescreened contractors, who have experience working on older properties and can provide references from former clients, so that the homeowner can have confidence in the skills of their contractors, should be created. The “craftsperson” database developed and maintained by the Texas Historical Commission would provide an excellent model for keeping records of such contractors. This database is organized according to the physical features of the house that each contractor is experienced with. These kinds of categories would make it possible for a homeowner who needs to have work done on their windows to be provided with a list of contractors in their area who are not only experienced in repairing older windows but are recommended by other historic homeowners. Having a resource like this available to them could go a long way towards
making prospective historic homeowners feel more comfortable with their decision to purchase. Survey respondents specifically cited their need for access to experienced and reputable professionals as an incentive in purchasing an older home.

Educating realtors is also essential to the success of historic residential neighborhoods. Real estate offices should have access to the same resources as homeowners and should be able to serve as a resource themselves for those considering purchasing a historic home. When I was looking for an older home to purchase last year, it never ceased to amaze and annoy me the number of real estate agents who told me that I would be eligible for grants from the Texas Historical Commission simply by owning a historic home. It was frustrating to have to tell them over and over again that this was simply not true, that grants through the Historical Commission were only available to non-profit organizations, municipalities and, in rare instances, commercial properties, but were not available to private homeowners. This is the kind of basic knowledge that any realtor showing older homes should have, if only to prevent them from passing on false information to prospective homebuyers. Faulty information given by a real estate professional can become another reason for homebuyers to be wary of purchasing older homes, adding to the feeling that there is more misinformation swirling around them than useful facts. For realtors to be effective in marketing and selling historic homes, they need to possess a greater level of understanding of the benefits and the drawbacks, of resources of all kinds and of the special circumstances involved in owning an older home. Preservation Dallas offers the Historic Housing Specialist Certification program,
an intensive two day seminar for real estate professionals, that gives them the tools to be more effective in working on behalf of historic neighborhoods, the historic homes, their prospective owners (Preservation Dallas, 2004). Given the strong and hugely visible marketing campaigns that builder communities display, it is all the more important that those realtors who work with historic homes have the information that they need to pass on to homebuyers.

The type of resource center proposed should also offer design guidelines to assist homeowners involved in rehabilitation to understand what is an appropriate treatment for their home and what actions are inappropriate. Programs in both Atlanta, Georgia and Lewiston, Maine where guidelines were developed based on the unique characteristics of those places, not only physical features, but also the historical context of each neighborhood, were incorporated into the recommended designs (National Trust, 2002: 28-31). The publications were made widely available and included illustrations and images of properties in those areas to make the guidelines easier to understand and bring the ideas contained in them closer to home. Both public officials and members of the community who were able to utilize the publications in the rehabilitation of their homes, rated the effectiveness of the guidelines very highly. A benefit of these design standards for members of the community is that the guidelines go beyond issues of historic integrity and compatibility and give recommendations that are also cost effective. This is of great assistance to these low-income communities and makes preservation and rehabilitation a more attractive option to historic homeowners. Several surveys
indicated that prospective historic homeowners would be as interested in design information and assistance as they would be in financial assistance. Locally tailored design guidelines that took costs into consideration as well as historical integrity would be an invaluable resource for homeowners interested in completing appropriate and affordable repairs as a part of a comprehensive rehabilitation. It is encouraging that a number of potential historic homeowners are so interested in doing an appropriate rehabilitation and it should be the mission of a resource center to help them do so.

In addition to the resource center program, cities should look into the Homesteading program in Lynchburg, Virginia, the Lease-to-Purchase program in Pittsburgh, the Historic HomeWorks program in Boston and Stop Wasting Abandoned Properties in Providence, Rhode Island. These programs have been very successful in increasing homeownership opportunities of dilapidated and abandoned properties. They understand the liability these blighted properties are to the city and are willing to invest in these historic homes and the people who are willing to purchase and rehabilitate them. A program at the city level that would address all of the same issues that the aforementioned programs do would make an effort to acquire abandoned properties and to get them into the hands of enthusiastic potential homeowners, especially those who may not have other options for homeownership. The starting point could be the same as the Lease-to-Purchase program in Pittsburgh where the customers are required to make an initial down payment of $1,000, then make monthly payments that are deposited as mortgage payments. Within two years the customers must secure their own mortgage
and a down payment is made from the initial $1,000 deposit (National Trust, 2002: 58, 59). At the point that the customer/homeowner moves into the home as their primary residence, they should be offered incentives such as a portion of their payments going into a fund for home repair and improvements, property taxes waved for a period of five years and city grants for exterior improvements.

Another option would be to emulate the Homesteading program in Lynchburg, Virginia and to sell uninhabitable homes for a greatly reduced rate and then requiring that the property is rehabilitated and serves as the owners primary residence for five years (Lynchburg Redevelopment and Housing Authority, 2001). A very similar program is Stop Wasting Abandoned Properties, at work for neighborhoods in Providence, Rhode Island. One big difference is that the homeowners are provided with assistance in maintaining, repairing and improving their homes through a program very similar to the previously proposed resource center (National Trust, 2002: 36, 37).

It should be noted that, as wonderful as these programs are and the potential that they have for aiding in neighborhood revitalization and historic homeownership, they should not be the only response to the problem. These programs are designed for abandoned, blighted properties. Ideally there should programs that place a greater emphasis on preventing these conditions, to keep older homes from being abandoned and to assist homeowners in properly maintaining them. This is where programs such as the Historic HomeWorks in Boston should be emulated and implemented. In this case matching
grants of up to $7,500 are available for historically appropriate exterior repairs and improvements (National Trust, 2002: 52, 53). This is a direct investment by the city into their historic and older neighborhood’s livability and the residents; there should be more of it.

As often as city governments invest in their commercial districts and building new neighborhoods they need to keep the older neighborhoods and their needs on the planning and budgetary radar. Investments need to be made in residential neighborhoods; they are as important to the image of a city, to its sense of history and place, as are the downtown districts. It is not only a matter of investing in the neighborhoods, but in the current and future residents of those neighborhoods, which will have a domino effect on the town itself. According to Lindley R. Higgins:

Increasing homeownership rates is seen as an effective means for improving neighborhoods because it addresses several inter-related problems. For example, homeownership not only gives residents a greater stake in working to improve their neighborhoods, but also increases their equity by increasing property values. Higher rates of homeownership have been linked to greater neighborhood stability, increased political activity and even improved social behavior within the community (Higgins, 2001: 1)

Whereas a Main Street program will bring visitors into town for the day, residential neighborhoods bring people into town to stay and help the city grow, maintain cultural resources and promote economic wellbeing.
CHAPTER VI

FUTURE RESEARCH

Areas for future research on this topic should include a more detailed study on the current rate of sales/purchases of homes in older and historic neighborhoods, versus those in builder communities. This should contain research on exactly what happens to the composition of an older neighborhood when the homes for sale do not sell. While this thesis contains some conjecture on the subject it is, for the most part, based on what the author has observed in her own town. A proposal for a program encouraging and aiding historic homeownership would need to be bolstered by more empirical evidence of just what happens to these neighborhoods as homeownership rates decline. More in depth research would be needed in this area to really understand what is happening in these neighborhoods and how policy and programs could effect a positive change.

Another useful study would be based on current and proposed federal programs. For instance, why is the Department of Housing and Urban Development’s 203(k) program used so little and viewed as an ineffective program? This is currently the only federal program available for owner-occupied historic housing, why isn’t it working? Additionally research on how the proposed Historic Homeowner Assistance Act would be administered would be invaluable. Such a study could provide more specific figures on exactly how successful such a program would be and could serve to ease the minds of
those who would be administering this program on top of an already heavy workload. It may also ease the minds of homeowners who would potentially be utilizing the program.
REFERENCES


APPENDIX A

What are you looking for in a home?

Is the age of the home a criterion?

If so, how old or young a home are you looking for?

Would you considering purchasing an older home?

If not, how much is the cost of maintenance and repair a factor in this decision?

If there were financial incentives and assistance in place to aid in the maintenance and repair of an older home would that influence you decision?

What kinds of incentives and/or assistance would induce you to consider an older home?
APPENDIX B

Participating Real Estate Offices

McMakin and Associates
14641 Highway 79
Taylor
512-365-8563

Patshcke and Patshcke
2403 North Main Street
Taylor
512-365-1905

Terra Properties
2207 North Main Street
Taylor
512-365-5555

Lackey Real Estate
102 East University
Georgetown
512-863-9613

Moreland Properties
823 Austin Avenue
Georgetown
512-868-1771

ERA Colonial Real Estate
4909 Williams Drive
Georgetown
512-868-0403

Jeanette Shelby
15 North Main
Elgin
512-281-3412

Elgin Realty, Inc.
401 North Main
Elgin
512-281-4080
VITA

Rebecca Elizabeth Rowe received her Bachelor of Arts in American Studies with Honors from the State University of New York at Geneseo in May 2000. After graduation she worked for the Texas Historical Commission administering the Federal Tax Incentive program and the Texas Preservation Trust Fund grants. While with the Commission, she had the opportunity to conduct research on residential tax abatements across the state of Texas. Over the summer of 2003 Rebecca worked for Anna Mod Historic Preservation as a grant writer, earning a high score for the grant application for the property at 2002-2006 Strand in Galveston, though it was ultimately not funded as it was a commercial property. During that same time, she also wrote a grant which secured funding for a Master Plan for the Presnall Watson House in San Antonio.

Rebecca and her husband, Foster, are currently rehabilitating their 1920 home.

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