

RETHOS™

# PLACES REIMAGINED

Issue 3, 2019



# More Than Just a Number's Game

The economic benefits of using the State and Federal Historic Tax Credits speak for themselves - but what are the other positives to the program that we *don't* talk about?

The arguments in favor of building rehabilitation and reuse are often framed in terms of economic impact. That is partly because in Minnesota, and 34 other states, income tax credits are available to incentivize the rehabilitation of buildings listed in the National Register of Historic Places. When making the case for tax policy that is favorable to rehab development, it helps to present it in literal dollars and cents. After all, rehabilitation tax credits are a state expenditure and have a public cost. When credits are allowed in one

area, revenues must be increased in other areas for the state to have a balanced budget.

The economic impact of Minnesota's historic tax credit has been overwhelmingly positive. Thanks to research conducted annually by the University of Minnesota Extension Center for Community Vitality, we know that the Minnesota Historic Structure Rehabilitation Tax Credit typically results in approximately \$9 in economic activity for every \$1 allowed in tax credits. Since 2011, the cumulative impact has

been over \$3 billion in economic activity, with \$993.5 million in labor income that has supported more than 16,500 jobs. At least 120 buildings have been saved using the state historic tax credit.

But, there are many other reasons to preserve and reuse older buildings in communities across Minnesota. Some of these reasons do have an economic impact, but one which is felt beyond the straight dollars-in, dollars-out of the state treasury and are a little more difficult to quantify. Other benefits are realized in

strengthened social, economic, and physical networks that lead to more resilient, dynamic, and vital communities. Here are some of the reasons we believe so strongly in the power of building reuse, beyond mere dollars and cents.

Construction work on the Guardian Building in downtown Saint Paul by the Building Restoration Corporation team



### Rehab projects are collaborative and literally build community

Many different people are involved in building reuse. From local advocates who champion a renewed vision for a valued place, to the city planners, architects, developers, and builders who make that vision a reality, to the neighbors who live, shop, attend classes in, or merely walk by the finished product, rehabilitation projects take collaboration and shared problem-solving to come to fruition. Social networks are strengthened when all of these people have reason to come together and work towards a tangible goal.

### Reusing existing buildings is a recycling program of historic proportions

Demolition debris is a growing problem for the Minnesota

**“DEMOLISHING A SINGLE 2,000 SQUARE FOOT HOUSE WOULD RESULT IN APPROXIMATELY...72,000 POUNDS OF DEBRIS. IT WOULD TAKE RECYCLING 2.3 MILLION PLASTIC WATER BOTTLES TO BALANCE THAT SCALE.”**

Pollution Control Agency. After all, our landfills have limited capacity, and space is at a premium. While lately attention has been focused on household recycling and what we as individuals can do to help, the demolition of just one building will offset the collective recycling efforts of an entire community for a substantial period of time. As an example, demolishing a single 2,000 square foot house would

result in approximately 270 cubic yards of debris – at least six large roll-off dumpsters full of wood, lathe, and concrete. With a per-dumpster weight of 6 tons, we’re talking about 72,000 pounds of debris. It would take recycling 2.3 million plastic water bottles to

balance that scale. (Still think that tear-down is “green?”) In addition, backhoes, dump trucks,

and other heavy machinery waste additional energy while transporting demolition debris and result in additional wear and tear on roads and bridges. Demolition dust and machinery exhaust also contribute to worsening local air quality.

### Building rehabilitation and reuse helps direct investment to underserved communities

In Minnesota, historic tax credit projects must also qualify for the Federal rehabilitation tax credits administered by the National Park Service. According to the NPS, half of the qualifying building rehab projects completed in the US from October 2016-September 2017 were located in low and moderate income census tracts, and over 79% were located in



Far Left: Guardian Building photograph from the 1930's. Bottom: Guardian Building prior to restoration. Left: Completely restored Guardian Building, present day. All photographs were submitted by Building Restoration Corporation as part of their nomination for the 2019 Minnesota Preservation Awards.

### The Guardian Building

Nominated for a Minnesota Preservation Award this year, the Guardian Building in downtown Saint Paul proved to be a difficult project from the very beginning. Jeff Anderson, the owner, called Building Restoration Corporation to assess the crumbling exterior in hopes of repairing it. Due to the poor condition of the parapet that lines the top ridge of the building, the team had to recreate the sandstone carvings by relying only on drawings and photographs. By using State and Federal Historic Tax Credits, the Guardian Building is now fully restored to its original appearance and splendor.

Left: Parapet element in construction



Top: Reference drawing and physical reconstruction. Bottom: Detail of top of Guardian Building



economically distressed areas. While specific data has not yet been collected to demonstrate this impact locally, anecdotal information points to a proportionate level of rehabilitation investment in distressed communities in Minnesota. Successfully rehabilitated buildings spur additional development on nearby vacant lots, using existing infrastructure to increase residential and commercial density.

### Rehabilitated buildings provide new and retained affordable housing

Recent research conducted by a graduate student intern from the University of Minnesota indicates that the Minnesota historic tax credit has provided approximately 4,800 residential units housing about 10,000 people. About one

third of these were thoroughly renovated without displacing the existing low-income residents. The remaining housing units are a mix of affordable and market-rate, created in formerly vacant or underutilized buildings.

To learn more about becoming an advocate for the Historic Tax Credit and all of Rethos’s Public Policy work, visit [rethos.org/public-policy](http://rethos.org/public-policy).

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Thursday, October 3

Nicollet Island Pavilion

5:30P-10:00P

40 Power Street · Minneapolis

### HONORING

**Marvel Anderson**  
Executive Director's Award

**Tanner Ott**  
President's Award