

# A Case Study of the Historic Preservation Investment Tax Credit's Impact on Neighborhood Revitalization

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The State Historic Preservation Investment Tax Credit Program has proven to be a catalyst for the rehabilitation of the State of Rhode Island's much neglected urban and town centers. Since the passage of the program, cities and towns throughout the State have benefited from the influx of out-of-state developers, businesses and residents. Properties that have remained dormant for years have now become vibrant places to live, work and play. The program has become one of the State's most effective economic development tools.

## Providence

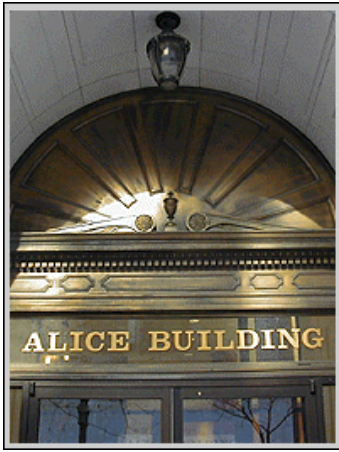
### Downcity



One dramatic example of the program's success is the recent revitalization of a number of buildings purchased in the early 90's with the vision of creating a vibrant residential neighborhood in Downcity Providence. After the flight of businesses to the suburbs, these buildings remained vacant or severely underutilized due to the high cost of rehabilitating historic structures and the limited sources of funds made available by lenders. It was not until the adoption of the tax credit program that the rehabilitation of these buildings became financially feasible. Since the program's inception, approximately \$54 million has been invested in a three-block area to rehabilitate deteriorated commercial buildings into approximately 200-residential apartments and first-floor retail space. The demand for residential apartments has come from a cross section of demographics including residents from New York, Connecticut and Boston looking for more space at a lower cost. The retail space has attracted new businesses to the State of Rhode Island such as Design Within Reach, Symposium Books, tazza cafe, Lumiere Salon and G-Media Productions.

A major effect of the program that cannot be overlooked is the need and demand that it has created for new development in proximity to these rehabilitated historic structures. For example, the credit-induced Downcity redevelopments have established the need to justify investing \$35 million in a 500-car parking structure featuring two residential towers with first floor retail to support the residential and retail. In addition, recently announced plans for a 32 story condominium project are a clear response to the critical mass of Downcity revitalization stimulated by the tax credit. The tax credit program is also generating intangible positive effects such as new residents and business people now taking pride and ownership in their cities and towns. Over the past year, Downcity has seen the creation of a neighborhood crime watch and the much anticipated Downcity Improvement District, whereby property owners voluntarily tax themselves to provide additional cleanliness and safety services in their district beyond the City's services.

Based on feedback from experienced developers, it is certain that the Downcity projects listed below and their ripple effects could not have been accomplished without the use of State Historic Preservation Investment Tax Credits.



### Alice Building

The Alice Building is located in the heart of Downcity at 236 Westminster Street. Prior to the establishment of the tax credit program, the building was virtually vacant and had fallen into disrepair. As a result of the tax credit, the building has been restored and rehabilitated into 5,000 square feet of first floor retail space and 38 residential units on the upper floors. The residential units, ranging from 820 to 2,500 square feet, are occupied by a wide variety of new residents of Downcity including graduate students, professionals, artists and empty nesters.



### Burgess and O'Gorman Buildings

Constructed in 1870, the Burgess Building located at 220 -232 Westminster Street was designed by architect George Waterman Cady in the post-Civil War expansion of Providence's central business district. It is now the oldest surviving building on Westminster Street. Both the Burgess and O'Gorman Buildings were combined as one exciting new building with 13 loft-style apartments and first floor retail space.



### Wilkinson Building

The Wilkinson Building located at 210 Westminster Street is an example of early 20<sup>th</sup> century American commercial construction. Built in 1900, the Wilkinson Building formerly housed the Lerner Department Store. The building has undergone a complete rehabilitation to include twelve (12) loft style apartments and San-Francisco based retailer Design Within Reach, which occupies 3,200 square feet on the ground floor.

## Peerless Building

The most significant DOWncity rehab project and the most difficult to finance, the Peerless building ca. 1873, is a six-story brick and stone building that occupies a city block in the center of DOWncity. This project required the use of six different sources of funds. The building is being renovated to become 97 unique loft style apartments. This project required the coring out of approximately 40,000 square feet of the center of the building to create a central six-story glassed atrium. On any day you will see approximately 150 construction workers diligently working towards the completion of the project for the spring of 2005. In addition, the project shall include a 68-car parking garage in the basement, a private roof garden for the residents and 22,000 square feet of newly created retail space.

