

To: Sarah Bronin, Chair, Advisory Council on Historic Preservation

From: Erin Barnes, President and CEO, Main Street America

Date: November 10, 2023

Re: Comments on ACHP Housing and Historic Preservation Policy Statement

Main Street America appreciates the Advisory Council on Historic Preservation's (ACHP) commitment to finding solutions to the affordable housing crisis through the lens and tools of historic preservation and adaptive reuse of buildings. We further appreciate the ability to comment on ACHP's Housing and Historic Preservation Policy Statement (the policy statement), and we affirm that the proposed policy principles will increase the utility of federal programs in the rehabilitation of existing buildings within Main Street and commercial corridors for affordable housing. In addition to creating essential housing units, increased utilization of older and historic buildings for housing can spur positive economic outcomes for local communities, increase quality of life, and reduce carbon emissions.

Main Streets and Housing Background

Main Street America (MSA), a subsidiary of the National Trust for Historic Preservation, leads a collaborative movement with partners and grassroots leaders that advances shared prosperity, creates resilient economies, and improves quality of life through place-based economic development and community preservation in downtowns and neighborhood commercial districts across the country. Our network of commercial district redevelopment entities includes 46 Coordinating Programs at the state, county, or metro city level, with 1,287 neighborhood and downtown affiliates committed to a preservation-based economic development methodology. These organizations work at a hyper-local level focusing on a specific geographic area but may focus on numerous issues from entrepreneur support to streetscape design to disaster relief.

A primary concern for the Main Street network in recent years is the demand for housing within and around Main Street districts. Aligned with the nationwide housing crisis well-articulated in the policy statement, of leaders of MSA districts:

- 87% indicate they are concerned with the state of housing in the Main Street districts.
- 75% feel that there is not enough housing to accommodate those who want to live in the district.

Additionally, housing is a concern for small business owners within MSA districts: 45% of Main Street small business owners cite a lack of housing availability as a concern for staffing.

Adaptive reuse of Main Street buildings to meet this housing demand is multi-layered, focused on policy and financing challenges that incorporate multiple potential interactions with elements of the policy statement. In response to the ACHP's call for comments on the policy statement, we offer the following as aligned with the numerical format of the statement.

1. Public-serving institutions should work collaboratively to research and share information with each other, the private sector, and the public about the costs, benefits, incentives, and disincentives associated with rehabilitating historic buildings for housing.

MSA supports the need to gather information about conditions of buildings that could be utilized for housing, and our ongoing research aligns with this principle. We are currently building an

online tool for Main Street programs to inventory their downtown building stock to assist member communities in identifying existing space that can be converted for housing needs. Concepts like this tool can be supported and expanded by public-serving institutions to better understand opportunities for conversion and adaptive reuse through a variety of building types.

We also support the desire to assess the cost of adaptive reuse and conversion more accurately. From surveys of member organizations and local developers, we understand many older properties in Main Street communities face significant funding challenges for property redevelopment, but financing issues are often at either the initial, predevelopment stage or in closing financing gaps due to project changes. Better understanding these challenges may show that public-serving institutions could be providing programs to address gaps and support projects in early stages.

ACHP makes several recommendations on other survey and data collection efforts. We offer the following suggestions to see our work best aligned with these efforts:

- Relative to an evaluation of displacement, we encourage ACHP to consider including the displacement of existing small businesses, particularly those owned by low-income residents or people of color, when historic designation and/or adaptive reuse programs are at play.
- Relative to surveys of financial incentives at the federal level, we encourage public-serving institutions to survey the impact of American Rescue Plan Act State and Local Fiscal Relief funds in assessment of programs and projects that have helped to spur increased adaptive reuse for housing.
- Relative to study of climate impacts, we encourage ACHP to consider expanding this language to incorporate the climate impacts of historic districts and other compactly developed areas in reducing expansion of energy grid and reducing emissions through vehicle-miles traveled. Adaptive reuse of buildings within these districts is beneficial to climate policy both in terms of embodied carbon and reduced grid expansion and sprawl.

We believe MSA could be a partner in these efforts with ACHP or other public-serving institutions.

7. The federal government should expand upon its guidance regarding reuse and rehabilitation of historic properties for housing and should encourage flexible yet consistent application of such guidance.

MSA supports and encourages further dialogue between federal agencies specifically focused on the adaptation of existing historic and order commercial buildings. We are encouraged in these efforts by recent guidance from the Department of Housing and Urban Development and from the Department of Transportation on the use of existing programs for adaptive reuse and conversion of commercial buildings for housing. Notably, we find some federal programs are structured to support only residential or commercial building or rehabilitation projects. These programs have the unfortunate effect of negating commercial district buildings with ground floor commercial and upper floor residential from eligibility. We would encourage federal agencies to review existing programs for flexibility to address buildings in commercial corridors that may have both residential and commercial uses, whether historically or after conversion.

9. All participants in Section 106 review of housing projects should approach the review flexibly in keeping with the following principles.

Review of effects in historic districts should focus on exterior features.

MSA supports this policy principle as necessary to achieve mutual goals of historic preservation and housing development and to allow community-determined needs to lead redevelopment processes. We believe that limiting Section 106 review to exterior features will allow for more adaptive reuse projects by increasing the viability of those projects, reducing timelines and transactional costs, while maintaining distinct district features. Implementing this principle can also unlock more opportunities through other federal programs to meet the housing needs of communities more readily.

When possible and practical, plans and specifications should adhere to the Secretary's Standards. When the Standards are being applied to projects involving housing, the most flexible interpretation of the Secretary's Standards should be used, and assessments of compliance with the Secretary's Standards should focus on exterior features.

We appreciate ACHP's recognition of the flexibility needs around the Secretary's Standards. The policy principle aligns with MSA's previous submitted comments (in response to ACHP's call form comments on Application of the Secretary of the Interior's Standards for Historic Preservation in July 2023) on the need to create more flexibility in the application of the Secretary's Standards for Main Street projects, particularly where housing is concerned. A focus on exterior features would resolve many issues experienced by Main Street practitioners when working with federal and state Historic Tax Credits, an essential tool for the revitalization of these properties.

We appreciate the need for care and clarity with this principle as a blanket exception may not serve all communities equitably. There may be a need to discern between individually listed buildings versus those contributing to a historic district and to uplift outcomes that align with the surrounding community's expressed needs. To best serve the needs of commercial corridors, we believe that clear guidance on this flexibility is needed for all involved in the process.

ACHP's policy statement concludes with an emphasis on the need for consultation, education, and collaboration to ensure that the benefits of the reuse of existing buildings are understood and communicated to community members and decision-makers. We agree with these principles and support a continued dialogue between public and private institutions and local community members. We also uplift the need for outreach and inclusion of those communities and networks who have been historically unable to participate or access preservation incentives and have been subject to inequitable and harmful past land use and development policies. These underrepresented and historically marginalized groups are most impacted by the housing crisis. Public-serving institutions should make additional efforts to ensure that these groups are proactively engaged in the development of housing in historic spaces.

Thank you for the opportunity to offer these comments. We appreciate any questions or further information required to support our comments and look forward to future collaboration with ACHP and other public-serving institutions to support this work.