



Adaptive Reuse: Explaining Collaborations within a Complex Process

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Cover Image: Rendering of the Globe Hotel courtesy of Beam Development

Preface

Every building, if allowed the chance, will one day become old. Some will individually be deemed “historic” for special cultural, historical, or aesthetic qualities. Others may simply add to the general historic backdrop of a neighborhood as a “contributing resource” to a historic district, but are not necessarily of exceptional value on their own. Some buildings are lovingly maintained throughout the course of time, only incurring minor changes here and there to bring the building up to modern standards and tastes, while others are left to slowly fade away and deteriorate after (often) withstanding alterations inside and out for modernization. Whether lovingly maintained or deteriorated, withstanding minor to substantial alterations, many of our old buildings are worthy of some level of preservation. Aside from the rare exceptions which are worthy of a very high level of “preservation” in the strict sense of the word—usually pristine examples of a particular time period or style— most old buildings will require some amount of adaptation and creativity to allow for a return to functional viability while stimulating a new resonance for history and the built environment with the public.

I became particularly fascinated with the adaptive reuse development process when working as an intern at a private historic tax credit consulting firm during the summer of 2010. There I learned first-hand how complicated and complex the real estate development process can be not only in general, but *particularly* for historic buildings that are subject to special rules and regulations. This is especially an issue when tax credits and other forms of financial incentives are used for a project, adding extra layers of review and regulation. I witnessed, at times, high levels of frustration between various participants in the development process and at various stages, whether trying to find the right balance between adaptation and preservation, adhering to certain historic design standards, maintaining the timing and pace needs for a project to remain financially viable, or arguing over whether or not a project should be awarded the tax credits that its completion was hinged on. Of course I always formed my own opinions on each issue and project that I came aware of, but my eyes were quickly opened to other perspectives—other needs, desires, and motivations, and those unique points of view of the wide variety of people who are typically involved in the development process for an adaptive reuse project.

My educational background includes a focus in both historic preservation and planning, and the dual-nature of my studies has allowed me to approach historic preservation issues with a broader perspective. This, along with my internship experiences, has prompted me to seek a more complete understanding of how people view historic preservation—in particular, the adaptive reuse of commercial buildings and others used for income-producing purposes, and the development process for such activities. In my opinion, due to the frustration and conflict that I became aware of, there clearly seemed to be a problem with the way that the adaptive reuse development process typically occurs. The more I considered this “problem”, the more I saw it as an inherently complex, collaborative problem that might benefit from an analysis as such, including delving into the underlying motives, desires, and ideals of the key stakeholders, deconstructing the problem through the lens of collaborative planning, and suggesting solutions for how the process might be improved for everyone involved.

On a personal level, I am strongly in favor of preserving, rehabilitating, and adaptively reusing as many of our existing old and historic buildings as possible for a multitude of reasons; but now, I realize just how important it is that every stakeholder and participant in the development process be able to work together, communicate effectively and constructively, and be willing to make compromises while considering what is best not only for the building in question, but for its community at large. Historic preservation is not an isolated activity, and as such should be understood for its meanings and effects to others outside of the “preservationist world” in order to gain a broader and deeper support base with the hope of strengthening “preservation” as a true value of the American core. It does not matter if historic preservation has different meanings and values attached to it for different people—historical and cultural value, aesthetic value, economic development value, revitalization and sustainability value, and even the opportunity to profit—but what does matter is that each of these values is fulfilled for each participant in the adaptive reuse process so that adaptive reuse may thrive as a strategy to improve our communities and leave thoughtful, lasting legacies of our past.

It is with this impetus that I embarked on my research, with the ultimate goal that I might be able to positively influence the adaptive reuse development process by providing a broader understanding of the approaches of its key stakeholders and participants. My wish is to see historic preservation as a value, a practice, and a goal flourish and thrive into the 21st century—but in order for that to happen, the complexities and conflicts in approach to the adaptive reuse of our old and historic buildings must be more completely understood and constructively assessed so that the development process might be improved for all.

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Introduction

In the United States, we have a strong history of encouraging free will, choice, and enterprise. It is of no surprise, then, that “more than those of any other nation in the world, the American political and economic systems are designed to be responsive to individual choice.”¹ In our political system, power is intentionally divided among federal, state, and local governments, as well as between executive, judicial, and legislative branches to allow for a certain level of individualized power and control. While at the core of our nation’s psyche we believe in establishing rules, regulations, and parameters within which we must act in order to safeguard the health, safety, and rights of others, we still would generally prefer to dictate those rules for ourselves rather than have them dictated for us—hence our general preference for as much localized control as possible. What does this have to do with adaptive reuse and real estate development? When it comes to regulating private property, this explains why we dictate the use and condition of land and structures, ostensibly for the health and welfare of the public. But given our natural tendencies for double standards and our strong preference for free will, it is completely understandable why many resist these rules and regulations. Put simply, we do not like being told what we can and cannot do on our own private property, but we have no problem telling others what they *cannot* do if this is “harming” us in any way.

Regulations regarding the treatment of specially designated historic properties are particularly complicated and riddled with controversy. Many view these rules as simply dictating the aesthetics of a building and are therefore frustratingly prone to a high level of subjectivity based on the individual opinions and interpretations of the review agency. But on the other side of the argument, those supporting and enforcing these rules view them as a means of preserving important historic and cultural legacies whose meanings extend far beyond the aesthetic surface, arguing that the enforcement of design rules accomplishes this goal. Further complicating the matter is when financial incentives for the rehabilitation of historic properties are awarded based on the adherence to such rules and regulations. When a building is rehabilitated, or “adaptively reused”, there occurs a clashing of interests, opinions, beliefs, resources, and power between historic preservation professionals, developers, and planners. The necessarily collaborative development process for the adaptive reuse of an historic building can unfortunately become frustrating, conflict-laden, and unsatisfying for many of its key participants. This is unfortunate, because “all participants [would] enjoy a higher probability of achieving their goals and objectives if they understand how the development process works, who the other players are, and how their objectives are interwoven.”²

¹ Miles, Mike E., Gayle Berens, and Marc A. Weiss. *Real Estate Development: Principles and Process*. (Washington, D.C.: Urban Land Institute, 2000), 3.

² *Ibid*, 3.

Overview

Collaborative processes are seldom simple and sometimes frustrating, but if successfully navigated, have the potential for producing hugely meaningful results. Naturally complex, collaborative processes must include three key elements: 1) a diversity of interests, 2) interdependence of the participants, and 3) engagement of all in direct and earnest dialogue.³ The development process for a typical adaptive reuse project is an excellent example of an inherently complex and collaborative process—adaptive reuse requires the involvement and expertise of a wide variety of participants and stakeholders, from project conception, through design phase, the construction process, and all the way through to completion and use. At any given stage in the development process, each of the stakeholders will have to depend on and work with one another on some element of the adaptive reuse project.⁴ For example, this could be the developer obtaining building permits from a local planning zoning office, or an architect consulting with a state historic preservation officer to ensure that design plans follow regulatory standards for treatment of historic buildings. The problem is, while the key elements of “a diversity of interests” and “interdependence of the participants” are present in the adaptive reuse process, often the “engagement of all in direct and earnest dialogue” is missing due to conflict among the participants.

While the interdisciplinary nature of adaptive reuse makes it an interesting and dynamic process, this can also lead to complications. What happens when each of the stakeholders tries to communicate, collaborate, and cooperate with one another, but bring to the project “table” different ideals, motivations, and desired outcomes for the adaptive reuse process? No doubt frustration and conflict are likely to result. Unfortunately, this can hinder the development process and ultimately deter key stakeholders from specifically seeking out other adaptive reuse development projects in the future. This is, therefore, a problem that must be addressed in order to improve adaptive reuse’s reputation in the development world and gain deeper and wider appreciation as a viable development option. The unfortunate alternative is, I believe, for historic buildings, and historic preservation as a field, to slip dangerously into obsolescence because our society can only have so many museums and historic tourist attractions.

Real estate development is a naturally complex process in general, but adding the “historic” element to the mix adds additional layers of complexity, requiring specific expertise, design review and regulations, and financing creativity. The typical real estate development process consists of four phases: predevelopment, construction, marketing and leasing/sales, and asset management.⁵ The bulk of the work pertaining to the historic nature of the building occurs during the predevelopment stage, but related work also occurs throughout all four phases. The following provides a brief outline of the key elements and tasks necessary for any typical adaptive reuse development project:

³ Innes, Judith Eleanor, and David E. Booher. *Planning with Complexity: An Introduction to Collaborative Rationality for Public Policy*. (Milton Park, Abingdon, Oxon: Routledge, 2010), 35.

⁴ Miles, Mike E., Gayle Berens, and Marc A. Weiss. *Real Estate Development: Principles and Process*. (Washington, D.C.: Urban Land Institute, 2000), vii.

⁵ Howe, Kathryn Welch. 2003. Private Sector Involvement in Historic Preservation. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 279-311. (Chapel Hill: University of North Carolina Press), 282.

- Market feasibility
 - A feasibility analysis is performed early on to determine if the project is possible given current market conditions, the building’s neighborhood context, and intended use.
- Design
 - Architects and engineers carry out the technical design process, designs are formulated to fit intended use and to conform to historic design standards.
- Financing
 - Pro-formas are developed and financial resources are gathered, including historic tax credits and any other applicable tax credits and incentives.
- Regulation
 - Building permits are obtained, the design review process is followed, building inspections are performed, and other necessary development and design rules and regulations are adhered to.
- Construction
 - Physical construction activities are overseen, and adherence to plans is ensured.⁶

The individuals who invest their time, resources, interest, and knowledge into adaptive reuse projects—or those who complete the above mentioned tasks—are the stakeholders (or “players”) in the adaptive reuse development process. This typically includes, but is not limited to:

- Building owners,
- Developers,
- Architects,
- Engineers,
- Contractors,
- Historic preservation professionals, and
- Planners.

As previously discussed, cooperation among the stakeholders while working on various elements and at various stages of the adaptive reuse process is both necessary and practically unavoidable. This has the potential to be a logistical nightmare, then, trying to coordinate the right people at the right time for the right tasks. However, without proper coordination and clear communication among the players, the development process can lose precious time—and for developers in particular, time is money.⁷ There are a number of other challenges facing adaptive reuse as well, such as design constraints and financial burden, especially given unforeseen structural repairs and hazardous material abatement. But aside from the purely logistical, design, and financially related challenges faced by the adaptive reuse development process, another challenge—conflicting interests, motives, and expectations among the players—is perhaps the sneakiest of them all, threatening to undermine adaptive reuse while holding it

⁶ Cuti, Celeste. “Rehabilitation Best Practices of Portland Commercial Properties” (master’s exit project, University of Oregon, 2011), 4.

⁷ Miles, Mike E., Gayle Berens, and Marc A. Weiss. *Real Estate Development: Principles and Process*. (Washington, D.C.: Urban Land Institute, 2000), 10.

back from appreciating mainstream acceptance as both a favorable and viable real estate development option.⁸

Purpose and scope

The purpose of this document is to be educational and informative, aimed at readers who are interested in understanding the collaborative aspects of adaptive reuse, or those who are already involved in the process and find themselves frustrated or curious about other stakeholders' points of view. It will uncover, analyze, and illustrate the fascinating and complex collaborative challenges inherent in the adaptive reuse development process. These challenges can act as a barrier to successful adaptive re-use efforts, ultimately hindering adaptive reuse's ability to gain wider acceptance as a viable real estate development option. My hope is that this document will help foster better understanding of both the collaborative nature of the adaptive reuse process as well as the unique view points of the key stakeholder groups in order to encourage a more efficient, effective, and positive process for all.

First, we will explore the evolution of adaptive reuse in the U.S in order to provide context and understanding of the subject at hand. Next, with a review of literature from the historic preservation, real estate development, and planning fields, we will dig to the root of the problem by uncovering and analyzing these key stakeholder groups' differing theoretical backgrounds, motivations, and expected outcomes for adaptive reuse. Then, to illustrate the collaborative successes and frustrations of the adaptive reuse development process, a case study of an adaptive reuse project currently underway in Portland, Oregon, will include opinions and perspectives from this project's key stakeholders. This will be followed by an analysis of collaborative processes and the necessary elements for success. To finish, we will look at the lessons learned from the case study examples in Portland, and combine this with both the information gleaned from the stakeholder groups' background research and principles for successful collaborative processes in order to determine best practices for healthier collaboration in the adaptive reuse development process. This will lead to conclusions for how this process might be improved for everyone involved. The ultimate goal is to encourage more adaptive reuse development projects that not only meet, but exceed the expectations of all involved parties.

⁸ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 221.

Chapter 1: Adaptive reuse practices in the U.S.

There are many ways to describe those activities which are typically performed under the general umbrella of “historic preservation”, including restoration, rehabilitation, renovation, and adaptive reuse. Some historic preservation professionals and scholars believe that “rehabilitation” and “adaptive reuse” are nearly the same thing; while others believe they are two very different strategies producing two very different kinds of results, with adaptive reuse resulting in too much permanent damage to a building’s historic qualities to consider it a true “preservation” activity. Personally, I am of the opinion that “adaptive reuse” practices are, although sometimes different, very similar to “rehabilitation” and as such should be valued as acceptable preservation practices. Every building and project is different, though, so these definitions may vary on a case-by-case basis. A truly good adaptive reuse project will, in my opinion, combine elements of preservation, rehabilitation, and adaptive reuse activities, but it is important to note that from the historic preservation professional’s perspective the term (and concept) “rehabilitation” is the officially sanctioned preservation activity—*not* “adaptive reuse.” For the purposes of this document, however, I will primarily use the term “adaptive reuse” to describe the redevelopment of historic buildings, including making changes, repairs, renovations, restorations, etc. to return an old building to functional vitality for new uses and with new purpose.

Background history on adaptive reuse

While “adaptive reuse” is considered a legitimate historic preservation activity by many historic preservationists, it has not always been a strategy that preservationists, planners, or developers have used as one of the tools in their typical toolboxes. In fact before adaptive reuse became a preservation-related strategy in the mid-1960s, the main approach to historic preservation was “curatorial.” This was preservation in the strict sense of the word, usually consisting of preserved house museums and villages for patriotic, educational, and cultural reasons.

Following the destructive urban renewal practices of the mid-20th century, preservation became an antidote to the loss of historic infrastructure and community.¹ The beginnings of adaptive reuse included projects like San Francisco’s Ghirardelli Square in 1964 and Boston’s Faneuil Hall in 1976, representing some of the first examples of profit-oriented developments done in conjunction with a desire to retain historic structures. By this point, historic preservation had broadened its horizons to valuing the ordinary along with the exceptional, while acknowledging

¹ Keifer, Matthew. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

value in a city's and building's evolution, rather than just arresting it in time.² "Adaptive reuse", therefore, became the response to a building's loss of utility, trying to blend the mission purposes of historic preservation with the real estate aspects of development.³ It is important to understand, though, that most of the adaptive reuse activities were (and still are) actually carried out by developers, *not* by historic preservationists, thus planting the seeds for the conflict to come.

In 1976, Congress passed the Tax Reform Act, providing the first major preservation tax-incentive system in the U.S. Before this act, tax incentives heavily favored new construction, providing incentives for the *replacement* of existing building stock. However, the Tax Reform Act of 1976 helped make these existing buildings more attractive to developers, allowing them to compete with new construction.⁴ Along with these incentives, the Secretary of the Interior's Standards for Rehabilitation were published—note the title refers to "rehabilitation" instead of "adaptive reuse." Presently this is still problematic because interpretations of what both "rehabilitation" and "adaptive reuse" mean differs among preservationists. As previously discussed, some (the minority) believe "rehabilitation" is nearly synonymous with "adaptive reuse", while others believe they are two entirely distinct activities, with adaptive reuse not truly being a form of preservation.

Further explaining the differentiation, Joy Sears of the Oregon State Historic Preservation Office describes "rehabilitation" as closely looking at the historic components of a building and using them towards the end goal of the project; whereas with "adaptive reuse", little attention is paid to the interiors and the projects employ more of a "gut and stuff" approach. Interestingly, those historic buildings which have already been heavily modified or gutted in the past are sometimes easier to "rehabilitate" according to the Standards, because a bit more room is allowed for adaptation when the original historic fabric no longer exists. The more completely historically intact a building remains, the (often) less likely one is to be allowed to make changes and adaptations. Ironically— depending on the building type and the intended use— the more historically intact buildings are frequently those which require more adaptation to allow for functional and financial viability.⁵

Nevertheless, the Standards were initially developed to determine the appropriateness of proposed *rehabilitation* project work on registered properties within the "Historic Preservation Fund grant-in-aid."⁶ In these standards, "rehabilitation" is defined as "the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient

² Ibid.

³ Keifer, Matthew and Donovan Rypkema. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

⁴ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 58.

⁵ Sears, Joy. Personal interview. 10 May 2011.

⁶ National Park Service. "Secretary of the Interior's Standards for Rehabilitation." <http://www.nps.gov/hps/tps/tax/rhb/stand.htm> (accessed March-May 2011).

contemporary use while preserving those portions and features of the property which are significant to its historic, architectural, and cultural values.”⁷ It is interesting to note that “alteration” is in this definition, so ostensibly alterations (or adaptations) are allowed by the Standards— at least in theory.

In conjunction with the Standards, the Guidelines for Rehabilitating Historic Buildings were developed in 1977. These guidelines are not codified as program requirements, like the Standards are; rather they are meant to help property owners and developers apply the Standards to project planning by providing general design and technical advice.⁸ The Guidelines recommend that qualified historic preservation professionals be involved in the planning stages of any rehabilitation project, as the guidelines are not meant to give case-specific advice.⁹

In 1981, the Economic Recovery Tax Act provided significantly more incentives for rehabilitation. The act offered developers a 25% income tax credit on certified historic structures, a 20% credit on buildings forty years or older, and a 15% credit for buildings thirty years or older.¹⁰ Thanks in large part to these substantial tax incentives, many people and institutions came to regard historic preservation in the 1980s “as a business rather than a vocation.”¹¹ On the one hand these tax incentives promoted unprecedented, and crucial, historic preservation activity; but on the other hand, the lure of the tax credits “made false friends for historic resources” of people who viewed historic buildings as “objects to be exploited for profit rather than treasures to be preserved.”¹²

In an effort to curb the abuses of the tax credits allowed by the Economic Recovery Tax Act of 1981, the Tax Reform Act of 1986 was passed, lessening the financial incentives. Now, only a 20% income tax credit was allowed for certified structures, along with a 10% credit for nonresidential buildings constructed before 1936. These changes reduced the economic attractiveness of rehabilitation to developers— and it showed.¹³ Between 1983 and 1985, there were about 3,000 certified rehabilitation tax credit projects per year; after the Tax Reform Act of 1986 was passed, rehabilitation projects dropped to slightly less than 2,000 per year, and data from 1998-2003 reports only about 1,000 projects per year. However, some of these projects

⁷ Ibid.

⁸ National Park Service. “Guidelines for Rehabilitating Historic Buildings.” <http://www.nps.gov/hps/tps/tax/rhb/index.htm> (accessed March-May 2011).

⁹ Ibid.

¹⁰ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 58.

¹¹ Morton, W. Brown III. 1988. What do We Preserve and Why? In *The American Mosaic: Preserving a Nation's Heritage*, ed. Robert E. Stipe and Antoinette J. Lee, 146-177. (Washington D.C.: U.S. Committee, International Council on Monuments and Sites), 175

¹² Ibid, 174.

¹³ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 59.

were of a larger-scale, taking the place of many smaller-scale projects, therefore partially explaining the drop in project numbers.¹⁴

The tax incentives made possible in the 1970s and '80s stimulated huge private development and investment interest in historic preservation, and it was in the 1980s when preservationists themselves “launched feverishly into the ‘business’ of preservation.” This move was “not without irony”, however, because preservationists have continued to try to control development while at the same time promoting preservation business interests.¹⁵

Adaptive reuse today

In order to fully grasp the varying approaches taken for the adaptive reuse process, it is first helpful to understand some basic facts about historic buildings and adaptive reuse as seen in today’s real estate development context.

The following are four general facts about historic buildings, as presented by the economist Donovan Rypkema at the 2011 symposium “Adaptive Reuse: Preservation through Innovation” in Lexington, Kentucky. These facts will help us to better understand external forces and the contexts and circumstances within which historic buildings are assessed:

1. There are far more historic buildings than can ever be turned into museums;
2. Not even the wealthiest of governments have funds available to preserve all buildings worthy of preservation;
3. Historic buildings are most at risk under two circumstances: when there is *no* money, and when there is *a lot* of money; and
4. Historic buildings are real estate, and therefore they must operate under the principles of real estate.

Typically, one of the main reasons cited for why a building must be torn down is because of “functional obsolescence.” Functional obsolescence usually occurs under these four circumstances:

1. When the use for which a building was built no longer exists;
2. When the use for a building still exists, but no longer in that form;
3. When the systems (electrical, plumbing, heating, etc.) do not meet current codes and standards; and
4. When the space configurations in a historic building do not fit current market needs.

When “functional obsolescence” exists, the following options are available to the owner of a historic building:

¹⁴ Ibid, 60.

¹⁵ Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 51.

- Do nothing
- Tear down
- Re-insert the old use
- Turn into a museum
- Manage as a ruin
- **Adaptive reuse**¹⁶

Adaptive reuse, therefore, is the most constructive and creative option for the treatment of a historic building. While adaptive reuse is certainly not without critique (particularly in the struggle between adaptive reuse and the retention of authenticity, and the challenges accompanying the high levels of preservation priority often placed on typical commercial and industrial buildings), it is, in my opinion, the most practical, interesting, creative, and inclusive option for treatment of our otherwise obsolete old buildings.

Benefits of adaptive reuse

Historic preservation, and adaptive reuse in particular, have been praised for its broad range of potential community benefits. This subject has been widely studied, analyzed, and documented, and the following descriptions outline the various ways in which historic preservation activities can have positive effects on a community's social, environmental, economic, functional, and aesthetic goals.

Social

"We don't want to live nowhere. We want to live somewhere."¹⁷ This is perhaps one of the best and simplest ways to describe how historic preservation and heritage development activities can help fulfill a community's goal of creating meaningful and satisfying places for people to live. Old buildings and neighborhoods provide people with a sense of place and something to connect with in the incredibly fast-paced and increasingly globalized world that we live in.¹⁸ Our historic downtowns and neighborhood centers traditionally provide a focus for local communities— a place with important public gathering spaces where social capital is formed and strengthened.¹⁹ It is largely these attributes of historic neighborhoods that are attracting people back into our cities to live and work, in search of historic neighborhoods with unique character and charm.²⁰

¹⁶ Rypkema, Donovan. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

¹⁷ Florida, Richard. 2004. "How Creativity and Sense of Place Fuel the New Economy". *FORUM JOURNAL*. 18: 10-15, 15.

¹⁸ Ibid, 10.

¹⁹ Rypkema, Donovan D. 2003. "LONGER VIEW - The Importance of Downtown in the 21st Century". *Journal of the American Planning Association*. 69, no. 1: 9, 10.

²⁰ Gratz, Roberta Brandes. "Reports from the Edge: The Vacant-Building Syndrome." *Next American City* (Spring 2007). <http://americancity.org/magazine/article/reports-from-the-edge-the-vacant-building-syndrome-gratz/> (accessed January 27, 2011).

Another critical community concern is the desire to reduce crime and other social “problems.” Decaying and vacant buildings and lots tend to attract homeless populations and crime, such as drug dealing and other questionable activities. When old buildings are demolished for new development to occur, such social problems are only moved to other locations within the city, rather than constructively dealt with. Therefore, preservation and adaptive reuse activities (by resisting and reversing decay, and reducing vacant lots) can help socially revitalize neighborhoods.²¹ When preservation activities have resulted in positive social changes for their neighborhoods, it has proven very effective in garnering public support for city improvements in general.²² It should be cautioned, though, that this kind of preservation activity requires a lot of creativity in planning and support from a variety of key groups in the community, including the police force, building owners, social services, developers, preservationists, and planners. Otherwise, historic neighborhood revitalizations can have the same negative gentrifying affects as new construction by simply pushing social problems and vulnerable populations away to other locations.

Environmental

Historic preservation and adaptive reuse activities are capable of meeting some rather surprising and positive environmental and sustainability goals. First, from a “reduce” standpoint (of the “reduce, reuse, recycle” mantra), the rehabilitation and adaptive reuse of urban historic neighborhoods and buildings, especially for housing and retail, encourages these residential and commercial activities to locate in urban cores. Therefore, this decreases demand on outlying agricultural and natural lands for new suburban development. Historic preservation activities are inherently integrated with typical Smart Growth planning strategies by reducing the need for new construction and the loss of critical natural lands.²³ From a “reuse” standpoint, our historic downtowns already have existing infrastructure, such as sewer, water, and electric lines, so it might as well be reused— especially for historic neighborhood rehabilitation and infill development activities. And of course, adaptive reuse activities are wonderful examples of recycling, particularly when old materials are used from deconstructed buildings for the rehabilitation of others.²⁴

Additionally, a key feature enticing people back into the cities in search of historic neighborhoods is that they tend to be much more walk-able and bike-able than the suburbs, due to their smaller blocks, grid street patterns, sidewalks, and more mixed-use function. This allows people to rely less on their cars and take advantage of public transit systems, thus

²¹ Ibid.

²² Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 127.

²³ Rypkema, Donovan D. *The Economic Power of Restoration*. S.I: D. Rypkema, 2001.

²⁴ Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 169.

helping cities move towards their goals for reduced greenhouse gas emissions by decreasing vehicle miles traveled.²⁵

Economic

Perhaps the most compelling and widely researched benefit of historic preservation and adaptive reuse is the range of positive economic effects made possible by these activities. Historic preservation and heritage development can add economic value to communities while helping meet key economic goals in three basic ways: catalytic effect, job creation, and heritage tourism. Time and again, preservation-related development has proven very effective in anchoring community economic development efforts, thus acting as a catalyst and stimulating further redevelopment.²⁶ In specific urban neighborhood revitalization cases, all it takes is one adaptive reuse project to get the proverbial “ball” rolling, attracting other private developers to follow suit. Revitalized neighborhoods attract residential and commercial buyers and renters, helping drive property values up while increasing the city’s tax base.²⁷

A key concern of most communities is how to create, attract, and retain jobs, especially in the wake of the current economic downturn. In response, economist Donovan Rypkema brandishes some very compelling evidence in his arguments for how adaptive reuse development activities are excellent job creators. He has found that, generally, 60-70% of adaptive reuse work costs go to labor, and the rest to materials. Most of this labor comes from *local* construction workers, tradesmen, and specialists. New construction, by comparison, funnels only about 50% of its costs into labor with the other half going to materials. Adaptive reuse, therefore, typically creates more local jobs than does new construction. The secondary economic effects are critical as well, because local wages will often be cycled right back through the local economy in the form of retail purchases, food, and entertainment.²⁸

Further serving economic development and job creation purposes, historic preservation and adaptive reuse provides excellent spaces for small business incubation. About 85% of all new jobs are created by firms employing 20 people or less, and these firms usually need the kinds of smaller spaces often available in historic buildings.²⁹ In a broader sense, well preserved, adapted, and revitalized historic neighborhoods and downtowns are being credited with attracting the so-called “creative class” and the jobs and companies that follow them.

²⁵ Gratz, Roberta Brandes. “Reports from the Edge: The Vacant-Building Syndrome.” *Next American City* (Spring 2007). <http://americancity.org/magazine/article/reports-from-the-edge-the-vacant-building-syndrome-gratz/> (accessed January 27, 2011).

²⁶ Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 127.

²⁷ Gratz, Roberta Brandes. “Reports from the Edge: The Vacant-Building Syndrome.” *Next American City* (Spring 2007). <http://americancity.org/magazine/article/reports-from-the-edge-the-vacant-building-syndrome-gratz/> (accessed January 27, 2011).

²⁸ Rypkema, Donovan D. *The Economic Power of Restoration*. S.I: D. Rypkema, 2001.

²⁹ *Ibid.*

There are three main sectors of the economy—manufacturing, service, and creative—and the creative sector has grown significantly since the middle of the 20th century. Economist Richard Florida describes how, at the turn of the 20th century, less than 5% of the U.S. population worked in the creative sector (any job that exploits intellectual property, such as design, architecture, engineering, information technology, and science). By 1980, still less than 15% worked in the creative sector; but today, more than one third work creative sector jobs.³⁰ This is significant, because now, jobs move to where the people are, rather than the people moving to where the jobs are. Cities are in competition with one another, needing to differentiate themselves in order to attract the creative class and creative sector jobs. Historic preservation and heritage development activities can play a significant role in this differentiation by providing vibrant, active, and diverse spaces with unique character and charm, imparting a strong sense of place, grounding, and feeling of attachment. Essentially, these are the kinds of places that the creative class is drawn to, both fostering and encouraging their creativity.³¹

Lastly, historic preservation and adaptive reuse provide economic benefit to cities and regions by attracting heritage tourism interest. Increasingly, people are specifically seeking out historic sites, downtowns, and communities for their travel destinations. Not only does this encourage preservation and heritage development, but it also results in secondary economic benefits to a city. The more tourists a city attracts, the more money is spent on local hotels, restaurants, and retail, thus further bolstering the local economy.³²

Functional

A key concern of any community is ensuring that it functions well— meaning that road and transit systems are well developed and maintained, the built environment fulfills its residents' and users' needs, and that its services infrastructure (water, sewer, electricity) works as required. The rehabilitation of historic downtowns and urban neighborhoods has proven successful in helping maintain a city's functionality by encouraging centralization and reducing sprawl. This allows cities to focus more of their resources towards fulfilling their goals for developing and maintaining better public transit systems, and maintaining existing service infrastructure— as opposed to building more roads and infrastructure to accommodate for urban sprawl.³³ Additionally, people choose to move back into the cities from suburban areas for a number of reasons, but a common desire is to live in neighborhoods that are more walk-able and bike-able. As previously mentioned, the smaller blocks and grid patterns encourage more

³⁰ Florida, Richard. 2004. "How Creativity and Sense of Place Fuel the New Economy". *FORUM JOURNAL*. 18: 10-15, 12.

³¹ Ibid, 15.

³² Rypkema, Donovan D. *The Economic Power of Restoration*. S.I: D. Rypkema, 2001.

³³ Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 171.

walking and biking. This, of course, relieves traffic pressure on the roads which not only reduces greenhouse gas emissions, but also aids in a more smoothly functioning transportation system.³⁴

Aesthetic

While aesthetics are certainly subjective, and preference in architectural style is a continual source of debate, generally, communities desire aesthetically pleasing environs. Pre-modern era buildings (or “pre-war”, referring to World War II) are typically considered attractive, while modern, post-modern, and contemporary styles are not as unanimously appreciated. However, almost everyone would agree that a decaying building or a vacant lot is less attractive than a well-maintained building, no matter its era or style. Decaying neighborhoods detract people, for a multitude of reasons, but one of them is aesthetic. Therefore, historic preservation and adaptive reuse development activities help increase a city’s overall aesthetic value by, if nothing else, resisting decay, thus attracting people and giving residents a place to be proud of.³⁵

³⁴ Gratz, Roberta Brandes. “Reports from the Edge: The Vacant-Building Syndrome.” *Next American City* (Spring 2007). <http://americancity.org/magazine/article/reports-from-the-edge-the-vacant-building-syndrome-gratz/> (accessed January 27, 2011).

³⁵ Gratz, Roberta Brandes. “Reports from the Edge: The Vacant-Building Syndrome.” *Next American City* (Spring 2007). <http://americancity.org/magazine/article/reports-from-the-edge-the-vacant-building-syndrome-gratz/> (accessed January 27, 2011).

Chapter 2: Conflicting points of view: What is the root of the problem?

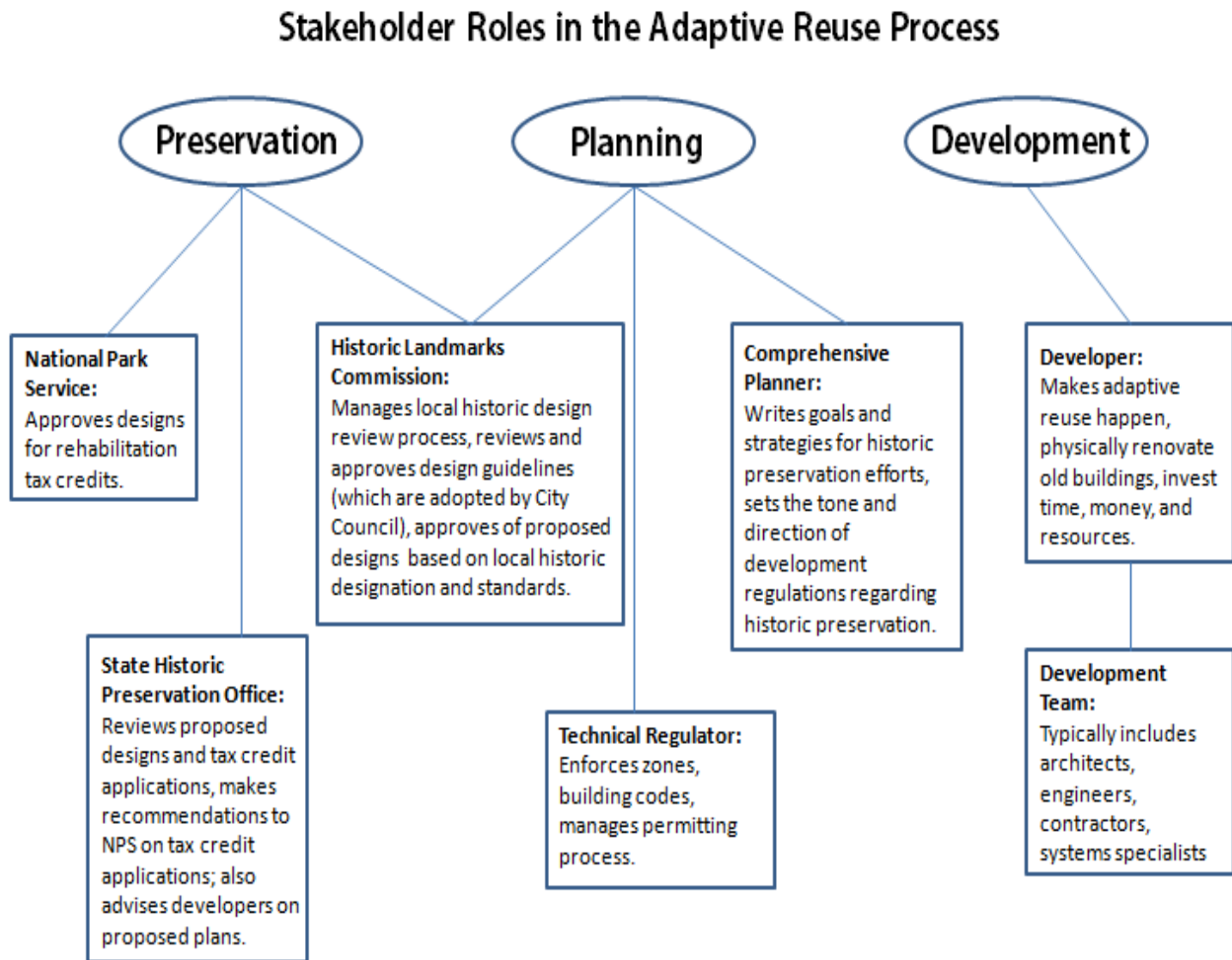
In the adaptive reuse development process, many professionals from both the public and private sectors are required to ensure that all of the necessary elements are coordinated and the tasks are completed. Because of their specific roles, expertise, and backgrounds, these stakeholders naturally approach the adaptive reuse process differently, with different ideas, strategies, and methods. To simplify analysis of these varying approaches, I have grouped the key “players” in this process into three general categories of stakeholder groups, each with a different vested interest in and view of adaptive reuse. These stakeholder groups are:

- The **Preservation Professional**: This includes both public and private historic preservation specialists working as regulators of preservation policy as well as consultants and purveyors of preservation knowledge in assistance to designers and developers. These individuals review and assess proposed plans, as well as consult on appropriate treatments and include professionals at State Historic Preservation Offices, the National Park Service, members of local historic review boards, and any other public or private sector historic preservation professionals who might be consulted with during an adaptive reuse process.
- The **Developer or Development Team**: This stakeholder group is the largest and most varied, including developers themselves, building owners (when the developer is *not* the owner), construction contractors, architects, engineers, financiers, and anyone else who is hired by the developer and is allied with the development team during the adaptive reuse development process.
- The **Planner**: This includes planners in both a regulatory and facilitative role, usually in the public sector (as opposed to private sector planners sometimes working as consultants to a development team) working at permitting offices, enforcing zoning and building codes, and ensuring that development follows neighborhood and city-wide comprehensive plans and goals.

Not surprisingly, each of these general stakeholder groups approaches the adaptive reuse development process from a different point of view—they expect different results from the process, have varying ideas about appropriate design and treatment of historic buildings, possess a range of understanding of real estate and development economics, and have different values and priorities. Therefore, these stakeholder groups frequently find themselves approaching the adaptive reuse process with dissimilar, and often discordant, agendas. Often this results in negative stereotyping and judgment of the other stakeholders, making these conflicts personal. Further complicating the matter is the fact that members of the same stakeholder group often have conflicting view points as well. It is not surprising then, that effective collaboration among the stakeholders can be both difficult and frustrating, because

everyone has particular beliefs (and for some, very strongly held) about how an adaptive reuse project should proceed. While finding consensus can certainly be difficult, if carefully and thoughtfully handled, these differences in approach can and should be harnessed to produce a more dynamic final product. There seems no good reason why adaptive reuse should not be able to achieve all that it is capable of, while satisfying every one of its stakeholders' needs.

The diagram below (*figure 1*) illustrates the various roles and functions that the stakeholders typically perform in the adaptive reuse process.



Preservation professional's point of view: Curator of the built environment

Although methods and outcomes are certainly not universally agreed upon, historic preservation professionals generally encourage heritage development and the “rehabilitation” of historic buildings. The problem lies in the acceptance of “adaptive reuse” practices, however many preservation professionals also encourage these as well. Adaptive reuse practices fulfill the preservation field’s goal to retain elements of the built environment for posterity for important cultural, social, and aesthetic reasons. While adaptive re-use inevitably means changes to the historic fabric to fit current uses, thus not “preserving” in the strict sense of the word, many preservation professionals recognize this change as an integral piece of a building’s evolving story through time.³⁶ The challenge is how to successfully adapt buildings to retain historic integrity while also achieving economic viability and modern functionality. Interestingly, this conflict is not new, as evidenced in the 4th century edict of Roman Emperor Theodosius: “It is forbidden to disfigure external decorations on private buildings through modern additions, and to spoil historic buildings in an important town out of avarice and the desire to make money.”³⁷ These are some pretty powerful, and *early* words in support of historic preservation. While the historic preservation field is comprised of a wide variety of opinions simply within itself, especially regarding appropriate methods and treatments in adaptive reuse, the following description aims to provide a better understanding of the preservation professional’s point of view and approach to the adaptive reuse process.

Historical perspective

To understand where historic preservation professionals are coming from as they approach the adaptive reuse process with characteristic passion and zeal, a look back on the history of this field should provide some insight. Rather than communicate preservation philosophy through a large body of well developed theories, the best way to understand historic preservation is through its actions and accomplishments.³⁸

Historic preservation began in the U.S. in the 19th century with efforts by elite individuals and groups to save monuments with specific historical significance—usually those tied to colonial and Revolutionary war heroes.³⁹ At this time, the motivation to preserve was driven by “patriotism and worshipful respect” for the country’s founders as part of a process to both

³⁶ Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 28.

³⁷ Woodcock, David G. 1998. "Historic Preservation Education: Academic Preparation for Practice". *APT Bulletin*. 29, no. 4: 21-25, 21.

³⁸ Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 18.

³⁹ Lea, Diane. 2003. America’s Preservation Ethos. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 1-20. (Chapel Hill: University of North Carolina Press), 1.

establish and validate political and social legitimacy for the very young United States.⁴⁰ By the turn of the 20th century, preservation criteria were expanding to protect not only those buildings with special associational historical significance, but also those which were simply architecturally beautiful or unique. The concept of the historical “house museum” took full root during this time, which aimed to preserve buildings by freezing them in a particular time period to serve as representative examples of history.⁴¹

Up until this point, the thinking about historic preservation focused almost completely on “preservation” in the strict sense of the word. By the 1930s, the field had broadened its understanding of historic “character” and “sense of place” with the establishment of “historic districts” in such cities as Charleston, SC and New Orleans, LA. Before then, other than preserved “museum villages”, there was no precedent for preserving an entire portion of a city that was still in active use.⁴² The first of these districts was the Charleston historic district zoning ordinance established in 1931. Accompanying this special zoning district was the formation of the Board of Review to assess and approve of plans for exterior work proposed on buildings and homes within the district. This was a huge accomplishment for historic preservation, giving it legitimacy by moving it into the realm of formalized land use planning and control. Additionally, this represents a significant development in preservation philosophy, demonstrating the realization that historical character and significance was derived not only from singular buildings, but from the collective entirety of a neighborhood as a whole. Now, historic preservation considered the surrounding context of a historic building as imparting (or detracting from) critical historical significance and meaning, rather than just the building itself.⁴³

The middle of the 20th century witnessed the incredibly damaging effects of large-scale urban renewal activities. This resulted in the loss of countless numbers of historic buildings and neighborhoods across the country to make way for (among other projects) highway building, “slum” clearance, and civic plazas. This served as a serious wake-up call for preservation advocates across the nation, stimulating the passing of the National Historic Preservation Act of 1966 (NHPA). This act, the largest piece of historic preservation legislation to date, demonstrated the realization that if preservation was to be truly successful, it had to look beyond individual token preservation efforts to providing the American public with “a sense of orientation to our society, using structures and objects from the past to establish values of time

⁴⁰ Morton, W. Brown III. 1988. What do We Preserve and Why? In *The American Mosaic: Preserving a Nation's Heritage*, ed. Robert E. Stipe and Antoinette J. Lee, 146-177. (Washington D.C.: U.S. Committee, International Council on Monuments and Sites), 150.

⁴¹ Lea, Diane. 2003. America's Preservation Ethos. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 1-20. (Chapel Hill: University of North Carolina Press), 4.

⁴² Morton, W. Brown III. 1988. What do We Preserve and Why? In *The American Mosaic: Preserving a Nation's Heritage*, ed. Robert E. Stipe and Antoinette J. Lee, 146-177. (Washington D.C.: U.S. Committee, International Council on Monuments and Sites), 159.

⁴³ Lea, Diane. 2003. America's Preservation Ethos. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 1-20. (Chapel Hill: University of North Carolina Press), 7.

and place.”⁴⁴ The NHPA established legal guidelines for preservation, as well as broadened the concept of historical significance to include state and local significance while delegating responsibilities to the states for keeping an inventory of historic sites and maintaining a statewide preservation plan.⁴⁵

The passing of the NHPA was significant both for the functional and theoretical evolution of historic preservation. Theoretically, it stimulated preservationists to critically assess their outlooks and efforts in order to achieve higher and broader standing and acceptance of the field in both the public and private realms. To achieve this, the preservation field took their thinking to new heights (and solidified previous critical theoretical realizations) in three key ways:

1. The preservation movement recognized that historical value is expressed in several forms, and must therefore be considered when assessing historic significance. These include architecture, design, aesthetics, associational historic value, and cultural value.
2. Preservation must look beyond the individual building or landmark and pay critical attention to the surrounding areas and how their character imparts meaning in a larger contextual sense.
3. For preservation activities to be feasible, economic considerations must be taken seriously, including how tax policies and other incentives will affect the ability (both positively and negatively) of preservation to succeed in working buildings (as opposed to those preserved as museums, for example).⁴⁶

In 1976, the bicentennial year encouraged local celebrations across the country, stimulating public awareness of America’s history and those built reminders of it. This year greatly helped “sensitize” Americans to historic preservation, allowing the field to further broaden its horizons in the wake of increased public interest. The 1970s and 80s in particular experienced a dramatic increase in rehabilitation and adaptive reuse of urban historic buildings, and the Tax Reform Act of 1976, plus the Economic Recovery Tax Act of 1981, provided strong financial incentives for this kind of work. Now, people began to see historic preservation not only as a cultural activity, but as a business activity as well. Real estate development value was discovered in rehabilitating old buildings for profit,⁴⁷ and making economic use of historic buildings was realized to be an effective preservation solution as well as a financially and politically constructive means of providing housing, office, and commercial space.⁴⁸

⁴⁴ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 50.

⁴⁵ Ibid, 51.

⁴⁶ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 50-51.

⁴⁷ Lea, Diane. 2003. America’s Preservation Ethos. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 1-20. (Chapel Hill: University of North Carolina Press), 12.

⁴⁸ Howe, Kathryn Welch. 2003. Private Sector Involvement in Historic Preservation. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 279-311. (Chapel Hill: University of North Carolina Press), 279.

Progressing through the last quarter of the 20th century and into the first decades of the 21st, historic preservation continues to find new purposes, advocates, and meaning. Aligning itself with urban downtown revitalization efforts has proved its worth to the planning and development fields, as well as gained public support and interest. Looking to the future, the theoretical framework within which the historic preservation field continues to grow can be encapsulated in four key questions, asked both by outsiders from the fields of planning and development, but also by preservationists themselves. These questions are:

1. What role does and should preservation play in society?
2. Does historic preservation stand in the way of progress? Are historic preservation and progress mutually exclusive?⁴⁹
3. How can historical significance be “democratized” (or better understood and inculcated by the public) without exploiting history for purely entertainment or economic value?⁵⁰
4. How should the notion of “American” heritage be broadened from the existing Eurocentric and African base to include the other many cultural groups who are part of America’s history? Or more simply, how should historic preservation specifically address diversity in its activities?⁵¹

It is important to remember that, as with any professional or academic field, historic preservation professionals individually embody a wide variety of approaches, opinions, and theoretical perspectives on what should be preserved, how it should be preserved, and for what purposes. Put simply, John Lawrence, dean of Tulane’s school of architecture, stated: “The basic purpose of preservation is not to arrest time, but to mediate sensitively with the forces of change. It is to understand the present as a product of the past and a modifier of the future.”⁵² While historic preservation has gained a considerable amount of credibility and legitimacy throughout its life so far, it is critical to keep in mind that as a field, preservation still has to fight (in many cases) for full acceptance and viability. This fact has inevitably bestowed a strong air of advocacy and defensiveness on the approach of the preservation professional, which they no doubt will bring with them to the collaborative process for any adaptive reuse project.⁵³

⁴⁹ Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 11.

⁵⁰ Gordon, Stephen C. 1998. Historical Significance in an Entertainment Oriented Society. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 49-58. (Ithaca, NY: The National Council for Preservation Education), 51.

⁵¹ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 165.

⁵² Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 13.

⁵³ Lea, Diane. 2003. America’s Preservation Ethos. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 1-20. (Chapel Hill: University of North Carolina Press), 19-20.

Opinions of the adaptive reuse process

In the wake of mid-20th century urban renewal's wholesale destruction of historic neighborhoods to make way for large-scale federal projects like highways and transportation systems, preservationists initially felt the biggest threat from the power of the federal government. Now, private development is overwhelmingly perceived as preservation's largest threat.⁵⁴ However it has been noted that the real threat to historic buildings are the city zoning policies that encourage high-rise development, more so than private developers themselves.⁵⁵ It is worth recognizing that the use of the word "threat" (as used by Diane Lea to describe the above mentioned situation in the introduction to Robert Stipe's "Richer Heritage") reveals the preservation field's generally defensive disposition; preservation feels threatened and challenged, needing to prove its viability, *especially* in regard to the adaptive reuse development process. To best describe the typical attitudes and opinions of the historic preservation field on preservation-related development, the following discussion will be divided into opinions on the *process*, opinions on the *economics*, and opinions on the *outcomes* of the heritage development process.

On the Process

Some preservation professionals concede that the adaptive reuse development process is decidedly complex, especially for outsiders who are unfamiliar with typical preservation practices and procedures.⁵⁶ Many preservationists willingly admit that the application of the Secretary of the Interior's standards for rehabilitation in the adaptive reuse development process for both design review and the acquisition of rehabilitation tax credits engenders confusion and resentment among the other stakeholders—namely developers.⁵⁷

In contrast, other preservation professionals believe that elements of the adaptive reuse process are fairly simple to understand and that when guidelines are followed, conflict should be unnecessary. William Murtagh, in particular, describes his opinion that adherence to the Secretary of the Interior's design standards and guidelines (when using rehabilitation tax credits) is basic. By using the tax credits, the developer will have a guidebook outlining the do's and don'ts of the process, and Murtagh opines that "as these guidelines are recognized, learned, and applied more widely, appeals to the National Park Service by developers new to preservation should ultimately diminish in volume and may eventually become unnecessary."⁵⁸ While this

⁵⁴ Ibid, 17.

⁵⁵ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 226.

⁵⁶ Stipe, Robert. 2003. Some Preservation Fundamentals. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 23-34. (Chapel Hill: University of North Carolina Press), 24.

⁵⁷ Gordon, Stephen C. 1998. Historical Significance in an Entertainment Oriented Society. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 49-58. (Ithaca, NY: The National Council for Preservation Education), 50.

⁵⁸ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 105.

may be true, these statements and opinions nonetheless demonstrate the common complaint against preservationists (particularly by developers, which will be discussed later) that they are too conclusive in believing that the Standards and guidelines for rehabilitation are easy to follow.

On the other hand, Oregon State Historic Preservation (SHPO) Restoration Specialist Joy Sears noted that some developers, building owners, architects, and other development team members will approach a project and its design review process with an attitude of “this is how it has to be and how it’s going to be” right from the very beginning, leaving little room for suggestions and concerns for the historic fabric to be considered. When this is the case, much of anything that is suggested by SHPO or required by the National Park Service (NPS) as part of an application for tax credits will be met with a developer’s (or applicant’s) inevitable frustration and resistance. From the preservation professional’s perspective, it is frustrating when developers or architects (in particular) sometimes make decisions about a project and its design without having early and thorough discussions with preservation professionals. These conversations can often help a developer or a designer avoid potential issues before the design phase (or in worse cases, the construction phase) progresses to the point of requiring expensive changes. The mistake is in assuming that rehabilitation tax credits will be awarded simply because an historic building is being used. The preservation perspective sees these tax credits as a reward for utilizing better rehabilitation practices, or for “raising the bar” for rehabilitation projects— not as a critical means of financing for a project.⁵⁹

A particularly important characteristic of the review process for any development project using federal rehabilitation tax credits is that there is a “no-precedent” policy. Often, developers will question why something was allowed on the historic building next door (for example, new windows were allowed, or the original staircase was removed), but is being denied on their current project; in response (or also perhaps in defense), the preservation professional’s reply is that reviews and decisions are made on a case-by-case basis because no two buildings and no two rehabilitation plans are the same. This is completely reasonable, as the preservation professionals are trying to allow for as much individual consideration as possible. However, it is easy to see how some might view the review process as inconsistent and arbitrary. Unfortunately, adding to this perception is the fact that no two reviewers think exactly alike, and interpretations of the Secretary of the Interior’s Standards for Rehabilitation can vary greatly—some interpretations are very strict, and some are quite liberal. Nonetheless, this causes frustration for not only developers but also for other preservation professionals as well—particularly those SHPO officers whose job it is to provide advice to applicants on what they think NPS might say about their applications.⁶⁰

In general, a review of preservation literature reveals that the preservation community fully recognizes the conflict and controversy inherent in the adaptive reuse development process.

⁵⁹ Sears, Joy. Personal interview. 10 May 2011.

⁶⁰ Ibid.

Murtagh provides perhaps the best distilled assessment of this controversy by identifying two sides to the problem, each with the same goal of “rehabilitation” (albeit for varying reasons). The first side includes those government professionals whose job is to ensure that as much historic integrity as possible remains in rehabilitation projects (preservation professionals in a regulatory role). These individuals tend to be trained “humanists”, and their judgments on adherence to rehabilitation standards vary from case to case. Their decisions are not scientifically formulated, therefore absolutes are not possible. The second side typically consists of developers, for which time is money. They are *not* trained humanists, but rather they “operate in the statistical world of economics.” The humanists (side one) have a tendency to come off as frustratingly overzealous regarding preservation, and the developers (side two) sometimes appear insensitive to the historic character and integrity of a building because for them it is a business venture with the goal of turning a profit. Recognition and comprehension of this problem is at least the first step towards solving it, but preservation research has yet to arrive at solutions. The common conclusion to this problem, from the preservation field, simply is that compromise is essential.⁶¹

Also regarding the general historic preservation and heritage development processes, preservation professional Suzanne Pickens expresses her opinion that respect for the National Register of Historic Places has decreased, and it is no longer used as a tool for appropriately recognizing and protecting our historic resources. Instead, she believes that it is frequently abused by people to get what they want (usually economically or politically) from a historic building. This could mean using National Register listing to obtain funds and other incentives, or to make grand political gestures to constituents and potential voters.⁶² This is not an uncommon perception among historic preservationists, and it illustrates the fear of the historic preservation field that outsiders threaten to dilute historical significance and meaning by using historic preservation for any reasons other than to venerate history.

On the Economics

While opinions are varied on the ease of comprehending and adhering to rehabilitation standards in the development process, preservation professionals are more unanimously in agreement on the economic factors affecting heritage development. As preservation expert Robert Stipe states, “Preservation always has been, presently is, and always will be primarily a matter of market economics.”⁶³ For most property owners, the property must meet basic investment expectations; otherwise it is not worth owning.⁶⁴ Preservationists realize that this is dangerous territory for historic preservation, because many of our historic buildings do not

⁶¹ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 106.

⁶² Pickens, Suzanne S. 1998. The Silent Criteria: Misuse and Abuse of the National Register. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 193-202. (Ithaca, NY: The National Council for Preservation Education), 194.

⁶³ Stipe, Robert. 2003. Some Preservation Fundamentals. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 23-34. (Chapel Hill: University of North Carolina Press), 32.

⁶⁴ *Ibid*, 33.

retain functional or economic viability in their original state.⁶⁵ While a property owner may appreciate the historical value of their property, the reality is that “the preservation or loss of cultural property is almost always the result of economic feast or famine in the local real estate market.”⁶⁶ Also, like it or not, it is property owners and the public who determine what has economic value, and the preservation professional’s role therefore is to help people make informed and sensitive decisions regarding the treatment of historic buildings.⁶⁷ Specifically regarding rehabilitation and adaptive reuse, preservationists recognize the challenge in successfully adapting a historic building for economic viability while at the same time retaining enough of the building’s historic character to allow use of rehabilitation tax credits and incentives.⁶⁸

Desired outcomes

From the preservation professional’s point of view, a “successful” adaptive reuse project broadly means that as much of a building’s character-defining features are preserved as possible.⁶⁹ More specifically, the preservation professional desires for historic integrity to not be changed and lost to the point that the building no longer conveys its historical significance. Architectural design review processes measure the level of integrity that has been retained and bases their approval decisions on these criteria. Because of its subjective nature, “integrity” has not been specifically defined from the preservation point of view as this will vary from project to project, based on individual building conditions and proposed plans.⁷⁰ But still, the desire remains for historic buildings to be sensitively treated so as to respect their histories while at the same time accommodating new uses.

Of all historic preservation activities, adaptive reuse has proven particularly successful in meeting the desired outcomes for all involved parties in the heritage development process. Adaptive reuse conserves architectural value while at the same time often acts as a catalyst for further rehabilitation.⁷¹ The kind of entire neighborhood adaptive reuse development practices that began in the 1980s (exemplified by the “SoHo phenomenon” in New York City, and reflected in efforts such as the Pearl District in Portland, Oregon) that typically consist of industrial buildings being converted into high end residential lofts and retail spaces has gained

⁶⁵ Tyler, Norman, and Norman Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. (New York: W.W. Norton, 2000), 28.

⁶⁶ Stipe, Robert. 2003. Some Preservation Fundamentals. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 23-34. (Chapel Hill: University of North Carolina Press), 33.

⁶⁷ Gordon, Stephen C. 1998. Historical Significance in an Entertainment Oriented Society. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 49-58. (Ithaca, NY: The National Council for Preservation Education), 55.

⁶⁸ Murtagh, William J. 2006. *Keeping Time: The History and Theory of Preservation in America*. (Hoboken, New Jersey: John Wiley & Sons, Inc.), 100.

⁶⁹ *Ibid*, 103.

⁷⁰ *Ibid*, 101.

⁷¹ Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 131.

both widespread popularity as well as criticism. They have been praised for enticing people back into cities to live, work, and shop, while at the same time being blamed with displacement and gentrification. From the preservation professional's point of view, these kinds of projects are both good and bad—they have been instrumental in encouraging more private adaptive reuse development activities, but they also tend to offer little understanding or engagement with the place's history.⁷² Even if large parts of buildings are retained, the preservation professional questions how much meaning this can impart if there is minimal understanding as to what was saved and why, as well as the original character and function of the neighborhood. It is understandable, then, why preservation professionals might only be partially satisfied with the outcomes of large-scale adaptive reuse projects.

Preservation professionals revealed

In an attempt to understand preservation professionals and “preservationists” in general (which includes all preservation advocates from a variety of disciplines), a look at their deepest “secrets” may help us to understand the psychology behind their approach to adaptive reuse. These are broad generalizations, however, and should absolutely *not* be assumed of every preservation professional or advocate, because these kinds of assumptions are what lead to conflict in the adaptive reuse process to begin with.

- Preservation professionals like to have the regulatory power on their side with design review processes, giving them the authority to say “no” to applicants (typically developers) whom they otherwise feel powerless too in the larger realm of real estate development.
- Preservationists do not want for people to profit from preservation activities, because they believe that preservation has deeper meaning and value than economic related.
- Preservationists do not like developers; they think they are greedy, insensitive, and impatient.
- Preservationists believe that they are correct in their beliefs about preservation, and they want for other stakeholders, participants, and the general public to adopt their beliefs.
- Preservationists frustratingly feel like they are the unheard voice in the worlds of planning and development.

⁷² Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 131-132



Developer’s point of view: Business-oriented and pragmatic

When attempting to characterize the typical real estate developer’s point of view and approach to adaptive reuse, it is easy to assume that this stakeholder group is only concerned with one thing—money. While in many cases this may be true, to be fair, many developers in fact also care about the “triple bottom line”, or the people, planet, and profit aspects of a project. However, in most cases, it is the “profit” aspect which determines the character and scope of every other aspect of the project. A developer’s prime motivation for embarking on a development project, therefore, is usually financial. This is, after all, a developer’s business and usually primary vocation. In the case of adaptive reuse, the profit motive (or at least the need to breakeven) usually remains of primary concern.⁷³

Real estate development is an unusually dynamic process, involving many participants from a variety of disciplines. Development must continually respond to changes in construction, technology, regulation, marketing, financing, city/neighborhood conditions, economics, and politics.⁷⁴ This often proves problematic for the developer, primarily because the whole development process takes a long time—anywhere from one year (for very small projects) to several years and beyond depending on the size and complexity of the project. During this time, development plans modify and adapt to fit changing circumstances, and the longer the process, the more complex it becomes as increasing numbers of people are involved.⁷⁵ Throughout this lengthy process, the ultimate responsibility of the developer is to continually verify that the project is feasible while ensuring that the composition of the development team still makes sense for everyone involved.⁷⁶ The developer, therefore, must always stay vigilant as he carefully orchestrates the development process, all the while usually bearing the biggest burden of risk of any of the stakeholders. As a result, developers tend to seem “single-minded” with their constant need to keep a project afloat, resulting in the public’s commonly negative perceptions of developers. Real estate development is a tough business, and developers must be tenacious and driven in order to succeed.⁷⁷

⁷³ Stipe, Robert. 2003. Some Preservation Fundamentals. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 23-34. (Chapel Hill: University of North Carolina Press), 33.

⁷⁴ Miles, Mike E., Gayle Berens, and Marc A. Weiss. *Real Estate Development: Principles and Process*. (Washington, D.C.: Urban Land Institute, 2000), vii.

⁷⁵ *Ibid*, 35.

⁷⁶ *Ibid*, 35.

⁷⁷ Miles, Mike E., Gayle Berens, and Marc A. Weiss. *Real Estate Development: Principles and Process*. (Washington, D.C.: Urban Land Institute, 2000), 9.

Historical Perspective

The negative perceptions surrounding developers and their continual quest to profit off the land are not completely without grounding. A look back at U.S. history proves that land in this country has always been viewed as a commodity. Given the sheer vastness of “available” space (disregarding native populations’ claims to land, of course), land has historically been viewed as a replaceable commodity that can and should be parceled out to individuals for control and development rights. This notion cemented, very early on, our strong property rights sentiment, explaining why we still philosophically believe in the right of a property owner to both make a profit off his land, and importantly to change the essence of the land in order to obtain such profit.⁷⁸ Change could be clearing the land, sub-dividing it for resale, building a structure, or tearing one down.

As settlements progressed and stabilized early in our country’s history, towns became places primarily focused on economic growth and money-making, as opposed to centers of civic and social purpose. Town growth became “an economic individualistic activity, in which government was seen as a facilitator of private enterprise rather than as a mechanism for order and control.” Out of this sentiment, the dominant philosophy of “privatism” emerged, which believes in “the free operation of individual initiatives in the search for private profit.” Because of privatism, public controls and regulations were viewed as restraints on progress. Real estate development as a field, then, quickly came to embody this strong sense of entitlement to profit off of their property, believing that regulations (like those imposed by planning and historic designation) are obstacles that are potentially in the way of realizing maximum profit potential. It is important to understand that as a philosophy, privatism is still a dominant undercurrent in our psyche in the U.S. Specifically relating to adaptive reuse, it is understandable how the philosophical goals of real estate development conflict with the more regulatory functions of historic preservation and planning.⁷⁹

Today, as in the past, real estate developers take on a lot of responsibility. Their work can influence people’s lives in many ways, because developers play a crucial role in determining the health, function, and aesthetics of a city by creating the “fabric of civilization.”⁸⁰ However, the current economic conditions have significantly affected the development industry in the wake of the overbuilding practices of the 1990s and the collapse of the Savings and Loans industry. Now, many traditional sources of development financing have dried up, forcing developers to heavily depend on public funding, land partnerships and very patient capital sources.⁸¹ It has even been noted that this is the first economic/real estate downturn in the recent past in which a developer with a clean financial record is not able to easily borrow money. In the past, even

⁷⁸ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 18.

⁷⁹ Ibid, 45.

⁸⁰ Peiser, Richard B., and Anne B. Frej. *Professional Real Estate Development: The ULI Guide to the Business*. (Washington, D.C.: ULI--the Urban Land Institute, 2003), foreword.

⁸¹ Ibid, foreword.

when the market was in a slump, a developer with a strong record could obtain money for his or her development projects.⁸² It is under these conditions that developers must operate today, attempting to complete projects as pragmatically as possible in order to maintain their businesses and not fall into financial ruin over failed developments.

Opinions of the adaptive reuse process

Generally, the developer stakeholder group's opinion of the adaptive reuse development process is that it is complicated, time-consuming, and more expensive than new development. In many cases, this simply is the reality.⁸³ To help illustrate these opinions, the following quotes and headlines from news and journal articles paint a good picture through words of the general sentiment of developers regarding adaptive reuse. A newspaper article detailing an adaptive reuse hotel project in Madison, WI, has this primary headline: "Marriott developers continue to battle historic preservation commission", and this secondary headline: "New Marriott being held hostage by historic preservation commission."⁸⁴ While these are newspaper articles, and it should certainly be taken into account how the media tends to sensationalize issues, especially in headlines, the attitude expressed in these particular headlines are quite representative of the developer's point of view. Articles such as this one can be found in news publications across the country.

Two articles from *Developer* magazine which describe the adaptive reuse process for developers very clearly express the developer's point of view through specific word choice and tone. One of the articles outlines recommendations that will "guide you through the daunting process of turning a dilapidated structure into sleek spaces suitable for residential or commercial tenants", stating that "frustrating negotiations are standard procedure for historic renovations."⁸⁵ The second article's headline reads "Oldie but Goodie—Tackle your next historic rehab project with fewer headaches and greater ease." The author describes how there are many obstacles in the process, but that there are smart and effective ways to "navigate the tedious redevelopment process." Typically, developers avoid additional taxes, legal issues, and bureaucratic "red tape" "like the plague", but by choosing adaptive reuse, developers must tackle these issues head on.⁸⁶

⁸² Rypkema, Donovan. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

⁸³ Trujillo, Robert. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Discussion panelist.

⁸⁴ Sanchick, Myra. "Marriott developers continue to battle historic preservation commission" *Fox 6 Now* (January 11, 2011). <http://www.fox6now.com/news/witi-20110111-marriott,0,1784156.story> (accessed January 13, 2011).

⁸⁵ Azoff, Rachel. "Historic Renovation – Reinventing a Classic." *Developer* (April 15, 2007). <http://www.developeronline.com/historic-renovation-reinventing-a-classic/> (accessed November 3, 2010).

⁸⁶ Lester, Carmichael Margot. "Historic Rehab Developments." *Developer* (March 11, 2008). <http://www.developeronline.com/historic-rehab-developments/> (accessed November 3, 2010).

Of particular frustration to developers is the fact that whether a developer must work with local, state, or national historic preservation agencies, each of these organizations often have different opinions on how to best treat a historic building. This is particularly a problem when more than one of these agencies has jurisdiction over an adaptive reuse project; for example, the National Park Service approves of development plans when awarding federal rehabilitation tax credits, while at the same time this project also must abide by local building code and be approved by the local historic landmarks commission. When these two agencies are demanding different (and sometimes completely opposing) treatments, then the developer is frustratingly stuck in the middle, forced to lose time and money while waiting for some sort of a compromise.⁸⁷

Further complicating the matter, sometimes members of one single historic review board cannot even agree among themselves about appropriate treatments, let alone effectively work with a development team to reach solutions.⁸⁸ Therefore, the most commonly recognized challenge from the developer's point of view of adaptive reuse is balancing the development pro forma with the design demands of the preservation professionals (who are usually *not* part of the development team), as well as with the demands of prospective tenants.⁸⁹

Before buying a historic property for development, developers encourage one another to first determine what financial incentives might be available, as well as carefully understand their accompanying regulations. In the 2008 *Developer* article, "Historic Rehab Developments", the president of a Dallas-based property development corporation described how using rehabilitation tax credits makes a project more difficult because of the "brain damage" incurred going through the process. But, he recognizes that without these tax credits, none of his historic rehabilitation projects would have been financially feasible given the added costs of doing rehabilitation work.⁹⁰ However, developers also caution that getting the tax credits is not easy, because (as previously discussed) developers are required to work with a number of preservation organizations that have regulatory authority over the projects.⁹¹

As expressed in *Developer* magazine, developers also strongly warn one another that a historic building's physical condition should be carefully assessed, preferably with the help of a preservation consultant, prior to purchase. Some structural and cosmetic issues are to be expected, but the developer should determine whether or not the market will support the investment required to fix these issues and bring the structure up to current building code standards. Developers are particularly weary of possible structural "surprises" that are unknown

⁸⁷ Eggspuehler, Pete. Personal interview. 12 May 2011.

⁸⁸ Azoff, Rachel. "Historic Renovation – Reinventing a Classic." *Developer* (April 15, 2007). <http://www.developeronline.com/historic-renovation-reinventing-a-classic/> (accessed November 3, 2010).

⁸⁹ Ibid.

⁹⁰ Lester, Carmichael Margot. "Historic Rehab Developments." *Developer* (March 11, 2008). <http://www.developeronline.com/historic-rehab-developments/> (accessed November 3, 2010).

⁹¹ Ibid.

of until construction commences. These surprises can end up requiring substantial investments to fix, and have the potential of killing a project.⁹² However, depending on the project, an adaptive reuse process may take about the same amount of time as new construction because the basic structure is already there. When using existing buildings, there tends to be a lot more design work in the field, though, so the process is significantly aided by using local architects so that they can see for themselves exactly the building conditions they are working with.⁹³

Desired outcomes

For the developer, the desired outcomes of a development project are fairly simple and straightforward. The private sector developer wishes to minimize risk while maximizing personal and/or institutional objectives—which are most typically profit, or wealth maximization.⁹⁴ This can also include nonmonetary objectives as well, such as creating sustainable developments or in the case of heritage development, preserving history for public and cultural benefits through adaptive reuse. Above all, developers strive for a process that is as pragmatic and streamlined as possible, seeking the maximum possible return with the minimum commitment of time and money. Specifically, return for a developer consists of several components, including:

- Development fee, which is the direct compensation for developing a project (if the developer is not the building owner)
- Profits on any sale to long-term investors
- Possible long-term equity position in conjunction with passive investors
- Personal and professional satisfaction in improving the urban environment, or in advancing new building concepts
- Elevated reputation, allowing possibilities for future development opportunities⁹⁵

In order to achieve their desired outcomes, developers must be “annoyingly persistent but not inflexible”, because flexibility is necessary in order to secure all critical approvals and commitments. However, too much compromise can result in an unfocused project or eventual financial failure.⁹⁶ Real estate development is without a doubt a high stakes activity, as “few business ventures are as heavily leveraged as traditional real estate development projects, magnifying the risk of ruin but also increasing the potential for high returns to equity.”⁹⁷ Like any business venture, private real estate development must be financially successful in order to

⁹² Azoff, Rachel. “Historic Renovation – Reinventing a Classic.” *Developer* (April 15, 2007). <http://www.developeronline.com/historic-renovation-reinventing-a-classic/> (accessed November 3, 2010).

⁹³ Eggspuehler, Pete. Personal interview. 12 May 2011.

⁹⁴ Miles, Mike E., Gayle Berens, and Marc A. Weiss. *Real Estate Development: Principles and Process*. (Washington, D.C.: Urban Land Institute, 2000), 3.

⁹⁵ *Ibid*, 36.

⁹⁶ *Ibid*, 37.

⁹⁷ Miles, Mike E., Gayle Berens, and Marc A. Weiss. *Real Estate Development: Principles and Process*. (Washington, D.C.: Urban Land Institute, 2000), 3.

fulfill its purposes. Without this critical aspect, developers will be seriously disinclined to choose adaptive reuse projects over new construction.

When deciding whether to assume the risk inherent in real estate development, the three primary concerns of developers (and other investors) are timing, clarity, and closure.

1. **Timing** describes the developer's or investors concern with the speed and certainty with which a real estate project will come to market.
 - a. In real estate, the primary concern used to be "location, location, location"; while this is still important, it has perhaps been surpassed by "timing, timing, timing", especially in the context of real estate development.
2. **Clarity** describes the certainty and clarity of direction and development process that a developer and investor are looking for.
 - a. Certainty and clarity is achieved when communities have resolved key zoning issues and growth direction, as well when they are clearly cognizant of market realities.
3. **Closure** means that community and regulatory review processes have been passed and the project may proceed
 - a. "Developers and successful advocates for historic preservation have learned that the most effective means of creating a reasonable development climate is to ensure project closure."⁹⁸

Developers revealed

Developers tend to be fairly transparent about their opinions, needs, and wants in the adaptive reuse development process. This is likely due to the typically tenacious, determined, and persistent personality traits required of anyone interested in taking on high risk development projects. As with "preservation professionals revealed", these are generalities not necessarily true of every developer.

- Developers do not like preservationists and planners because they think they are naïve about the realities of real estate development and economics.
- Their goal is to develop projects as pragmatically as possible; in other words, achieve the biggest results for the least amount of money and effort.
- Developers have contradictory wants: They want more clear and explicit rules and criteria to tell them exactly what they can and cannot do with their adaptive reuse projects, but at the same time they also want flexibility to allow for more creativity and innovation in design.

⁹⁸ Howe, Kathryn Welch. 2003. Private Sector Involvement in Historic Preservation. In *Richer Heritage: Historic Preservation in the 21st Century*, ed. Robert Stipe, 279-311. (Chapel Hill: University of North Carolina Press), 282-284.



Planner's point of view: Invested stakeholder, or detached participant?

Planners are very important participating stakeholders in the adaptive reuse development process, but as a stakeholder, they are usually less personally invested. For a developer, the success of an adaptive reuse project has direct implications on their livelihoods and careers, and for historic preservation professionals, driven to the field from a deep passion for architecture, history, and culture, successful adaptive reuse has a more deeply personal effect. The planner, on the other hand, may act as a facilitator, a provider of information, and a development regulator in the adaptive reuse development process.

Generally, the municipal planner's role includes activities like goal-setting, plan-making, facilitation, and land-use regulation. The plans that planners create (such as city-wide comprehensive plans and specific neighborhood plans) rely primarily on the market for implementation. Planners set visions for the future with the help of extensive public input, and the private development market helps make these visions a reality.⁹⁹ In simple terms, communities plan in order to make informed decisions about the future.¹⁰⁰ Planners plan for social, environmental, economic, functional, and aesthetic purposes.¹⁰¹ As previously described, historic preservation and heritage development activities have the unique ability to meet goals for every one of these purposes, thus making planners naturally interested stakeholders. It should be cautioned, however, that while historic preservation and heritage development activities are increasingly recognized by the planning field for its merits, historic preservation is still not a primary concern in the planning process. Instead, preservation issues are dealt with by planners typically as an extra layer of regulation in the development process. This means enforcing zoning, managing historic design review, and administering building code and permitting processes.

Over all, the planning field has the broadest potential for benefit from historic preservation and heritage development because its activities are the most varied of the three stakeholder groups. Of the three stakeholder groups typical of any adaptive reuse development project (preservation professional, developer, and planner), the planning field has the largest body of theoretical study. Understanding both the theoretical and actual historical progression of the

⁹⁹ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 14-15.

¹⁰⁰ Collignon in ICMA, 23

¹⁰¹ Birch, Eugénie L. 2009. From Townsite to Metropolis. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 3-20. (Washington, D.C.: International City/County Management Association), 3, 20.

planning field throughout the 20th century will help us better understand the planner's role in and their approaches to the adaptive reuse development process.

Historical perspective

Although conscious, formal city-planning efforts have been around since the times of ancient civilizations, in the U.S., large-scale, comprehensive planning largely got its start in the “City Beautiful” movement of the middle to late 19th century. This was a reaction to the detrimental effects of rapid population growth, immigration, and industrialization on the typical American city's social, physical, and infrastructural health. City Beautiful planning focused on formally arranged civic centers, open space systems, and circulation systems,¹⁰² and were, above all, concerned with the appearances of cities. These planning efforts were specifically designed to remedy the haphazard, crowded, and ugly conditions of rapidly industrialized cities. This concern with beauty, though, was the exact opposite of the overriding concern of industrialized cities at the time— production and profit. Moving into the 20th century, it quickly became evident that a preoccupation with civic beauty was not enough to gain traction and support for large-scale planning activities, especially with an increasingly scientific and practical urban psyche. Instead, plans focused on improving urban efficiency. Planners therefore turned their attentions to understanding city life in scientific terms and methods, and to understanding the physical, functional workings of the city.¹⁰³

While the idea of using large-scale, sweeping plans to clean up cities and solve their problems seemed appealing, it became apparent that it was nearly impossible to implement any significant plans within the existing social and political frameworks. As a result, many social initiatives, like housing and health, fell to the wayside as the “preoccupation with physical controls by way of separation of land uses” took hold—in other words, regulating land uses and development by means of zoning became the prevailing focus of planning action in the early decades of the 20th century. Planning largely lost its visionary aspect, and “in place of dreams of the future city came detailed regulation to prevent unwanted uses invading desirable residential uses.”¹⁰⁴ Given the dire conditions facing cities, planners were urged to fix problems as quickly as possible, and zoning was a means of immediate action that was for the most part considered acceptable within current socio-political frameworks. Regulation and the separation of incongruous land uses thereby became the predominant, distinctive character of planning in action, and in many ways this remains the same today.

During the modernist era (approximately the 1940s through the '60s), planning theory and practice once again centered around large-scale, comprehensive planning that focused on using the scientific method. Modernist planning practices are characterized most by creating and

¹⁰² Ibid, 9.

¹⁰³ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 53.

¹⁰⁴ Ibid, 54.

maintaining order, comprehensibility, rationality, and predictability.¹⁰⁵ The rational model offered an approach which focused on *process*, with little regard for politics or the unique characteristics and circumstances of a specific place. Rational model planning was seen as “outcome-oriented physical planning”, which resulted in urban renewal activities, displacement of low-income and minority groups, low-density development, and spatial and functional segregation.¹⁰⁶

By the 1970s and ‘80s, in reaction to comprehensive rational modernist planning processes, planners became concerned with the detrimental outcomes that these practices were producing. Communities were not functioning predictably according to the rational planning model; instead, planning problems were often recognized as being unpredictable, with irreconcilable differences between stakeholders and a lack of obvious optimal solutions.¹⁰⁷ When dealing with complex social, economic, and environmental planning problems—and often a complex, or “wicked” planning problem involves all of these elements— it became quickly apparent that there cannot be only one best choice for action in solving a problem, given the multiple divergent needs and concerns in every complex planning situation.¹⁰⁸

Contemporary planning theory is grounded in this post-modernist paradigm as begun in the 1970s. Planning theory is now more self-conscious, helping planners understand their own roles in the planning process, instead of theory focused only on developing model planning processes.¹⁰⁹ Presently, different theories and planning strategies abound, but the “communicative action” theory outlines an approach concept commonly strove for by planners in tackling complex planning problems. In this strategy, the planner’s primary function is to listen to people’s points of view and assist in reaching consensus, acting not as a technocratic leader, but instead as a provider of information and a facilitator by ensuring that no one stakeholder groups’ interests dominate over the others.¹¹⁰

Following the progression of planning theory from the comprehensive rational model of the modernist era, to the more focused, inclusive planning strategies developed in the post-modernist era, historic preservation planning approaches have evolved as well. Initial preservation planning approaches, begun largely following the 1966 passing of the National Historic Preservation Act, focused on regulating properties and preventing harmful development. But today, preservation planning approaches are more strategic, “selectively

¹⁰⁵ Brooks, Michael P. *Planning Theory for Practitioners*. (Chicago, Ill: Planners Press, American Planning Association, 2002), 28-29.

¹⁰⁶ Fainstein, Susan S. “New Directions in Planning Theory” in *Readings in Planning Theory*. (Malden, MA: Blackwell Publishing, 2003), 174.

¹⁰⁷ Brooks, Michael P. *Planning Theory for Practitioners*. (Chicago, Ill: Planners Press, American Planning Association, 2002), 29.

¹⁰⁸ Brooks, Michael P. *Planning Theory for Practitioners*. (Chicago, Ill: Planners Press, American Planning Association, 2002), 120.

¹⁰⁹ *Ibid*, 29.

¹¹⁰ Fainstein, Susan S. “New Directions in Planning Theory” in *Readings in Planning Theory*. (Malden, MA: Blackwell Publishing, 2003), 175-176.

using preservation to leverage development and generate community benefits.”¹¹¹ The key theoretical challenge facing preservation planners today is how to respond to and plan for the human connection between historical narratives and their physical environments, which creates a very important aspect of *place*.¹¹²

Planning as land use regulation and the authority to intervene

Zoning provided an instant fix in the early 20th century to the problems of incompatible land uses by safeguarding residential areas from the infiltration of industry and other “undesirable” uses, such as apartments and low-income housing. But this was not the first time in America’s history that land use had been regulated. Prior to the Revolutionary War, colonists were regulated by the English government, but had also developed self-imposed regulations for themselves. Regarding the land, regulations such as required crops and yields were enforced to prevent the over-production of any given crop as well as to encourage specific industries, such as the required growth of mulberry crops to stimulate a silk industry. In urban areas, regulations were imposed for health and safety purposes, such as requiring buildings be made of brick or stone to prevent the spread of fires.¹¹³ Initially, colonists’ primary concern was with the survival of their settlements, but as time passed and these settlements became more established, the colonists’ primary concern shifted towards managing their settlements’ development.¹¹⁴ The justification for this management came from the English common law concept of “nuisance”, which held that no property shall be used in such a way that would harm the use of another’s property.¹¹⁵

As just mentioned, zoning offered immediate protection, safeguarding places against unwanted change—primarily protecting single-family neighborhoods and investments in property from future loss of value due to inappropriate surroundings.¹¹⁶ The first official zoning ordinance was enacted in 1916 in New York City, and was later followed by the Standard State Zoning Enabling Act (SZEA) of 1924. This act provided state legislatures the authority to delegate to individual communities enforcement of the state’s Constitution-given police powers. The police powers are the “inherent powers of sovereign government to legislate for health, welfare, and safety of the community.”¹¹⁷

Interestingly, the power to zone came before the power to plan. Four years after the SZEA, the Standard City Planning Enabling Act was passed in 1928, giving cities the authority to carry out

¹¹¹ Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 132.

¹¹² *Ibid*, 127.

¹¹³ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 44.

¹¹⁴ *Ibid*, 45.

¹¹⁵ *Ibid*, 67.

¹¹⁶ *Ibid*, 65.

¹¹⁷ *Ibid*, 71, 78.

planning activities. As opposed to zoning's short-term scope, planning is concerned with long-term future development and the preservation of an area through a community or region's long-range goals. Zoning is the primary means used to control land use, and while it is a major tool of planning, it has often been mistaken as the sole purpose of planning. This is because land use controls (zoning) have been delegated to the lowest, most local levels of government. Especially since the 1970s, localities have been pressured to maintain their communities and protect them from unwanted new developments. The concept of zoning, then, is inherently adverse to change and preoccupied with maintaining the status quo.¹¹⁸ It should be recognized that our concept and methods of regulating land use through zoning are very deeply ingrained and generally accepted as a legitimate exertion of the police powers. This is not to say that zoning is universally accepted, though, as it has been fought since the beginning and argued against as an un-Constitutional regulation of private property. But, time and again, the legal system has upheld the merit of zoning with the Supreme Court developing a stance early on of tolerating significant interference with property rights.¹¹⁹

In addition to the typical generic zoning ordinances separating residential, industrial, commercial, and open space uses, special district zones and overlay zones are common tools used for added protection and regulation of places with particularly special or unique characteristics. The determination is that these unique attributes positively contribute to the city's overall character and therefore are worthy of special protection. Historic neighborhoods are commonly recognized with either special district zones or overlay zones, usually requiring design review for proposed work on a building within the zone. The intention of this kind of district or overlay zone is to shield the special area from market forces.¹²⁰ In relation to adaptive reuse, this is clearly a source of conflict as real estate development is typically a reaction to and reflection of market forces. Therefore, when development occurs in a historic district there is often a collision between the "protectionist" ideology (provided by special zoning) and the "free market" ideology as embodied by real estate development.

The design review process required by a special district or an overlay zone tends to be the most serious source of conflict between planners, developers, and the public. By nature, design review is very subjective.¹²¹ Guidelines tend to use general language like "compatible", "desirable", and "appropriate", however the more general the guidelines, the more difficult it is to interpret them on a case by case basis and translate them into reasonable determinations that are acceptable to both the developer and the public. In short, too general of guidelines leaves too much room for arbitrary judgments based on individual aesthetic tastes. In contrast, guidelines cannot be too detailed either, because this leads to regulatory absolutes which do not allow for enough flexibility and consideration of individual project circumstances. It is

¹¹⁸ Ibid, 79.

¹¹⁹ Kayden in ICMA, 38

¹²⁰ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 110.

¹²¹ Ibid, 213.

cautioned that “highly detailed guidelines cannot guarantee design excellence”, but also that “highly flexible guidelines leave much to discretionary decision making.”¹²² Somewhere in-between these two extremes is where we need to be, but surely the challenge of drafting and enforcing design review guidelines that are clear, objective, and fair is understandable.

Opinions of the adaptive reuse process

Given a planner’s typical role as a regulator, facilitator, and provider of information (especially in the context of development), it should come as no surprise that the first sentence of the chapter on historic preservation in a common planning textbook, “Planning in the USA: policies, issues, and processes” reads: “Planning involves the resolution of conflicting claims on the use of land.”¹²³ This clearly demonstrates the planner’s perceived (and actual) role as mediator between historic preservationists and developers in the adaptive reuse process. The authors subsequently describe how the “traditionalists” (or historic preservation professionals) wish to preserve structures or sites, using “the language of culture and history,” while developers want to use a site for a new purpose which produces a higher profit, and “speak in terms of market trends and economic returns.”¹²⁴ It is well documented that the planning profession has a good understanding of the conflicts inherent in the adaptive reuse development process. Further demonstrating their understanding, the authors of “Planning in the USA” conclude the chapter on historic preservation that without careful coordination, historic preservation policies will likely conflict with other land use policies.¹²⁵

Interestingly, the discussion in “Planning in the USA” is very informative in detailing preservationists’ and developers’ conflicting views on adaptive reuse, but there was no mention of the planner’s specific point of view, prompting these assumptions: Planning professionals feel that their specific roles in the process as regulator and facilitator often prevent them from either having or expressing any feelings on the matter. Additionally, as long as an adaptive reuse project follows development code, zoning stipulations, and fits the (often very broad) goals for historic preservation as outlined in comprehensive plans, the planner is assumed to be satisfied with adaptive reuse results.

Taking an opinionated stand on the historic preservation stakeholder group is planner William C. Baer’s belief that preservationists are “inexperienced and naïve”, much in the same way that planners were when they first tried to shape the future 100 years ago with the City Beautiful movement.¹²⁶ He believes that historic preservation as an activity needs to become more self-

¹²² Porter, Douglas R. *Managing Growth in America’s Communities*. (Washington, D.C.: Island Press, 2008), 194.

¹²³ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 221.

¹²⁴ Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 221.

¹²⁵ Ibid, 226.

¹²⁶ Baer, William C. “The Impacts of ‘Historical Significance’ on the Future” in *Preservation of What, For Whom?* (Ithaca, NY: The National Council for Preservation Education, 1998), 79.

conscious of its impact on the future.¹²⁷ Baer writes in his essay, “The Impacts of ‘Historical Significance’ on the Future”, that historic preservation is a reflexive (or self-referencing) activity.¹²⁸ In learning about the past, we make it part of our present day selves, but we also make our understanding of our present day selves part of the past (or our understanding of the past). Historic preservation’s cognitive map reflects a modernist view of time—that time is *lineal*—so historic people, events, and buildings are unique, and that uniqueness is why something should be preserved. In contrast, ancient cultures tended to see time as *cyclical*, so events and people were not unique; rather they were simply reflections of archetypes that would repeat themselves again in the future.¹²⁹

This highly theoretical discussion of historic preservation activities provides the basis for Baer’s critique of preservation—that historic preservation threatens to shape the future to conform to the past without leaving room for future needs and circumstances.¹³⁰ Although not much literature exists which includes discussions such as this one of planners’ opinions on historic preservation and heritage development, Baer’s critique seems fairly representative. This helps clarify how other stakeholders in the adaptive reuse process, particularly the developer, might see preservationists as frustratingly stuck in the past and un-welcoming to change. Although to be fair, some members of the historic preservation field are very receptive to adaptive reuse strategies, as previously discussed. Nonetheless, this demonstrates a critical point of misunderstanding among the key stakeholders of the adaptive reuse development process, often leading to conflict.

Speaking of historic preservation in more general terms, Randall Mason writes in an essay within the essential planner’s reference book, “Local Planning”, that preservation gains traction and support by overlapping with other planning and economic development goals.¹³¹ Planners recognize the value of historic preservation and adaptive reuse, but within the confines of their role, they are not able to become as personally invested a stakeholder as the others. Also, historic preservation is usually not at the top of the planner’s priority list, like transportation, housing, jobs, and growth management typically are. Further emphasizing the somewhat “outsider” role of the planner in the adaptive reuse development process, Cullingworth and Caves describe in their planning textbook, “Planning in the USA”, how the old boundaries between the preservationist and the developer have become blurred given the preservationists’ increasing interest and involvement in the business and profit aspects of preservation. Because

¹²⁷ Ibid, 73.

¹²⁸ Ibid, 73.

¹²⁹ Ibid, 75.

¹³⁰ Ibid, 79.

¹³¹ Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 132.

of these changes, planners have become confused when participating in adaptive reuse projects as it is no longer a “simple clash of development and protectionist interests.”¹³²

Desired outcomes

From a planning standpoint, if an adaptive reuse project helps fulfill any of the earlier discussed social, economic, environmental, functional, and aesthetic goals, then it is generally considered a success. Where the developer and the preservation professional have more specific measures of success, the planner will usually have broader and more inclusive measures. This makes it fairly easy for historic preservation and adaptive reuse to prove its worth to planners, but still it fights to gain full acceptance as part of the “standard planning toolbox.”¹³³

Planners revealed

Given the wide range of activities, functions, and types of planning that planners do, it is a bit more difficult to make generalizations about planners’ approach to adaptive reuse than it is to make generalizations about preservation professionals and developers. However, the following list helps reveal the planning stakeholder groups’ underlying opinions and approach with broad statements that, again, should not be assumed for every planner.

- For planners who work directly with development issues, such as design review, zoning, and permitting: They think that developers can be frustratingly pushy with their proposed development plans and not necessarily concerned with following the rules.
- Planners simply wish to fulfill their job by enforcing the rules, but are usually not personally invested in whether and how development projects occur or not.
- For larger-scale, comprehensive planners: They have a lot of other very important issues to plan for – such as transportation, housing, environment, and economic development – so historic preservation is usually not on the top of their list of concerns.



Critical perspectives on the adaptive reuse process

In addition to those perspectives expressed from the points of view of preservation professionals, planners, and developers, other, more critical perspectives on this process have also been voiced. These opinions sometimes come from those stakeholders involved in the heritage development process, but rather than representing their role’s particular viewpoint,

¹³² Cullingworth, Barry, and Roger W. Caves. 2009. Heritage and Historic Preservation. In *Planning in the USA: policies, issues, and processes*, 221-240. (New York: Routledge), 221.

¹³³ Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 133.

they examine the process from a more removed, detached, critical perspective, allowing for honest assessments and insights on what can be improved.

Generally, critical perspectives recognize that adaptive reuse simply is complicated and almost always more time-consuming than expected.¹³⁴ The biggest challenge is overcoming the federal, state, and local regulations (such as historic design review), as well as conforming to current building codes. It has been noted that today's building inspectors perhaps do not understand old building methods and materials as well as new, making it difficult for them to accurately assess an old building's condition.¹³⁵ Additionally, it is difficult to obtain adequate funds for building stabilization and renovation, as this often must be patched together from multiple sources, only adding to the complication in the process. Money for demolition, on the other hand, is easier to come by as it has been opined that lenders "understand demolition" far better than they do rehabilitation.¹³⁶

On the process

Echoing the sentiments of all involved stakeholder groups, critical outsiders have also recognized that the application of the Secretary of the Interior's design standards (when using federal rehabilitation tax credits) engenders confusion and resentment on the part of the developer. This reflects the perpetual (and growing) concern of both property rights advocates and the general public against what people think is unnecessary government regulation.¹³⁷ However "regulation" (such as imposing design standards and requirements, land-use zoning requirements, process requirements for development applications, etc.) is the policy tool most relevant for addressing built heritage.¹³⁸ Proposed design plans must conform to building codes (which are fairly exact in their policies) in order to obtain permits, but designs must also be approved by the local historic landmarks commission with a certificate of appropriateness. As previously discussed and expressed by the stakeholder groups, "appropriateness" is a vague term, leaving determinations (in many cases) up to the subjective opinions of the commission members.¹³⁹

¹³⁴ Rypkema, Donovan. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

¹³⁵ Gratz, Roberta Brandes. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 31 March 2011. Keynote Address.

¹³⁶ Ibid.

¹³⁷ Gordon, Stephen C. 1998. Historical Significance in an Entertainment Oriented Society. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 49-58. (Ithaca, NY: The National Council for Preservation Education), 50.

¹³⁸ Throsby, C. D. *The Economics of Cultural Policy*. (Cambridge: Cambridge University Press, 2010), 118.

¹³⁹ Rasmussen, Ian. "Codes over Commissions: Why architectural codes, rather than commissions, should regulate development in historic districts." *Living Urbanism* (January 22, 2011).

<http://livingurbanism.wordpress.com/2011/01/22/codes-over-commissions-why-architectural-codes-rather-than-landmarks-commissions-should-regulate-development-in-historic-districts/>. (accessed January 27, 2011).

Typically, economists are not in favor of using regulation as a policy tool in most circumstances because they say it creates inefficiency, can be expensive in terms of administrative and compliance costs, offers no incentives to do better, and can be captured by both private owners and by special interest groups. Although economists do recognize that regulation has its advantages, which are: when there are all-or-nothing choices (such as preservation vs. demolition), when there is high risk to the public interest, when certainty of outcome is required, and when short-run flexibility is advantageous.¹⁴⁰ All of these are said to be more effectively delivered by regulation than by market-based alternatives, therefore justifying the need for regulatory policies.¹⁴¹

Interesting perspectives on the heritage development process in Germany are presented in the article entitled “Changing Approaches to Historic Preservation in Quedlinburg, Germany.” For this article, the authors researched the issues and conflicts within the heritage development process during recent efforts to preserve the unique character of the town of Quedlinburg. While many of the issues relate to the specific government policies, goals, and practices in Germany, of particular interest is the relatability of some of the problems as well as the authors’ conclusions and suggestions. As in the U.S., a major source of contention in Germany is the historic design rules and regulations. However in Quedlinburg, the specific problem that property owners and developers had was with the *strictness* of the rules. The authors found that many of the conflicts that arose around the heritage development process were not so much about the goals of historic preservation themselves, but more about the administrative structure that oversees preservation activity. In conclusion, the authors suggest that these conflicts should be addressed by institutional change.¹⁴² This is something that perhaps also needs to happen in the U.S. in order to improve participants’ opinions of the heritage development process.

On the players

When voicing opinions about the stakeholders in the adaptive reuse process, the majority of opinions, interestingly, regard the historic preservation stakeholder group. Often these perspectives even criticize the historic preservation field. Perhaps this is because adaptive reuse is seen as primarily an activity of historic preservation interest and effort, even though it takes planners and especially developers to actually make adaptive reuse a reality. Generally, these critical perspectives believe that preservation professionals should broaden their base of support by increasing their understanding of other stakeholders’ needs while truly striving for reasonable compromise during negotiations in the adaptive reuse development process. For example, Stephen Gordon wrote in his essay “Historical Significance in an Entertainment Society”: “Since perception often is greater than reality, preservationists would be well advised

¹⁴⁰ Throsby, C. D. *The Economics of Cultural Policy*. (Cambridge: Cambridge University Press, 2010), 118.

¹⁴¹ *Ibid*, 119.

¹⁴² Alberts, Heike, and Mark Brinda. 2005. "Changing Approaches to Historic Preservation in Quedlinburg, Germany". *Urban Affairs Review*. 40, no. 3: 390-401, 400.

to cultivate a more favorable political climate and stronger constituent base for historic designations.”¹⁴³

A commonly held perception (and criticism) of the preservation field is that it does not fully understand or acknowledge the wider economic and urban contexts within which adaptive reuse occurs. Debates persist over the best methods for treating historic buildings, but it has been noted that most academic contributions pay far too little attention to the wider contextual issues within which adaptive reuse development projects are carried out. This is a serious problem, because often it is the circumstances of the wider economic and urban contexts which end up determining which methods to use.¹⁴⁴

Illustrating this problem is the perception of C.D. Throsby, author of the book “The Economics of Cultural Policy”, that the initial efforts made by economists to enter into the “heritage arena” around the turn of the 21st century was resented by heritage professionals. This is because they feared that their cultural decisions would be turned into economic ones. Throsby writes: “These experts preferred in any case not to have to be worried by financial concerns, and were quite content to go on making their decisions on purely cultural grounds.” The preservation field’s concern here is certainly understandable, because under perfect circumstances, historic buildings would be valued for their historic and cultural value regardless of economic concerns and contexts. However, fortunately Throsby found that preservationists have come to realize that not all economists are insensitive to heritage, and that they can actually make worthwhile contributions with analytical methods that help preservationists achieve better outcomes for their work.¹⁴⁵

Another opinion that is held by critical outsiders (but also commonly held by developers) is that “preservationists make the mistake of claiming that preservation is economically sensible and the world just doesn’t understand how feasible preservation is ... [preservationists] underestimate the challenges of preservation.”¹⁴⁶ At the end of the day, most everyone seems to recognize and heavily emphasize that compromise and patience are required by all stakeholders in the adaptive reuse development process, but especially for preservation professionals and developers for who compromise and patience are not typical strengths.¹⁴⁷

¹⁴³ Gordon, Stephen C. 1998. Historical Significance in an Entertainment Oriented Society. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 49-58. (Ithaca, NY: The National Council for Preservation Education), 50.

¹⁴⁴ Alberts, Heike, and Mark Brinda. 2005. "Changing Approaches to Historic Preservation in Quedlinburg, Germany". *Urban Affairs Review*. 40, no. 3: 390-401, 392.

¹⁴⁵ Throsby, C. D. *The Economics of Cultural Policy*. (Cambridge: Cambridge University Press, 2010), 107.

¹⁴⁶ Keifer, Matthew. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

¹⁴⁷ Rypkema, Donovan. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

On the solutions

Whether having direct involvement in the adaptive reuse development process or not, most of the “critical perspectives” reviewed for this document have suggested solutions to improve the process. Primarily the suggestions, like opinions of the stakeholders, specifically relate to the historic preservation field and how it might be improved (in both theory and methods) to encourage more and better adaptive reuse development activity. Seven themes have emerged from a review and analysis of the suggestions, which are:

1. Historic significance and the importance of historic preservation needs to be better conveyed.
2. Rules and regulations regarding the adaptive reuse development process need to be assessed and modified.
3. Local city policies need to be assessed and changed to better encourage and facilitate adaptive reuse.
4. Historic preservation needs to be better integrated into larger urban strategies.
5. Historic preservation professionals need to learn and better understand real estate economics.
6. Rehabilitation tax credits programs should be modified to cover smaller projects.
7. Several methodologies must be considered when approaching preservation work.

Next, we will examine each of the themes to gain a deeper understanding of what is meant by these suggestions.

1. Historic significance and the importance of historic preservation needs to be better conveyed.

It has been strongly suggested that the historic preservation field work towards making “cultural patrimony” an integral part of the public’s everyday life, rather than focusing on preserving our historic built environment as museum pieces.¹⁴⁸ This is crucial, because it has been noted that most historic preservation successes are owed to an involved and committed public.¹⁴⁹ Stephen Gordon, author of the essay “Historic Significance in an Entertainment Society”, has noted that one of the biggest challenges facing historic preservationists is how to “democratize” historical significance to gain public support and interest, while at the same time not turning historic places into “street carnivals.”¹⁵⁰

2. Rules and regulations regarding the adaptive reuse development process need to be assessed and modified.

¹⁴⁸ Gordon, Stephen C. 1998. Historical Significance in an Entertainment Oriented Society. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 49-58. (Ithaca, NY: The National Council for Preservation Education), 52.

¹⁴⁹ Ibid, 51.

¹⁵⁰ Ibid, 50.

This solution “theme” has by far the most quantity and variety of suggestions from critical perspectives. Some of the suggestions relate to the substance of rules and regulations, where as others have to do more with the process and application of the rules. Generally, the most common suggestion under this theme is for heritage assessment procedures to be more clear, objective, and consistent.

In the article “Codes over Commissions: Why architectural codes, rather than commissions, should regulate development in historic districts” author Ian Rasmussen argues that existing regulations and approval processes for adaptive reuse design review be replaced with regulatory architectural codes. He believes that with more rigid and prescriptive codes, architects will have a much clearer understanding of exactly what can and cannot be done. This would therefore improve the system and make the adaptive reuse process more efficient, because “the more complex and imposing our regulations, the more swift and certain their administration.” Rasmussen explains that the advantages of architectural codes over traditional historic preservation approval processes are:

- Efficiency: This is politically viable because no one supports waste, no matter their political views and opinions on the appropriate size of government.
- Objectivity: The laws of historic preservation are “a notorious objection to the rule of objectivity”, and in fact are very subjective because it is difficult to codify style. In contrast architectural codes rely only on objective requirements instead of subjective opinions.
- Dependable Outcome: Architectural codes clearly state what is and is not allowed in design.
- Wide-Reaching Benefit: You do not have to live in an old neighborhood to take advantage of the benefits of quality development that architectural codes afford.

For example, Rasmussen describes how efficient typical “New Urbanist” regulations are regarding architectural style—they are defined and maintained without any sort of landmarks commission, public hearings, or other administrative processes, making the “design review” process swift and predictable.¹⁵¹ While this is certainly an interesting solution, it may be problematic. The rigidity of architectural codes might improve the efficiency of the adaptive reuse process, but it could also limit design flexibility and consideration of individual building’s needs and conditions. This demonstrates an interesting contradiction, and while this article was not necessarily written from the “developer’s” point of view, it illustrates how on the one hand developers want a clear and objective design review process—they want to be told exactly what to do with their old buildings so that their architects design plans right the first time, thus saving time and money—but on the other hand, developers argue that too-strict rules hinder a

¹⁵¹ Rasmussen, Ian. “Codes over Commissions: Why architectural codes, rather than commissions, should regulate development in historic districts.” *Living Urbanism* (January 22, 2011). <http://livingurbanism.wordpress.com/2011/01/22/codes-over-commissions-why-architectural-codes-rather-than-landmarks-commissions-should-regulate-development-in-historic-districts/>. (accessed January 27, 2011).

project's viability. It is much easier to prescribe new construction (like with New Urbanist architectural codes) than it is to prescribe rehabilitation, as there are simply too many variables to work with.

Another interesting suggestion regarding rules and regulations is that certain building codes, such as for ADA accessibility, be modified to be more lenient for historic buildings. One particular example given is that buildings which are 100 years old or older should be exempt from complying with ADA requirements. The problem is that often the renovations required simply to bring a building up to certain current code requirements, most notably ADA, are so cost prohibitive that developers cannot make the rest of the renovation work to justify the investment. This very problem is a common argument for developers against choosing adaptive reuse projects.¹⁵² While this is an interesting suggestion, it seems unlikely to be accepted and implemented.

A key aspect of the need to assess and modify the rules and regulations regarding the adaptive reuse development process is the concept, both in theory and in rule, of gradating design criteria for adaptive reuse. The reality is that all over the U.S. there is a wide variety of old buildings that are not necessarily worthy of being deemed "historic", but that are still worthy of preserving. Their preservation may be important to the vitality and character of their surrounding communities, but they should not be considered and treated in the same way as a building truly worthy of being deemed "historic"—which usually means it is exceptionally special for cultural, historical, or architectural reasons.¹⁵³ For example, the adaptive reuse of a warehouse should not be given the same amount of concern as the adaptive reuse of a city's first high school, or of a city's best example of Italianate commercial architecture. Yet the Secretary of the Interior's Standards for Rehabilitation (which require adherence to obtain the federal rehabilitation tax credits) make no distinction. Therefore, either these rules need to be changed, or more likely, it is the responsibility of the preservation agencies in charge of reviewing and approving of design plans to strongly consider the concept of gradating our level of concern for building preservation. When speaking of this subject, the economist Donovan Rypkema said that historic preservation professionals "need to chill out" and look more to the market to figure out what and how much should be kept, using a graded system of evaluation.¹⁵⁴

3. Local city policies need to be assessed and changed to better encourage and facilitate adaptive reuse

¹⁵² Weyland, Bill. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 31 March 2011. Discussion panelist.

¹⁵³ Keifer, Matthew. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

¹⁵⁴ Rypkema, Donovan. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

Primarily, critical perspectives voice the need for more and adequate compensation resources to be provided to developers. Most developers stick with what they know best (which is typically new construction), and go where the most money to be made is, so there are few developers who specifically seek out historic adaptive reuse projects. Therefore, it has been suggested that local policies and rules be modified to essentially require rehabilitation (as opposed to easily allowing demolition). This will encourage (by force) developers to become involved in adaptive reuse and to learn about it and “figure it out.” Additionally, city policies should also look beyond initiatives only focused on developers to include more local, community-oriented initiatives to incentivize and encourage smaller-scale efforts as well.¹⁵⁵

Another interesting suggestion regards the issue of property tax differentials. Presently, many municipalities favor bigger, taller, denser buildings because they tend to generate more in property tax revenues for the city than do older, smaller buildings. Many of our policies, therefore, are geared for replacement rather than retention of buildings, which poses an obvious threat to historic buildings.¹⁵⁶

4. Historic preservation needs to be better integrated into larger urban planning strategies

This solution theme is perhaps one of the easiest to support, given its rather generalized goal. However, because of its broad scope it may be one of the largest to implement because it requires fundamental changes in thinking about historic preservation by those who plan our communities. Simply stated, Stephen Gordon wrote: “Historical significance needs to be better integrated into the planning, budgeting and governance of every community.”¹⁵⁷ Interestingly, Heike Alberts and Mark Brinda, authors of “Changing Approaches to Historic Preservation in Quedlinburg, Germany” came to the same conclusion. They determined that for an adaptive reuse project to be successful in both preserving architectural heritage *and* fostering economic development, it must be integrated with general urban, and more specifically, transportation planning. The authors further conclude that this will inevitably result in more compromises, needing earnest dialogue and a combination of several methods for historic preservation.¹⁵⁸

Further corroborating the above opinions, land use lawyer and Board President of Historic Boston Incorporated, Matthew Kiefer, stressed that historic preservation alone is not enough to be successful. It needs to be framed in the larger context of “city-making”, as strategies to create more livable places in order to help the public resonate more with preservation and

¹⁵⁵ Gratz, Roberta Brandes. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 31 March 2011. Keynote Address.

¹⁵⁶ Ibid.

¹⁵⁷ Gordon, Stephen C. 1998. Historical Significance in an Entertainment Oriented Society. In *Preservation of What, for Whom?*, ed. Michael A. Tomlan, 49-58. (Ithaca, NY: The National Council for Preservation Education), 50.

¹⁵⁸ Alberts, Heike, and Mark Brinda. 2005. "Changing Approaches to Historic Preservation in Quedlinburg, Germany". *Urban Affairs Review*. 40, no. 3: 390-401, 400.

understand its value.¹⁵⁹ This is because historic preservation and adaptive reuse are not stand-alone activities; rather they need to be seen as integral pieces of overall urbanist strategies to improve quality of life, and a viable method for creating better cities.¹⁶⁰

5. Preservation professionals need to learn to “speak in numbers”, or understand real estate economics.

This suggestion is specifically aimed at the historic preservation field, as it has been opined that there are far too few preservation professionals who understand real estate economics and can speak this “language.” There are many categories of value that historic preservation activities provide (social, cultural, economic, aesthetic, etc.) and in the long-run, the rest of these values are more important than the economic value—but it is the economic value that tends to matter the most in the short-run, making or breaking adaptive reuse development projects. Developers choose their projects in large part for economic reasons, so the economic value of historic preservation needs to be at the top of the list of arguments for preservation, at least in order to gain short-term interest and support.¹⁶¹ Without short-term interest, historic preservation will have a hard time gaining long-term interest.

6. Rehabilitation tax credits programs should be modified to cover smaller projects.

It has been argued that rehabilitation tax credits programs need to be made available for smaller projects, rather than just large-scale renovations. This would encourage more and better on-going maintenance to historic buildings, rather than letting buildings go without repair until they are in need of a major renovation. Additionally, it has been suggested that tax credits be made available to a neighborhood as a whole – as a “blanket” of credits – so that people can share these credits. Again, this would help encourage smaller repair and maintenance work that require investments of time, money, and care, but that are not large enough to qualify for rehabilitation tax credits on their own.

7. Several different disciplines’ methodologies must be considered.

This last solution “theme” is very fitting with the goals of this document. To achieve the best outcomes in any historic preservation activity or adaptive reuse project, several different disciplines’ methodologies must be considered. This includes planners, policy analysts, architects, social scientists, community activists, economists, and preservationists. Historic preservation seeks to preserve a wide range of values that we have attached to our built

¹⁵⁹ Keifer, Matthew. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

¹⁶⁰ Rypkema, Donovan. *Adaptive Reuse: Preservation through Innovation*. University of Kentucky, Lexington, KY. 1 April 2011. Keynote Address.

¹⁶¹ Ibid.

environment, making historic preservation necessarily an interdisciplinary activity.¹⁶² Not only must we consider these many different methodologies, but I argue that we must try to understand the backgrounds, motivations, and expectations wrapped up in these different approaches in order to identify sources of conflict among the players. Only then can we proactively work to reduce these to improve the adaptive reuse process for all.



Converging and diverging interests: Synthesis of the stakeholders’ differing approaches

Clearly, historic preservation professionals, developers, and planners have different ideas about how adaptive reuse projects should be considered and carried out, obviously leading to conflict. To better understand this problem, the following tables provide a more condensed, visual and conceptual representation of the varying convergent and divergent interests and needs of the stakeholders.

Table 1. Typical Stakeholder Characteristics

	Characteristics
Historic Preservation Professionals	Passionate, but sometimes over-zealous Stubborn Protective “Humanist” oriented
Developers	Persistent, driven Stubborn Pragmatic and business oriented
Planners	A bit removed and detached (in the case of adaptive reuse, not necessarily in general) Regulative

¹⁶² Mason, Randall. 2009. Reclaiming the History of Places. In *Local Planning: Contemporary Principles and Practice*, ed. Gary Hack, 127-133. (Washington, D.C.: International City/County Management Association), 3.

Figure 2. Influence and Expectations: Give and take in the adaptive reuse process

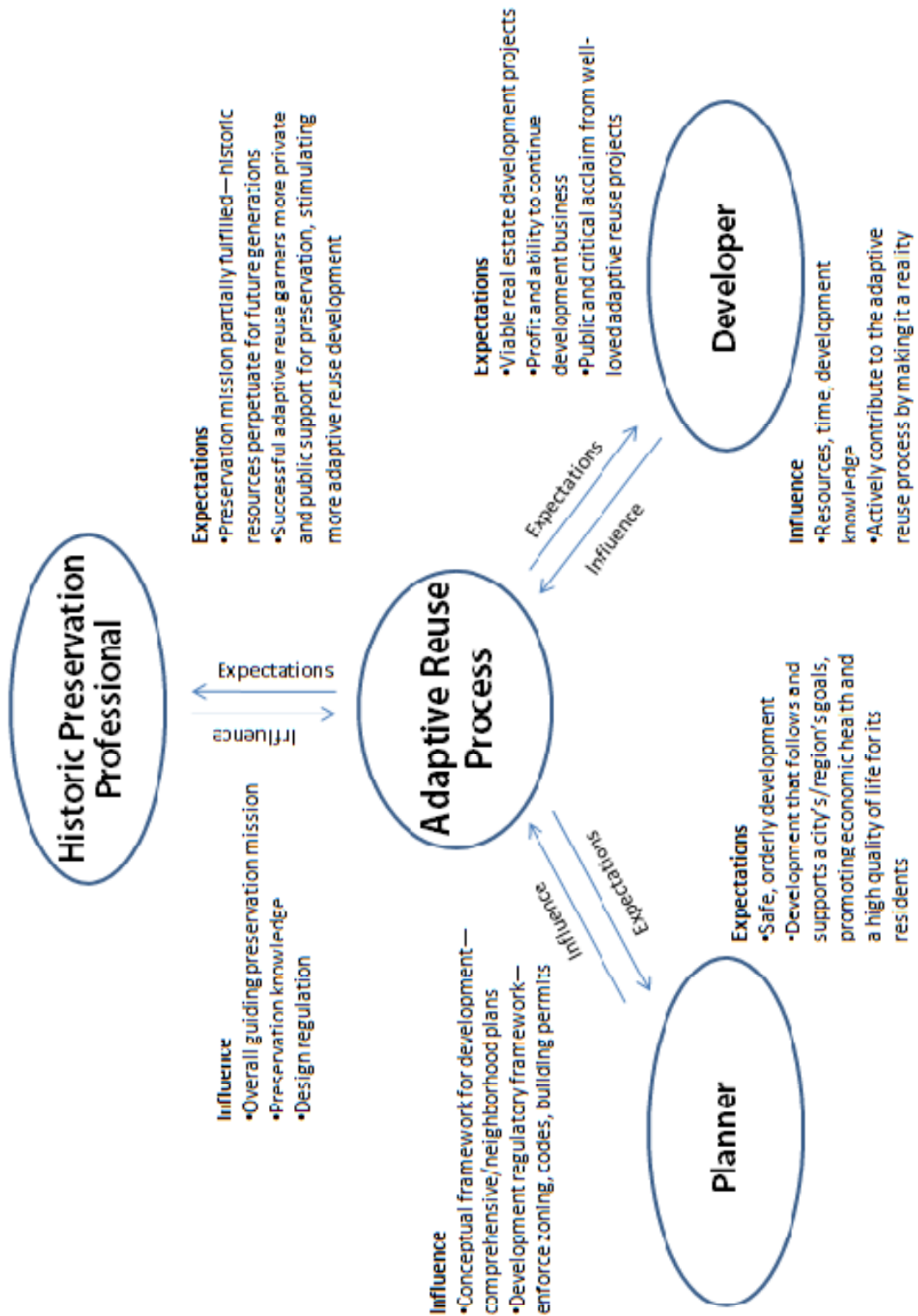
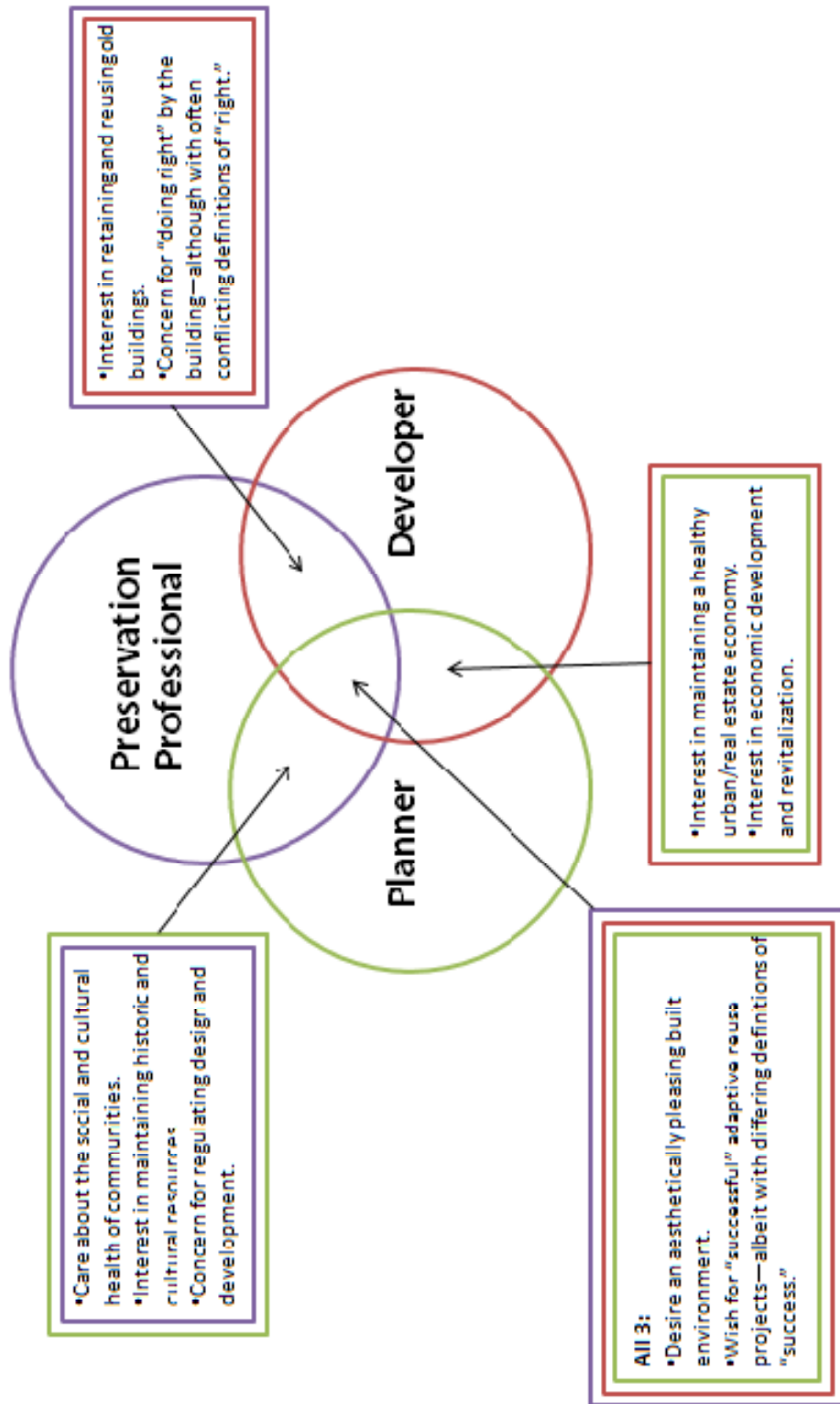


Table 2. Stakeholders’ Differing Wants

	What do they Want?	What do they NOT Want?
Historic Preservation Professionals	<p>To retain the historic fabric, meaning, and value of a building.</p> <p>Control over the adaptive reuse design process with the power to refuse acceptance of proposed plans based on subjective interpretations of the Standards for Rehabilitation.</p> <p>To assess each project individually, with a “no precedent” policy.</p> <p>For the other stakeholders to understand their point of view and agree with their opinions about the importance of high levels of historic preservation.</p> <p>For development team members to solicit preservation professionals’ advice early in the process and be open to suggestions.</p>	<p>For economics and financial considerations to dictate how an historic building is treated, or how an adaptive reuse project will turn out.</p> <p>Changes to an historic building that adversely alter its function, use, and aesthetic beyond historic recognition.</p>
Developers	<p>A pragmatic, predictable development process.</p> <p>For every project to be financially viable and to turn a profit.</p> <p>Clear, objective development/design rules and regulations to work within.</p> <p>To be able to follow a precedent when approaching adaptive reuse.</p> <p>For the other stakeholders to understand real estate economics and the need for a timely process.</p>	<p>Vague regulations to work with, such as building codes and historic design review criteria.</p> <p>Historic design review agencies to disagree with one another, costing the developer time and money while waiting for a verdict.</p>
Planners	<p>An orderly, attractive, vibrant city with development practices that support these goals.</p> <p>Control over the development process with the authority to rule over aesthetics with design review.</p> <p>To retain historic buildings for cultural value and to leverage their revitalization to stimulate further social and economic revitalization.</p>	<p>An un-attractive city with disorderly development.</p> <p>Decaying buildings and neighborhoods, generally attracting social problems.</p>

Figure 3. Stakeholders' Converging Interests



Chapter 3: Understanding the adaptive reuse problem through the lens of collaborative planning

Adaptive reuse as a collaborative process

In many ways, the attributes of an adaptive reuse development process resemble those of a complex planning problem. Although the adaptive reuse process is not actually a planning/policy problem by scope or definition (like such large-scale issues as racial tension, illiteracy, transportation systems, pollution, urban sprawl, etc.), it might be better understood when analyzing it through the lens of collaborative planning theory and strategy. Deconstructing the adaptive reuse development problem in this manner will help us to arrive at solutions for how to improve the process for everyone involved.

Adaptive reuse as a collaborative problem

The adaptive reuse process problem, like most complex problems, is not simply a clashing of several stakeholder groups' opinions and desires. Rather, there are long-standing regulations, laws, and policies that must be followed, demonstrating the exertion of (in the adaptive reuse case) two stakeholder groups in particular over the other. Because of zoning laws, building codes, historic design review processes, historic designation, and tax credit/other incentive treatment standards, the historic preservation and planning agencies holding these regulatory controls have the final say on many aspects of adaptive reuse projects. These agencies (like the local planning office, historic design review board, state historic preservation office, and the National Park Service) have power over whether building permits will be granted, designs will be approved, and tax credits and other incentives will be awarded. All the while the developer feels like the subordinate stakeholder due to the enforcement of preservation and planning ideals through policies and law.

Although the preservation and the planning sides appear to have the most power in the adaptive reuse process, it is important to recognize that there is still a great deal of interdependence among the participants. Both the preservationists and the planners rely (in large part) on the private development market to fulfill preservation and planning goals. This clearly demonstrates the fascinating, lop-sided nature of this complex and necessarily collaborative problem because the regulatory power lies with the preservationists and planners, but the majority of the resources to actually implement adaptive reuse practices (certainly another form of power) are held by private developers. Therefore, it is absolutely in each side's best interest to collaborate, communicate, and attempt to make the process as positive and constructive for each other as possible.

Collaboration and complexity defined

Complex problems—whether of an economic, social, environmental, or in this case, real estate development nature—naturally require collaborative strategies for solving. Collaboration is “the process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible.”¹⁶³ Essentially, collaboration involves people with diverse interests working together to achieve mutually satisfying outcomes.¹⁶⁴ It is important to include in the process all those with both pertinent information and a stake in the issue, including deal makers, deal breakers, and those who can benefit or be harmed by any agreement or outcome.¹⁶⁵

The overriding goal of collaborative strategies is to manage dispute so that outcomes are more constructive than destructive. Constructive outcomes foster communication, problem solving, and improved relationships among the stakeholders, whereas destructive outcomes usually involve exploitation and coercion, resulting in harm, further mistrust and animosity.¹⁶⁶ Another way to understand the collaborative concept is to distinguish when it is *not* needed—when there is already agreement among the stakeholders on ends and means, when cause and effect relationships of possible outcomes are well understood, and when there is a fair amount of certainty about how a chosen decision will play out in society and in the system.¹⁶⁷

The following table, taken from Barbara Gray’s *Collaborating: Finding Common Ground for Multi-party Problems*, outlines the characteristics of both the adversarial and the collaborative processes for attempting dispute resolution. After understanding the different approaches of historic preservation professionals, developers, and planners to the adaptive reuse process, it is easy to see how adversarial this process can be, and how much better it might be should collaborative strategies be employed instead.

¹⁶³ Gray, Barbara. *Collaborating: Finding Common Ground for Multiparty Problems*. (San Francisco: Jossey-Bass, 1989), 5.

¹⁶⁴ Ball, Ann, Marlene Rebori, and Loretta Singletary. “Introduction to Collaborative Process.” Fact Sheet 99-84. University of Nevada, Reno.

¹⁶⁵ Innes, Judith Eleanor, and David E. Booher. *Planning with Complexity: An Introduction to Collaborative Rationality for Public Policy*. (Milton Park, Abingdon, Oxon: Routledge, 2010), 93.

¹⁶⁶ Ball, Ann, Marlene Rebori, and Loretta Singletary. “Introduction to Collaborative Process.” Fact Sheet 99-84. University of Nevada, Reno.

¹⁶⁷ Innes, Judith Eleanor, and David E. Booher. *Planning with Complexity: An Introduction to Collaborative Rationality for Public Policy*. (Milton Park, Abingdon, Oxon: Routledge, 2010), 7.

Table 3. Characteristics of Adversarial and Collaborative Processes for Dispute Resolution

Adversarial	Collaborative
Rules position parties as adversaries	Parties positioned as joint problem solvers
Third parties intervene before issues are mature	Issues can be identified before positions crystallize
Characterized by positional bargaining	Characterized by interest-based bargaining
Facts used to buttress positions	Joint search used to determine facts
Characterized by polarization of parties and issues	Characterized by search for underlying interests
Face-to-face contact restricted among contending parties	Face-to-face discussions encouraged among all parties
Seeks winning arguments	Seeks workable arguments
Yields all-or-nothing resolution of issues	Yields resolution by integrating interests
Narrows options quickly	Broadens field of options
Authority for decisions rests with judge	Authority for decisions rests with parties
Characterized by suspicion and high emotion	Characterized by respect and application of reason
Parties often dissatisfied with outcome	Outcome must be satisfactory to all parties
Often fosters bitterness and long term mistrust	Promotes trust and positive relationships

Gray, Barbara. *Collaborating: Finding Common Ground for Multiparty Problems*. San Francisco: Jossey-Bass, 1989, 50.

Why collaborate?

There are many reasons for when and why collaboration is useful, but to simplify the discussion, Barbara Gray identifies two general categories of opportunities for collaboration. These are 1) resolving conflicts, and 2) advancing shared visions.¹⁶⁸ The adaptive reuse problem certainly falls under the “resolving conflicts” category, but no doubt its stakeholders might wish it was more of an “advancing shared visions” collaborative opportunity—especially the preservation group, preferring that all of the other stakeholders had the same level of reverence and concern for historic integrity as they do. Or the developers, wishing that the preservationists and planners were more in line with their economic and real estate market concerns.

When “resolving conflicts” is the reason for collaboration, two characteristics stand out as being particularly relevant to understanding the adaptive reuse problem:

- Collaboration transforms adversarial interactions into a mutual search for information and for solutions allowing all participants to ensure that their interests are fairly and equally represented, and

¹⁶⁸ Gray, Barbara. *Collaborating: Finding Common Ground for Multiparty Problems*. (San Francisco: Jossey-Bass, 1989), 7.

- Groups in conflict are motivated to try collaboration as a last resort when other efforts have not worked.¹⁶⁹

With adaptive reuse, collaboration might allow preservation professionals, planners, and developers to work together in finding solutions that are best for each individual building and its neighborhood, while also allowing for a reasonably equal fulfillment of each stakeholder's needs and goals. Of course this usually requires concession and compromise from each party, but it is difficult to not be somewhat more sympathetic to the needs of the developer because they are the stakeholder with resources to actually make adaptive reuse happen (plus they bear the burden of risk when projects fail). The developer needs to not lose money on a project, and ideally needs to make some sort of a profit because not only do their livelihoods depend on it, but also (and what should be more critically understood by preservationists especially), profit allows a developer to take on more historic properties for adaptive reuse in the future. Therefore the cycle of adaptive reuse is continued, which should be considered positive in the eyes of preservationists and planners alike.

Government intervention in business as an impetus to collaborate

Under the “resolving conflicts” category, there are many impetuses to collaborate. Most relevant to the adaptive reuse process is “the blurring of boundaries between business, labor, and government.” Throughout the course of the 19th and 20th centuries as business practices became increasingly scrutinized for their social and political ramifications, local, state, and federal governments have intervened when the exercise of business discretion potentially conflicts with the common public good. To complicate matters, relations between government agencies have become increasingly interwoven, with local, state, and federal jurisdictions sharing authority over many things.¹⁷⁰ This is especially evident in the adaptive reuse process, as all three levels of government share regulation over historic buildings. This is known as “intergovernmental relations” or “fused federalism”, when agencies depend on one another for information, resources, and policy decisions, making it nearly impossible for any single agency to act unilaterally. Unfortunately, interagency disputes have become more common as governments share jurisdiction over an increasing number of issues.¹⁷¹

This is particularly notable in the adaptive reuse process, because as previously discussed, it is not uncommon for the multiple levels of historic preservation authorities to disagree with one another on proper treatment to a building. This leaves the developer in the middle of the fight, all the while becoming increasingly frustrated over lost time and money. It can be very confusing for the developer and the development team, for example, when the rulings of the National Park Service and the local Historic Landmarks Commission are in direct conflict with one another, conveying discordant priorities and standards for adaptive reuse.

¹⁶⁹ Gray, Barbara. *Collaborating: Finding Common Ground for Multiparty Problems*. (San Francisco: Jossey-Bass, 1989), 7.

¹⁷⁰ *Ibid*, 41.

¹⁷¹ *Ibid*, 43.

While government intervention in business practices have been increasingly recognized as a legitimate “police power” (to maintain the general welfare, health, and safety of the citizenry), a new wave of “social regulation” in the 1960s and 70s particularly increased the role of government in corporate affairs. New sets of regulations reflected the government’s efforts to both counteract market failures and to minimize externalities (or negative consequences to third parties). These are now fundamental factors that companies need to deal with when making decisions about where to locate, how to run their businesses, and how to produce their goods. It is certainly worth mentioning too, however, that businesses have had an increasing influence over the government as well. This is especially evident in ongoing discussions over how to protect American industries from foreign competitors.¹⁷²

Coordination, cooperation, consensus, and compromise

“Coordination” and “cooperation” often result from the collaborative process, or occur as part of it. “Coordination” refers to the institutionalized relationships among existing networks of organizations. In the case of adaptive reuse, this could refer to the local, state, and federal historic preservation agencies that have varying levels of jurisdiction over adaptive reuse practices—although it appears that perhaps much stronger coordination is needed so as to reduce conflict among and between the agencies, and to present a more united, consistent set of goals and opinions on historic preservation to the other stakeholders in the process. Cooperation, on the other hand, is characterized by “informal trade-offs and by attempts to establish reciprocity in the absence of rules.”¹⁷³

Decision-making in collaborative processes is typically done through consensus. Consensus does not necessarily mean that everyone is in unanimous consent, or that it is everyone’s preferred option. Rather “consensus” means a decision that everyone can support.¹⁷⁴ Usually, for a successful consensus, between 80-90% agreement is required among all stakeholder groups.¹⁷⁵ In ongoing debates over consensus vs. compromise, some argue that true consensus cannot be reached when compromise is involved. This is because compromise is seen as the surrendering of one’s interests or principles, rather than reaching an overall superior solution for everyone. However, compromise can be seen as a way to reach consensus, because to compromise is “to adjust and settle a difference by mutual agreement with concessions on both sides.” This view believes that compromise does not weaken the collaborative process or the outcome. The key to evaluating the success of a compromise is to determine whether the decision is satisfying to

¹⁷² Gray, Barbara. *Collaborating: Finding Common Ground for Multiparty Problems*. (San Francisco: Jossey-Bass, 1989), 42.

¹⁷³ *Ibid*, 15.

¹⁷⁴ Ball, Ann, Marlene Rebori, and Loretta Singletary. “Introduction to Collaborative Process.” Fact Sheet 99-84. University of Nevada, Reno.

¹⁷⁵ Innes, Judith Eleanor, and David E. Booher. *Planning with Complexity: An Introduction to Collaborative Rationality for Public Policy*. (Milton Park, Abingdon, Oxon: Routledge, 2010), 93.

all—which means that everyone can say “I liked the decision”, “I liked the process”, and “I liked how I was treated during the process.”¹⁷⁶

Another way to view the collaborative process is as an on-going series of negotiations among stakeholders. What makes this understanding of collaboration so reasonable is that negotiation does not intend to bring about changes in fundamental beliefs among the stakeholders; rather it leads to agreed-upon changes in *behavior* through binding commitments. This rings especially true to the adaptive reuse process, as it is both far-fetched and presumptuous to believe that either of the key stakeholder groups (preservation professionals, planners, or developers) can present such convincing arguments in a collaborative process as to change the core beliefs of the others about the issue. Perhaps over time, with more positive collaborative processes, each side may begin to change their core values to be more accommodating of the other stakeholders. Although I believe this is possible, a transformation like this will take a lot of time, patience, and sincere consideration of all stakeholder’s needs and opinions.

In the meantime, negotiation is a necessity throughout the adaptive reuse process. The two most common forms of negotiation are hard-bargaining and problem-solving. With hard-bargaining, negotiators start with outrageous demands of the others which are typically accompanied by threats. After several rounds of demands and counter-demands, the negotiators end up splitting the difference, or somewhere in-between, depending on who gives in more. Negotiation of this type is a game, with neither side concerned for the other. Problem-solving, on the other hand, is a form of negotiation where each side attempts to meet the other side’s interests while meeting their own. This requires more effort, though, because not only must each side thoroughly understand their own point of view, they must also understand the other stakeholders’ interests and points of view. In problem-solving, “each side recognizes and accepts the legitimate interest of the other and they are committed to dealing with differences constructively in order to advance their own self-interest.” This is often referred to as “principled negotiation.”¹⁷⁷ In the adaptive reuse process, negotiations of the first type (game-like) happen all the time between developers and the National Park Service, for example, regarding design concessions. Although it is a lot to ask of the stakeholders, moving towards a “principled negotiation” type strategy would likely prove much more satisfying, productive, and positive for everyone in the end.

¹⁷⁶ Ball, Ann, Marlene Rebori, and Loretta Singletary. “Introduction to Collaborative Process.” Fact Sheet 99-84. University of Nevada, Reno.

¹⁷⁷ Ibid.

Chapter 4: Case study of the Globe Hotel in Portland, Oregon

The Globe Hotel Building is a four-story, painted brick structure designed by the architect E. B. McNaughton and constructed in 1911. Structurally, it combines pure load bearing masonry construction on the east and north walls, with a combination of brick and steel construction on the west and south. The building features wide, tripartite window groupings, and aside from the brick detailing found in the belt-courses at each floor and the corbelled cornice, ornament is minimal.

Historic name:

The Globe Hotel

Built:

1911

Historic status:

Contributing resource in the Skidmore/ Old Town National Historic Landmark District

Future occupant:

Oregon College of Oriental Medicine (OCOM)

Owner:

The Portland Development Commission, to be sold to Beam Development and OCOM upon passing of local historic design review

Developer:

Beam Development

Architect:

Ankrom Moisan Associated Architects

Current project timeline:

Begun 2006, proposed finish 2012

Estimated total cost:

\$16 million

Square Feet:

29,500

Zoning:

CXd, Central Commercial, with Historic Resource Protection and Design overlay



Figure 4. Current view of the Globe Hotel

Neighborhood context and building history

The Globe Hotel is located in the Skidmore/Old Town National Historic Landmark District, which is a nationally recognized neighborhood for its association with the development and economic growth of the Portland area. In the latter half of the 19th century, Portland was the Pacific Northwest's most important urban center. Portland quickly grew to prominence due to its strategic location at the head of ocean-going navigation on the Willamette River and its connection to the greater Columbia

River system. The extant historic buildings in the Skidmore/Old Town area memorialize

Portland's position as a commercial hub that facilitated settlement and development of the western U.S.¹⁷⁸ As a contributing resource to the historic district, the Globe Hotel helps provide this contextual backdrop for the neighborhood.

While Skidmore/Old Town was originally Portland's hub of commercial activity, throughout the course of the 20th century the Old Town/Chinatown area fell into social and economic decline. The area lost businesses due to a shifting central business district (shifting to the south and west), and a large transient population began to take root in the latter half of the 20th century. Crime from drug-trading especially plagued the area and compounded the negative perceptions that the rest of Portland had of the neighborhood. Currently, the neighborhood is home to many social services, including shelters and group homes for the mentally impaired and homeless, and while crime is still a continuing issue, the lingering perceptions of crime and safety problems in the area are much worse than they are in reality.

In 1997, the Old Town/Chinatown area (of which the Globe Hotel is a part) was designated an Urban Renewal District (*Figure 5*). Since then, three of the most influential renewal projects in the area have been completed, which are the Classical Chinese Garden, completed in 2000, the completion of the Mercy Corps headquarters project in 2009, and the opening of the Portland campus of the University of Oregon in the White Stag block in Old Town. This campus opened in 2008, providing Old Town with a critical new infusion of daily life and activity from the students, teachers, and staff at this campus. The Globe Hotel is located directly across the street to the north of the White Stag block, and given its proposed use as an educational facility like the White Stag, it is poised to provide Old Town with yet another critical anchor for revitalization.

The Globe Hotel building itself was initially designed and used as a temporary residence, or "flop house", for laborers and immigrants who flocked to Portland to work on ships as sailors and for maintenance, working the commercial docks along the Willamette River, and as construction workers to feed the building needs of the very rapidly growing city.¹⁷⁹ After housing a variety of uses and functions, the Globe Hotel was bought by Portland entrepreneur and real estate investor Bill Naito in 1962. At this point Naito gutted the building, constructed new



Figure 5. Old Town/Chinatown Urban Renewal District and surrounding districts

¹⁷⁸ Portland Historical Landmarks Commission and the Skidmore/Old Town Historic District Advisory Council. "Design Guidelines for the Skidmore/Old Town Historic District." August 1987, 10.

¹⁷⁹ Hamilton, Jeff. Personal interview. 28 April 2011.

storefronts, and adapted it for his imported goods business, Import Plaza.¹⁸⁰ Import Plaza remained in operation in the Globe Hotel until 2009 when the building was vacated and sold to the Portland Development Commission (PDC, the city's urban renewal agency), and has remained vacant ever since.¹⁸¹

The adaptive reuse development process

Conceptually, this process began about five years ago when OCOM decided that they had outgrown their current facilities and sought a new place to locate. In an effort to support revitalization goals in the Old Town neighborhood, OCOM decided to move into this area and



Figure 6. Architect's rendering of proposed final product

renovate an historic building for their new facilities. OCOM partnered with Beam Development and settled on the Globe Hotel building, currently owned by PDC, with the plan to purchase the building and develop it in partnership once all of the historic design review approvals had been met.

Following project planning and initial design efforts, the official design review process began with the submission of the federal rehabilitation

tax credits application to the National Park service (NPS) in 2008 including schematic drawings of the proposed project. Project plans were then submitted to Portland's Bureau of Development Services and were approved by the Historic Landmarks Commission in June of 2009. At this time, the plans included a one-story rooftop addition with the building mechanics placed on top, surrounded by a screen to help mitigate their visual impact on the surrounding neighborhood (see figure 7). An amendment to the tax credits application, including these more specific plans, were sent to NPS in September of 2009, and the rooftop addition with the



Figure 7. Proposed rooftop addition with mechanical screen

mechanical screening was rejected in March of 2010. The primary reason for the rejection was that the mechanical screen would add too much non-historic mass and bulk to the

building, drawing more attention to the mechanics than if they were left un-screened.

Following negotiations with NPS and the development team, the rooftop addition was redesigned without the mechanical screen, resulting in approval from NPS in November 2010.

¹⁸⁰ Mawson, Rob. Personal interview. 28 April 2011.

¹⁸¹ Ibid.

These new plans (*see figure 8*) were re-submitted to the Bureau of Development Services for Type II Design Review and were subsequently rejected in February of 2011, opining that



removing the mechanical screen would “expose an unacceptably distracting concentration of large mechanical units and other elements to view high above the roof level. This is out of character with both the building and the historic district.”¹⁸²

Figure 8. Proposed rooftop addition without mechanical screen

On May 23rd, the Type III design review hearing with the Historic Landmarks

Commission occurred, during which both the Bureau of Development Services staff and the Globe Hotel development team presented their arguments for the commission. The Bureau of Development Services staff’s primary argument was that the exposed mechanics are too noticeable and would not have historically been present.¹⁸³ The development team, in contrast, argued that the mechanical screen problem is a “minor design issue with large consequences”; in other words, the project financially requires the federal rehabilitation tax credits, and therefore needs local design review approval to be in concordance with NPS’ ruling, because otherwise there would be no project. Additionally, the development team argued that the Old Town neighborhood would miss out on a critical revitalization effort.¹⁸⁴

Fortunately, the issue was resolved and the Historic Landmarks Commission voted to approve of the proposed plans *without* the mechanical screen, thus allowing the project to proceed and be built in concordance with NPS’ ruling. This is significant, of course, because the project will be eligible for use of the federal rehabilitation tax credit, which is critical to the project’s financial viability. What follows is a discussion of the three key perspectives – preservation, development, and planning – on the Globe Hotel case.

Preservation Perspective

From the historic preservation point of view, the National Park Service typically is not concerned with a project’s financial constraints, economic considerations, or local design review rulings when assessing a project. But interestingly, the Secretary of the Interior’s Standards for Rehabilitation actually state: “The Standards are to be applied to specific rehabilitation projects in a reasonable manner, taking into consideration economic and technical feasibility.”¹⁸⁵ Interestingly, Joy Sears of the OR SHPO explained that if a project is “killed” due to financial

¹⁸² Skilton, Dave. Bureau of Development Services, City of Portland, OR. Type II design review response for The Globe Hotel, February 24, 2011.

¹⁸³ City of Portland Historic Landmarks Commission, Type III Design Review Hearing, May 23, 2011, Dave Skilton.

¹⁸⁴ Ibid, Rob Mason.

¹⁸⁵ National Park Service. “Secretary of the Interior’s Standards for Rehabilitation.” <http://www.nps.gov/hps/tps/tax/rhb/stand.htm> (accessed March-May 2011).

reasons in reaction to an NPS ruling, then NPS' attitude is that it just was not the right project, the right developer, or the right time, and they would rather wait for the right combination to come along in the future than allow a project they are not completely satisfied with.¹⁸⁶ Of course the huge risk with this attitude is that in the meantime, old buildings may fall further into disrepair, thus increasing their chances of being demolished and lost forever.

Specifically regarding the Globe Hotel case, the NPS reviewers are ruling against the construction of a mechanical screen because it will increase the height of the overall structure too much beyond its original four stories, while actually bringing more attention to the mechanics and the penthouse addition due to increased bulk and mass. In their opinion, this distracts too much from the original historic structure.¹⁸⁷ Interestingly, had the local historic design review staff and commission continued to deny the Globe Hotel development plans without the mechanical screen, the development team could have attempted to reason with NPS by arguing that the mechanical screen is easily reversible and can be removed in the future without damaging the historic fabric. Whether NPS would have been amenable to this solution is unknown, however.

In relation to the development *process* for the Globe Hotel, from the preservation perspective, Joy Sears from SHPO feels that her advice has been appropriately elicited and considered by the development team. She was consulted with very early on in the process, first being brought up to Portland to look at the building on site to talk about potential issues (discussing visibility and sight-line issues extensively), and later to go over plans at the architect's office. Sears, as well as other SHPO officers across the country, stress the importance of early and consistent communication and consultation on the part of the development team with the SHPO in order to ensure a smoother and more predictable process for the developer. Interestingly, Sears' role at the SHPO allows her to consult on projects, giving advice on what she thinks NPS might say, but she cannot necessarily advise on local design review issues because each municipality is different. Although, Sears remarked that sometimes she is not even able to predict what the NPS will rule knowing that her opinions conflict with those of the particular individual reviewer on a certain case.¹⁸⁸

Development Perspective

The development team for the Globe Hotel project consists of (among other team members) Beam Development and Ankrom Moisan Associated Architects. Beam Development specializes in sustainable, historic preservation, and adaptive reuse techniques, specifically seeking out development projects that will help energize their neighborhoods. Beam Development, therefore, is well-versed and experienced in utilizing historic buildings for their projects.¹⁸⁹ Ankrom Moisan Associated Architects, on the other hand, does not have as much experience

¹⁸⁶ Sears, Joy. Personal interview. 10 May 2011.

¹⁸⁷ Ibid.

¹⁸⁸ Ibid.

¹⁸⁹ Eggspuehler, Pete. Personal interview. 12 May 2011.

working with historic buildings. Jeff Hamilton, the lead architect on the project, estimates that in his thirty years of experience, only 20% at the most of all projects he has worked on utilized historic buildings.¹⁹⁰

From the developer's point of view, the development team does not care one way or the other whether or not the mechanical screen is built. When asked his opinion on the mechanical screen, project manager Pete Eggspuehler of Beam Development remarked "I'm agnostic about the screen; I would build it or not build it. But what I can't do is walk away from the tax credits."¹⁹¹ Beam simply wants the project to progress beyond the predevelopment stage and into construction because it has been at a standstill for about four months, all the while losing both time and money. The Globe Hotel was initially slated to be completed by fall of 2010, but this date has now been pushed back to 2012. Additionally, Eggspuehler estimates that about \$250,000 has been spent in both public and private money during the design review process on lawyers and other services. At the same time, because the city still holds ownership of the building, (as Beam and OCOM are planning on purchasing the building together from PDC once the design review issue passes and construction can commence), taxpayer money is being used to maintain the building for the time being. The quicker this issue is resolved, the quicker the building will be in private ownership and become a tax-revenue generator for the city, rather than a resource drain.¹⁹²

Another issue of particular frustration for the developers and the future occupants (OCOM) on this project are the complaints heard from city staff assigned to landmarks review about the density level that the Globe Hotel project will bring to the neighborhood. The project will bring a substantial number of people to the Old Town neighborhood on a daily basis, encouraging students to live and shop in Old Town, therefore supporting the city's goals for increasing density in the urban core. However, complaints have been heard that the proposed project will in fact amount to a higher density usage of the building than was initially intended when the building was built. This kind of sentiment is shocking to Beam and OCOM. They think they are doing a very positive thing for the city by developing and locating in Old Town, but it both frustrates and confuses them to hear these opinions, leaving them wondering what exactly the city wants for its neighborhoods in need of revitalization.¹⁹³ This frustration is understandable; however, individual opinions should *not* necessarily be considered representative of city-wide planning and development goals and opinions in general.

Regarding the conflicting opinions of the local historic design review staff and the National Park Service on the mechanical screen, the development team feels that, until approval was reached on May 23rd, the local review agency was deliberately and knowingly ruling against what the National Park Service is requiring for this project to be eligible for the rehabilitation tax credits—no mechanical screen. Project manager Pete Eggspuehler believes that the city needs to decide

¹⁹⁰ Hamilton, Jeff. Personal interview. 28 April 2011.

¹⁹¹ Eggspuehler, Pete. Personal interview. 12 May 2011.

¹⁹² Ibid.

¹⁹³ Ibid.

whether or not they are going to support federal-level decision-making about historic design review issues when federal tax credit incentives are at stake. These tax credits are hugely important and often instrumental in allowing an adaptive reuse project to work financially. Developers feel that by doing adaptive reuse projects they are supporting revitalization goals, but when local-level design review authorities make rulings that do not allow for the use of rehabilitation tax credits, developers are discouraged from attempting adaptive reuse again in the future. Ultimately, the city (Portland, in this case) needs to decide if city aesthetics (exposed building mechanics) trumps a key redevelopment funding source and ultimately the development of an important revitalization project.

Interestingly, Eggspuehler also noted that in the Pacific Northwest, developers already have a “handicap” when taking on historic properties because of the strict seismic code requirements. Any old building used for an adaptive reuse project will usually require a substantial investment to bring it up to current seismic building code, and while Eggspuehler stresses that developers certainly do not begrudge the importance of this kind of investment, it still drastically reduces the amount available for the rest of the project. This therefore makes the rehabilitation tax credits that much more crucial to the success and feasibility of a project.¹⁹⁴

Planning Perspective

When trying to understand the “planner’s perspective” on the Globe Hotel case, it is important to remember that Portland’s city planners work in a variety of departments with a wide variety of tasks and concerns, ranging from transportation, to environment, to development. Therefore, historic design review and real estate development issues are not necessarily a concern of many of the city’s planners. In Portland, the Bureau of Development Services (BDS), which oversees land use review processes, is a separate bureau from the Bureau of Planning and Sustainability. However, the BDS is still considered a planning function by those city staff both within and outside of the bureau, as the BDS is in charge of managing and enforcing building codes, zoning, and design review processes.

Specifically regarding the Globe Hotel case, the BDS also voiced their opinions on the design issue at hand – the mechanical screen – at the Type III design review hearing on May 23rd, 2011. Dave Skilton, the BDS staff planner assigned to the Globe Hotel case, represented the BDS and argued on the bureau’s behalf. In response to the development team’s key argument that the project is reliant on the federal rehabilitation tax credits, Skilton argued that the development team did not initially intend to use these tax credits.¹⁹⁵ This implies that had BDS known about the applicant’s intent to use the tax credits, perhaps their consideration of the mechanical screen issue may have been different and more in line with NPS’ ruling. The development team vehemently disagreed with this statement, arguing that they made it very clear all along that

¹⁹⁴ Eggspuehler, Pete. Personal interview. 12 May 2011.

¹⁹⁵ City of Portland Historic Landmarks Commission, Type III Design Review Hearing, May 23, 2011, Dave Skilton.

they intended to utilize these tax credits.¹⁹⁶ No matter the truth, this clearly demonstrates either gaps in communication or comprehension among these different players in the Globe Hotel process.

When asked by a member of the Historic Landmarks Commission whether or not the proposed mechanics without the screen violate any height code requirements, Dave Skilton explained that the height was not the issue. Rather, BDS felt that the proposed un-screened mechanics would be too messy and would not have historically been part of the building.¹⁹⁷ Making this judgment problematic, however, is that there is no stipulation anywhere in Portland's building code, and in the zoning codes specifically applicable to the Globe Hotel, that a mechanical screen must be built. It is for this reason that the BDS' determinations on this project have appeared (to the development team) frustratingly arbitrary and based on personal opinion rather than clearly stated rule. This illustrates very well the problems inherent in having design guidelines and criteria that are loose enough to allow for individual reviewer discretion. However from the reviewer's perspective this allows for better consideration of projects on a case-by-case basis, which in their opinion is a benefit to both developers and the city.

Additionally, Dave Skilton stressed that the local land use review process is completely independent of any state or federal review processes. Further emphasizing their independence not only from other review processes, but from external influences or circumstances in general, Skilton reminds that land use reviews are "rigorous, quasi-judicial processes established by statute and they cannot, by definition, take anything into account except the adopted approval criteria."¹⁹⁸ This clearly demonstrates, in my opinion, the limitations of the design review process, and echoes the development team's argument that the overall positive effect of the Globe Hotel project on its neighborhood (or any other project in general) should be considered when ruling over proposed plans. This also demonstrates the need for more coordination and communication between design review agencies at the different levels of government.

Overall, the key frustration felt by planners at the BDS is when development teams present fully-developed project concepts in which they are already highly vested but do not end up meeting approval criteria. Sometimes this results in applicants "willfully try[ing] to jam whatever they want through the system." This makes the design review process "painful for all", but Skilton stresses that the BDS is happy to steer project teams in the right direction early on, however the "burden of diligence" and of seeking this assistance is on the applicant.¹⁹⁹ While the Globe Hotel development team did arrange for a "pre-application conference" with the BDS in November of 2008 (the purpose of which was to provide information to the development

¹⁹⁶ City of Portland Historic Landmarks Commission, Type III Design Review Hearing, May 23, 2011, Rob Mawson.

¹⁹⁷ City of Portland Historic Landmarks Commission, Type III Design Review Hearing, May 23, 2011, Dave Skilton.

¹⁹⁸ Skilton, Dave. Personal interview. 25 May 2011.

¹⁹⁹ Skilton, Dave. Personal interview. 25 May 2011.

team pertinent to the development and design review process and guidelines), there were still miscommunications and misperceptions related to design and project intentions that ultimately made for a timely and frustrating design review process.

The determination

After hearing both sides argue their case, the Historic Landmarks Commission ruled in favor of the applicant, the Globe Hotel development team, at the Type III design review hearing allowing the project to be built without the mechanical screen. A few members of the public gave testimony in favor of the proposed project, but no one testified in opposition. Prefacing the commission's determination, Commission Chair Art DeMuro reiterated that the commission cannot consider tax credits, financial considerations, or overall positive economic effects (such as job creation during and after project completion) when making their decisions. These factors are irrelevant, he emphasized, because the commission is charged *only* to assess design issues.²⁰⁰

In the end, the Historic Landmarks Commission voted to allow the project to proceed as proposed without the mechanical screen, but each commission member seemed to have different reasons for why. Some mentioned that the exposed mechanics simply did not bother them, another mentioned that if the city wants to more specifically enforce what can and cannot be constructed on the roofs of historic buildings then the building code needs to be more explicit, while others remained quiet about their opinions.²⁰¹ Even though the external factors, as DeMuro reminded, cannot be considered, it is hard not to believe that some of the commission members may have let these arguments factor into their vote. If this is true, then I believe it demonstrates a positive step in the right direction towards greater acknowledgment of external factors, even though these commission members technically cannot take them into consideration.

Interestingly, demonstrating the differences between the levels of investment of the stakeholders in the adaptive reuse development process, Dave Skilton added one last comment before the commission made their determination, stating that the BDS is "not personally invested in how you decide."²⁰² In contrast, the development team had about ten members at the meeting to show their support and testify on their behalf. This demonstrates how stakeholders like the BDS have a lot of power over the adaptive reuse development process, but are not typically personally invested, making it easier perhaps to assess a project without consideration of its larger context and potential effect on its surrounding community.

²⁰⁰ City of Portland Historic Landmarks Commission, Type III Design Review Hearing, May 23, 2011, Art DeMuro.

²⁰¹ City of Portland Historic Landmarks Commission, Type III Design Review Hearing, May 23, 2011.

²⁰² City of Portland Historic Landmarks Commission, Type III Design Review Hearing, May 23, 2011, Dave Skilton.

Chapter 5: Solutions and suggestions for a better adaptive reuse process

As demonstrated by the Globe Hotel case study and the background research on the three different stakeholder groups, there are some definite problems, including those that are personality, procedural, and regulatory in nature. Before determining solutions for how to improve the process and reach effective collaboration, a look at the key problems that have emerged from this research will help clarify what must be addressed.

Key problems in the adaptive reuse process

- 1. Historic design review process:**
 - a. For projects using federal rehabilitation tax credits, design review must occur at the local and federal levels; if using state-issued incentives, design review must also occur at the state level.
 - b. Each of these historic design review agencies are independent of one another, they follow their own schedules, and there are no formalized mechanisms for communication between the agencies so coordination is not required.
 - c. This can lead to discordant rulings, costing time and money to reach a solution that all design review agencies are satisfied with.

- 2. Historic design review criteria:**
 - a. Does not officially consider external factors in an adaptive reuse project, such as neighborhood/community needs, economic factors, job creation, and the overall “good” that a project may bring to its community.
 - b. Criteria typically regards aesthetics and design only, and decisions must be based off of these criteria.

- 3. Mistrust, miscommunication/coordination, and animosity among the stakeholders and participants:**
 - a. Preservation professionals do not trust the intentions of developers, and developers do not trust the knowledge base and judgment of preservation professionals and planners, for example.
 - b. Pertinent project details and design information is sometimes not properly communicated or comprehended by the participants, leading to conflict, lost time, and frustration.

- 4. Nebulous nature of historic preservation, rehabilitation, adaptive reuse, etc.:**

- a. “Historic preservation” is difficult to define, hard to quantify, naturally subjective in interpretation and meaning, regards aesthetics.
- b. This has led to a lack of cohesion and shared visions and goals, as well as disputes among preservation professionals themselves at various levels of authority.

As previously discussed, collaboration is “the process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible.”²⁰³

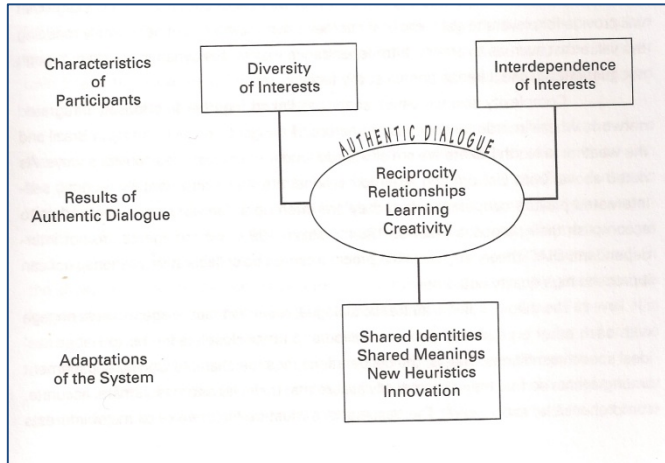


Figure 9. Collaborative process

The three conditions critical to a collaborative process are a diversity of interests, interdependence of these interests, and engagement of all in earnest dialogue²⁰⁴ (see figure 9). The adaptive reuse process encompasses all three conditions, but the “earnest dialogue” among the participants is often not very “earnest”, as evidenced by the background research and Globe Hotel case study. In response to the key problems in

the adaptive reuse process and the need for earnest dialogue to create a

truly effective collaborative process (or “adaptations of the system”, as shown in the diagram above) I have concluded a list of suggested solutions that may ultimately help foster a better process for all stakeholders and participants. In drafting these solutions, I have taken into consideration those opinions and perspectives from my literature review of historic preservation professionals, developers, planners, critical perspectives, collaborative principles and strategies, and the experiences of the Globe Hotel stakeholders. The list of suggestions includes those for each of the stakeholder groups for changes and improvements that should be addressed in order to reach an effective and productive collaborative process. Before reaching a point where the stakeholders in the adaptive reuse process might determine mutually satisfying solutions, both minor adjustments and larger paradigm shifts need to occur.

To address this need, I have divided my list of suggestions into two levels: first, smaller-scale, practical, more immediate solutions that can (for the most part) be implemented within our current systems of thinking, regulation, and procedure; and second, larger-scale, long-range solutions that would require changes in paradigm, attitude, approach, policy, and process. These suggestions will help each stakeholder to better understand their own roles and needs in the

²⁰³ Gray, Barbara. *Collaborating: Finding Common Ground for Multiparty Problems*. (San Francisco: Jossey-Bass, 1989), 5.

²⁰⁴ Innes, Judith Eleanor, and David E. Booher. *Planning with Complexity: An Introduction to Collaborative Rationality for Public Policy*. Milton Park, Abingdon, Oxon: Routledge, 2010, 35.

adaptive reuse process, while at the same time gaining an understanding of the other stakeholders' perspectives as well. These solutions are intended to improve the adaptive reuse process for each stakeholder group, while at the same time take steps towards attaining a truly effective collaborative process through earnest dialogue. It is important to remember that these solutions reflect in part my own personal opinions (based on this research and other past experiences) and whether "practical" or not, I hope that these suggestions might act as a stepping stone to further research and analysis in an effort to achieve truly positive collaboration and change in the adaptive reuse process.

2 Levels of Suggested Solutions:

1. **Smaller-scale; can be implemented without requiring large structural, procedural, or large changes in approach or thinking for any of the stakeholders**

a. For **developers** and the **development team**:

- i. Developers *must* include historic preservation consultants on the development team in some capacity for the entire process from project planning/pre-design, design phase, and through construction, in case un-foreseen preservation issues arise.
 - The preservation consultant should act as the primary communicator/coordinator between the members of the development team and the local, state, and federal historic preservation authorities; the consultant should coordinate proper and thorough communication by ensuring that the right information is provided to the right people and at the right time.
 - The preservation consultant should have a thorough understanding of the real estate development process.
 - The preservation consultant should assist with building research (history, original drawings, photos, etc.) and understanding of this.
- ii. Developers *must* use as many development team members as possible (such as architects, engineers, and systems specialists) who are knowledgeable and experienced in adaptive reuse.
 - This reduces or eliminates the learning curve, greatly saving time and money on a project.
 - The team must be coordinated in both communication and goals.

- iii. Developers and their team members (especially architects) must approach the adaptive reuse process with a flexible and open attitude.
 - The Standards for Rehabilitation must be considered first and foremost, before any significant design work is done.
 - Not every single proposed project detail will necessarily conform to the Standards for Rehabilitation or to local historic design review criteria.
 - An open mind will go a long way in establishing a positive working relationship with historic preservation professionals.

- iv. When submitting drawings and photos for review, architects need to provide as detailed of drawings as is reasonable for every level of historic design review.
 - This ensures that the review agencies (local, state, and federal) know exactly what they are assessing and what to base their decisions on; schematics drawings in the beginning are not enough and can sometimes be misleading as to the actual final effect.
 - Any submitted photos (of existing building elements, or of a finished project for example) should not be “doctored” in any way, because this will only lead to conflict in the end.
 - Photos need to be clear and decipherable—for example, when a photo is taken from the ground to show the sight lines of a proposed rooftop addition, a very brightly colored surveying stick should be used on the roof instead of the standard black and white, so that the image is very clear and easy to understand.
 - Computer-generated renderings need to be accurate and to scale.

- v. Regular meetings are a must throughout the development process with all of the most pertinent stakeholders to ensure consistent communication and exchange of information.
 - The preservation consultant should ensure the proper exchange of information on all preservation-related issues, but regular meetings regarding the project as a whole should also be scheduled.

b. For **historic preservation professionals:**

- i. The economic impacts and catalytic effects of adaptive reuse needs to be much better expressed by historic preservationists so that it may be better understood by policy-makers and the public.
 - These effects need to be quantified and further studied to use as proof of benefit and arguments in support of preservation.
 - This will help address the problem that historic preservation is nebulous, hard to define, and un-quantifiable.

2. Larger-scale solutions; require shifts in thinking, paradigm, procedure, and regulations, as well as changes to our current systems for implementation

a. For historic preservation professionals and historic preservation as a field:

- i. More acceptance of “adaptive reuse” as a beneficial tool of historic preservation.
 - The preservation field needs to be more accepting of adaptations that allow historic buildings to be useful for new purposes and new needs; this is especially true of accepting adaptations that are potentially *reversible* should needs change again in the future.
 - A more accepting and flexible approach to the development of historic buildings would improve historic preservation’s reputation (too strict, arbitrary, and “stuck in the past”) and ingratiate it more with the other stakeholders in the process and with the public.
 - As a result, historic preservation may become more relevant, interesting, and a more deeply embedded value in the U.S.
- ii. Preservation professionals should embrace the concept of gradating their assessment of buildings, or develop informed hierarchies, when determining how much historic fabric needs to be saved and how much change should be allowed.
 - Not every building should be judged with the same high level of scrutiny as a building of truly exceptional historical value; in other words, a contributing resource in an historic district should not be held to such high preservation standards as an individually listed resource in the same historic district.
 - The Standards for Rehabilitation allow for the consideration of many different historic building/project circumstances and issues; however, as discussed above, it is the interpretation and application of the standards by the reviewers that has perhaps

been too strict, causing frustration when flexibility and adaptation are not allowed by the individual reviewers seemingly for reasons of individual opinion.

- iii. Better coordination between local, state, and federal historic preservation agencies
 - This will help reduce conflict and disagreements between these agencies, particularly in relation to design review for federal tax credits and at the local level for building code requirements
 - This will improve the adaptive reuse process for developers in the adaptive reuse process who get stuck waiting for two different historic preservation review agencies to agree on a determination.

- iv. Implement a new tax credit for “adaptive reuse” or “revitalization” in addition to the already existing “rehabilitation” tax credit; model this after the incentives provided by the 1981 Economic Recovery Tax Act.
 - Perhaps the existing “rehabilitation” tax credit can be increased from 20% to 25% to more completely allow for and encourage better preservation practices on those buildings which are truly worthy, and those projects which are capable of producing such higher levels of preservation that the National Park Service expects when awarding the rehabilitation tax credit.
 - The “rehabilitation” tax credit should also be made available for smaller-scale projects; additionally it could be made available to share among several building owners for several small rehabilitation projects in a single neighborhood, to promote regular maintenance of historic buildings, for example—rather than encouraging deferment of maintenance to the point of requiring a major enough renovation job to qualify for the current rehabilitation tax credits.
 - A new tax credit, for “adaptive reuse” or “revitalization”, could be offered, perhaps for 20% of qualified expenses and implemented at the state level. It could be reviewed by State Historic Preservation Offices and would allow for more flexibility and adaptation in design and intended use. It could be more inclusive with the consideration of a project’s city’s goals for revitalization, sustainability, economic development, and social and cultural strength.

- v. Individual opinions and interpretations of the Standards are to be expected, but the review process should be fair and consistent for everyone.
 - It is acceptable for preservation professionals to have individual opinions, but should not interfere with an objective review process.
 - Preservation professionals should make a sincere effort to guarantee that they will treat every applicant with an equal amount of respect and consideration; they should remain open to applicants' ideas and positively and constructively respond.

- vi. Historic preservation education programs need to be more inclusive and inter-disciplinary.
 - There should be a stronger emphasis on such “real world” issues as real estate economics, development processes, preservation law, and planning issues; this would provide preservation students with a more vigorous and well-rounded base of knowledge with which to work in the fields of adaptive reuse and preservation in general.

- vii. The historic preservation field needs to have stronger leadership and cohesion in order to more clearly express preservation's purpose in and value to society in the 21st century.
 - Historic preservation should not be a fragmented effort.
 - A range of opinions within the field is expected and should be celebrated for the value that each perspective adds to preservation efforts; however, differing opinions should not negatively affect the adaptive reuse development process by slowing it down— like with the Globe Hotel project, waiting for design approval from two different preservation authorities with discordant rulings.

- b. For **historic preservation professionals and planners** serving together as **historic design review staff or commission members**:
 - i. Local historic design review criteria needs to be broadened to include consideration of a how well a proposed project fits with neighborhood goals and needs, as well as its overall economic effect on the

community (such as temporary and permanent job creation, catalyst affect, etc.)

- Design review commissions need to better weigh aesthetic details (minor or not, depending on individual opinion as with the Globe Hotel) against the amount of time and money (both public and private) lost throughout the deliberation stage; if design review takes too long, it can potentially end up killing a project due to lost financial viability.

c. For **planners** and the **planning field**:

i. Historic preservation needs to be a stronger and larger tool in the typical planning “tool box.”

- Preservation needs to be acknowledged in the planning field not just in (seemingly) token strategy statements and goals found in comprehensive and neighborhood plans; these goals often state the importance of promoting historic preservation for cultural reasons, but they should be broadened to include economic and environmental reasons too.
- Municipal planners should consult with historic preservation professionals (or preservation planning staff members) when planning for urban growth, transportation systems, sustainability goals, and revitalization goals in order to add another perspective when collaborating on these issues.

ii. Building codes should be changed and modified to allow for more flexibility and creativity in design.

- Codes should be drafted to allow for the consideration of the overall quality of a project, rather than focus on specific elements and details that are not allowed for various reasons.
- As they are now, our building codes are drafted in a very reactive manner (in response to a particularly ugly building, or a destructive fire, for example); instead they should be drafted to proactively seek innovation and creativity by allowing for more flexibility in order to encourage higher quality design.

d. For all stakeholders: **Preservation professionals, developers, and planners, in an effort to reach truly effective collaboration and earnest dialogue.**

- i. Each stakeholder's and participants' expertise should be acknowledged, trusted, and respected.
 - Each stakeholder will not know every single thing about the adaptive reuse process; this is certainly understandable and acceptable, as long as everyone trusts the knowledge of the others.
- ii. Approach the adaptive reuse development process without suspicion of other stakeholders, with an open mind, and with a positive attitude.
 - Particular opinions, needs, theories, motives, and wants should not be hidden or masked, but rather should be honestly expressed to the other stakeholders in order to establish a sense of mutual trust and transparency.
- iii. Work towards finding a shared vision for adaptive reuse.
 - "Resolving conflicts" and "advancing shared visions" are the two primary reasons to collaborate, and while "resolving conflicts" among stakeholders may be the key reason to collaborate in the adaptive reuse process now, the ultimate goal is to reach the point of "advancing shared visions" – this is a more positive form of collaboration.
 - Preservation professionals, developers, and planners need to come together to determine best practices for adaptive reuse that combine the different needs and desires into more effective, agreed upon, and supported strategies.
 - The process of finding a shared vision may require large paradigm shifts regarding adaptive reuse, such as:
 - Our sense of ownership and place in time in relation to real estate should broaden beyond our narrow perspectives of our own lifetimes.
 - We should consider our finite periods of ownership when making lasting changes to a historical structure – once something is completely gone it can never come back exactly as it was.
 - We should better embrace the concept of evolution and adaptation through time as part of the integral history of a building; at the same time, we should more carefully design reversible changes, additions, and adaptations

- to our historic buildings to allow more flexibility for future uses.
 - Even though we strongly favor private ownership and property rights, we need to expand our definition of “ownership” beyond the single property owner to include the surrounding community and those who use and love our historic buildings; this would foster a greater sense of stewardship and care for both the private property owner and the public sense of “ownership.”
 - own private land-holdings and our lifetime; we need to better grasp a larger context of time and ownership in terms of the public who uses buildings and neighborhoods now and in the future; we should preserve, plan, and develop for today’s needs.
- Proper care and maintenance of our historic buildings needs to be better supported and encouraged within our culture.
 - This would decrease the number of major renovation projects, because with proper maintenance our historic buildings would not fall to such a state of disrepair.
 - Proper care reduces building waste, which supports our critical need for sustainable practices.



Conclusions

Adaptive reuse is a truly exciting and dynamic development process, with the ability to creatively meet (among others) many important historical, cultural, economic and environmental goals. Adaptive reuse necessarily brings together a variety of professionals with different educational and vocational backgrounds, skills, expertise, interests, motivations, and needs. As we have seen, this can either result in a storm of clashing personalities, filled with assumptions, mistrust, frustration and ultimately an in-efficient and un-satisfying development process; or, this can be a great opportunity for earnest dialogue and collaboration in an attempt to combine elements of each participant’s expertise, theory, and needs into one final product that is layered with meaning for a broad range of interests.

Although adaptive reuse is inherently multi-disciplinary, with historic preservation professionals, developers, and planners as its key participants, it is above all others an activity of historic preservation concern. Historic buildings and neighborhoods themselves are, of course, the objects of adaptive reuse action. But interestingly, historic preservation professionals are often *not* the subjects of this action. In other words, developers, architects, and other development team members are the *subjects* who are most typically performing *adaptive reuse actions* to the *objects* (historic buildings). Perhaps if more historic preservation professionals found themselves actively involved in doing adaptive reuse, then they would gain a much deeper understanding and appreciation of real estate development processes, as well as the methods and attitudes of developers. This kind of understanding would be extremely helpful for preservation professionals in navigating negotiations with other project stakeholders when trying to find appropriate balances between preservation, adaptation, functionality, and financial constraints. The more historic preservation professionals know about external forces and contexts in the development process, the stronger their arguments are and the more they are respected.

In my assessment of the adaptive reuse process and its stakeholders, it may appear that I have been more critical of the historic preservation stakeholder group than of the others. This is true, and while the other groups have improvements and adjustments to make as well, I believe that not only is it primarily historic preservation's responsibility, but also its *great opportunity* to make the biggest strides towards forging better relationships with the other stakeholders in an effort to improve both the adaptive reuse process and its results.

Historic preservation is still a relatively young field of study and professional activity, and as a field is continually asking itself "what, why, and how should we preserve?" Speaking now as a member of the historic preservation community, I echo others in calling for new ways of thinking and learning in preservation; in the need to broaden our horizons to be more inclusive of other ideas and methods; for a better and deeper understanding of real estate, economics, development processes, and planning issues; and lastly in stressing the need to find better and more effective ways to gain support, appreciation, and interest from the public for historic preservation.

My research on the adaptive reuse process has been an attempt to respond to these calls; but most specifically, to the need for a more inclusive and multi-disciplinary approach to adaptive reuse. The goal of this document was to provide a comprehensive review and assessment of the different approaches (the needs, motives, and ideas) of the adaptive reuse process' key stakeholders in an attempt to provide explanation for and understanding of the conflicts that arise throughout the process. I am not naïve in expecting that if each stakeholder simply understands the others' perspectives then all problems will be solved out of compassion and reason, but what I do hope is that by recognizing and understanding the problem we might make stronger efforts towards reaching and implementing solutions.

I believe that historic preservation as a field, particularly through adaptive reuse strategies, is on the brink of becoming something much larger and more meaningful than it ever has been

before. In order to do this, adaptive reuse must be understood not as an isolated activity, but rather as one piece of an even larger, multi-disciplinary, inter-connected “pie” of urban development, planning, revitalization, and sustainability goals and efforts. In order to foster this growth as a field, however, the adaptive reuse process must be critically assessed and improved, because the inefficiencies and frustrations felt by the process’ key stakeholders have only soured some on the adaptive reuse development option. The key stakeholders in adaptive reuse must come together and collaborate in an effort to achieve a unified shared vision for how adaptive reuse might best achieve all that it is capable of, meeting elements of each stakeholders’ needs. A more efficient and effective adaptive reuse process, someday free of conflict and mistrust, would allow our historic buildings and neighborhoods to truly live up to their full potential of imparting multi-faceted meaning and significance to many varied interests, while embracing the past and present with a look towards the future. “Adaptive reuse” is allowing buildings to evolve through time, combining respect and recognition of the past with creativity and functionality of the present so that buildings are continually used, cared for, and loved by many.

Appendix A: Research Methods

The research methods for this study include extensive background research and literature review, and one single, explanatory case study. The background research consisted of a literature review of those publications from the historic preservation, development, and planning fields in relation to historic preservation-related development activities. Also included in the literature review were articles and publications from “critical perspectives” regarding issues surrounding adaptive reuse. In addition to the literature review, attendance at the “Adaptive Reuse: Preservation through Innovation” symposium held in Lexington, Kentucky by the University of Kentucky’s Historic Preservation program March 31st through April 1st, 2011, provided critical information to supplement the background research. At this symposium, four key-note speakers gave presentations, followed by extensive panel discussions and audience question and answer sessions. To include a wide variety of perspectives on adaptive reuse, the speakers included an award-winning journalist and urban affairs critic, a real estate developer who specializes in adaptive reuse, an economist specializing in economic development, and a land-use lawyer who also teaches urban planning.

One single case study was chosen to illustrate the issues and conflicts within the adaptive reuse process as uncovered by the background research and literature review. The case study is of the Globe Hotel adaptive reuse project in Portland, Oregon and was chosen for several reasons. First and foremost, the Globe Hotel was chosen because it is still in the development process (or the predevelopment stage, to be exact) and was at the time wrapped up in a lengthy, back-and-forth design review process between the development team and the National Park Service, and the development team and the local Portland Bureau of Development Services and Historic Landmarks Commission. Because of this the project demonstrates those key issues, conflicts, and frustrations revealed in the background research.

Additionally, the Globe Hotel was chosen because it is an adaptive reuse project with the intention to use the federal rehabilitation tax credits, as well as with the historic designation of being a contributing resource to a National Historic Landmarks District. This meant that the project must adhere to both the Secretary of the Interior’s Standards for Rehabilitation (to obtain the tax credits), and local historic design review processes and building codes. Key stakeholder interviews were conducted to glean several different perspectives on the same project. The participants for the stakeholder interviews were:

- **Pete Eggspuehler, Beam Development:** Globe Hotel project manager
- **Rob Mawson, Vice President of Heritage Consulting Group:** Historic preservation development process and tax credits consultant
- **Jeff Hamilton, Ankrom Moisan Associated Architects:** Lead architect on the Globe Hotel project
- **Dave Skilton, City of Portland Bureau of Development Services:** Bureau staff assigned to the Globe Hotel project for city design review
- **Joy Sears, Oregon State Historic Preservation Restoration Specialist:** State Historic Preservation Office specialist charged with reviewing and advising on tax credits project plans

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