TREND LINE

LIVING LARGE IN SMALL CITIES

Urban Spaces Find New Life Where Preservation Meets Panache

BY RAY A. SMITH

Whenever Lawrence Brooks, a native and longtime resident of Columbus, Georgia, tuned in to one of his favorite programs, MTV's "Real World," he found himself looking longingly at the screen—not so much at the spirited young adults meandering about, but at their gorgeous loft apartments.

Brooks doesn't have to watch in envy anymore—the 26-year-old guest-services team leader at the local Target store now lives in a loft himself. And his loft apartment building—the first one in this city about 100 miles southwest of Atlanta—is a landmark, a former cotton mill dating to 1886 that is slated for listing in the National Register of Historic Places.

"It's a mix of the old and the new," Brooks says of his digs, where his modern furniture and appliances blend with the old brick wall of the historic mill. "I love it."

After years of being a way of life in big cities like New York and San Francisco, lofts are popping up in the downtowns of many smaller cities that have seen better days. One reason for the loft trend is the growing number of conversions of federally registered historic properties, as more struggling cities focus on revitalizing their downtowns to lure back residents.

The developers have been spurred by a Federal program that grants builders tax credits that total 20 percent of the rehabilitation cost of a registered property. That provision has breathed life into left-for-dead buildings in small to midsize cities throughout the country.

In Camden, New Jersey, developer Dranoff Properties is putting the finishing touches on the $60 million conversion of the RCA Nipper Building, a National Historic Landmark that was built in phases from 1909 to 1916 and where workers assembled pioneering radios and television sets. The building is being turned into a 550,000-square-foot complex featuring 341 luxury loft apartments.

The long-vacant complex, which includes a tower featuring a stained-glass image of RCA's mascot, Nipper the dog, was designated a landmark in 2002. (Nipper is being preserved.) Huge window walls, 14- to 20-foot ceilings, and massive columns and beams recall the building's original form.

In St. Louis, developer Historic Restoration, Incorporated recently completed a $47 million conversion of a 350,000-square-foot distribution center built in 1889 for tobacco magnates John Liggett and George Myers into 213 luxury "historic" lofts. The Landmarks Association of St. Louis, Inc. describes the building style as Romanesque revival, with a "medley of materials" including polished and rough-cut rose granite, sandstone, cast iron, and copper. The building, which was designated a historic landmark in 1984, had been empty since the early 1980s and was on the verge of being demolished in 2001.

Similar rehabs are underway or being proposed in small and medium-size cities and towns in Louisiana, Maryland, New York, North Carolina, Ohio, Pennsylvania, and Virginia, according to the National Park Service, which administers the Federal historic preservation tax-incentives program (also known as the rehabilitation investment tax credit).

The tax-credit program has been growing. In 1977, when it began, there were 512 projects representing $140 million invested in rehabilitation. The average cost of a project was

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Preserving old industrial space is generally welcomed as positive, but there is an issue of concern to preservationists, mainly having to do with re-creating a 19th century mood in a building from another era. People want the "loft" look, so, in some cases, developers give it to them—even if it means tearing the ceiling and walls from a historic 20th century office building to expose the bricks and structure. Rehabs that leave new pipes and ductwork exposed for an "industrial" look have become part of the gambit.

Unfortunately these projects do not qualify for the Federal tax incentive. "If you want your building to look like a warehouse, start with a warehouse," says Michael Auer, historian with the Technical Preservation Services branch of the National Park Service, which provides technical assistance on meeting standards set by the Department of the Interior.

For information, go to www2.cr.nps.gov/tps/tax/index.htm or contact Michael Auer at (202) 354-2031.

Right: The RCA Nipper Building in Camden, New Jersey, re-habbed with the help of Federal tax credits.

DRANOFF PROPERTIES

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$270,000. Last year there were almost 800 projects for a total of $2.1 billion. The average is now $2.7 million. About 41 percent of those were apartments. Under the Internal Revenue Code, housing rehabs have to be income-producing, such as rental properties, not cooperatives. Conversions into condominiums are permitted under the program only if they are rented out, not sold.

The way the tax credits work is that developers often take in financial partners—in the RCA Nipper project, for example, Dranoff Properties turned to Related Capital Co., a New York-based apartment-finance company. In this process, developers get immediate cash that they can use to build, as opposed to getting a reduction on their taxes once the project is completed. In the same process, big banks and life insurance companies hold credits for their tax benefits and high returns, or use them to count as investments in urban renewal.

"We have seen a trend where the projects are really getting to be bigger and more complex," says Sharon Park, an architect and manager of the tax-credit program in the National Park Service's National Center for Cultural Resources, in Washington, DC. "We are seeing multimillion-dollar projects now. And it's all in the high end."

Of rehab projects during fiscal 2002, the region that saw the biggest percentage increase in work was the Mountain Plains: Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Oklahoma, Texas, and Wyoming, Ms. Park says. That's a switch from the program's early years, when a majority of the projects were in the Northeast.

"Mayors and businesspeople in smaller cities across the country began to notice that the stronger cities tended to be the ones that had 24-7 street life and a residential component, so now lots of communities are trying to revitalize their downtowns," says John McIlwain, senior resident fellow for housing at the Urban Land Institute in Washington. "There's a market for people who want to live downtown and developers are taking advantage of that market by converting historic buildings, which are usually in downtowns, into residential."

In many cases, the high ceilings, exposed brick, wooden columns, and other historic architectural touches—features that often are protected by standards regarding such renovations—lead developers to turn these buildings into loft apartments. The buildings often can't realistically work as anything else. What's more, lofts have proved to be a popular living option for affluent, style-conscious renters.

To dangle something extra in front of prospective residents, developers are milking the historic character of their projects to lend an aura of prestige and grandeur to the apartments, using history as a selling tool to help them stand out over lofts that don't have landmark designations. Dranoff Properties, for example, includes a historical narrative on the RCA Nipper Building in its promotional material and boasts that Rachmaninoff and Gershwin recorded in the building's studios.

The lofts coming on line appear to be popular. Carl Dranoff, president of Philadelphia-based Dranoff Properties, says that 100 people attended special first-time showings of the apartments at the RCA Nipper building over a rainy Memorial Day weekend and that 45 of them leased apartments. Tom Leonhard, president of Historic Restoration, the developer of the distribution center in St. Louis, says that 77 of its 213 units have been leased since it opened and that the project gets "a lot of foot traffic." A spokeswoman for PRS Companies of Roswell, Georgia, the developer of the Johnston Mill in Columbus, says 25 percent of the building's 336 units have been leased since opening.

Being listed on the National Register is a voluntary, honorific designation—a private developer that isn't interested in using Federal tax credits could knock down these buildings. So even preservationists who aren't enthusiastic about some of the conversions are relieved that the buildings are being rescued from worse fates. "These historic buildings would be more at risk of demolition," says Richard Moe, president of the National Trust for Historic Preservation. The tax-credit program "allows the buildings to be used productively," he says.

Indeed, Kathy Smothers, a self-described middle-age woman who is "young at heart," has lived most of her life in St. Louis and remembers often wondering when someone would do something with the big vacant landmark building downtown that was originally built for Messrs. Liggett and Myers. She is glad that the building was turned into apartments, especially because she is now a tenant there.

"I remember this building from when I was a little girl and my mom used to take me downtown to go shopping," she says. "It gives me a sense of nostalgia. This is a nice way to mix the contemporary with the nostalgic and to bring downtown back alive."

Ray A. Smith is a staff writer for the Wall Street Journal. The original version of this article appeared in the May 28, 2003 edition. Reprinted with permission.

Left: **Before and after. The RCA Nipper Building's original space and its residential reincarnation with historically accurate windows.**