

Bills could help save city's old buildings

Upstate cities like Rochester, Buffalo, and Syracuse have an abundance of historic homes, neighborhoods, and commercial districts. All three cities have worked to preserve those important assets, but it's a slow, expensive process, full of risks.

The Susan B. Anthony neighborhood, for example, hasn't reached its redevelopment potential despite its historical significance, interesting housing stock, and proximity to downtown Rochester.

Last year, New York became the 28th state to pass legislation giving income-tax credits for rehabilitating historic residences and commercial buildings. But the bill didn't go far enough to be of value to most contractors and homeowners, preservation advocates say. Now the legislature is considering two new bills — S5425 in the Senate and A7935 in the Assembly — that would expand the current law. Advocates hope the legislature will pass them before the current session ends.

State Assemblymember Sam Hoyt of Buffalo, who championed the existing legislation, says it's too early to tell how much preservation activity it has generated. "But in terms of enthusiasm and interest in our city, it has brought a whole new level of optimism," he said last week. "I want to broaden the scope, because in cities like Buffalo and Rochester, we've got all of this

Development

by Tim Louis Macaluso

marvelous housing stock. And if we can induce further investment, I'm convinced these cities will change like we've never seen."

"New York was late to the game," says Daniel Mackay, director of public policy for the New York Preservation League. "But this type of program has been extremely successful in other states, most notably Rhode Island and Maryland. It reversed years of decline in downtown business and residential areas that would never have come back if it weren't for this type of targeted support."

And, he adds: "This is revenue-positive in the form of employment, economic vitality, and neighborhood stability in urban centers."

"All you have to do is look at cities like Providence and St. Louis," says David Michael, director of economic development for the City of Syracuse. "The vast improvements, the real transformations that those cities have made, are the direct result of similar bills. We're told by our developers here that there are properties that they would love to go after, but the gap

between the mortgage and renovations, and what that the property will return is too great. The rents in Syracuse and Rochester are not the same as they are in New York City, so this fills that gap and removes some of the risk."

There is growing opposition to tax credits, particularly for developers, but Katie Comeau, advocacy coordinator at the Landmark Society, says the credits provided in the proposed preservation legislation aren't a perk for big developers or wealthy homeowners.

"This is not about giving a credit to rich people living on East Avenue," she says. "This is really a win-win that has broad support among environmentalists and labor. This is about smart growth, and it is especially important to the Upstate economy, because it redirects money into the center of our cities, where we need it most."

When the current bill was passed last year, "developers in New York expected 40,000 commercial buildings would qualify for the assistance," says Comeau, "but only four actually did. In Rochester, only 150 residences qualify, and this was not what the legislation was intended to do."

The reason: the restrictions in the bill were too tight.

For commercial properties, the tax credit is currently six percent of the developer's expenses, with a cap of \$100,000.

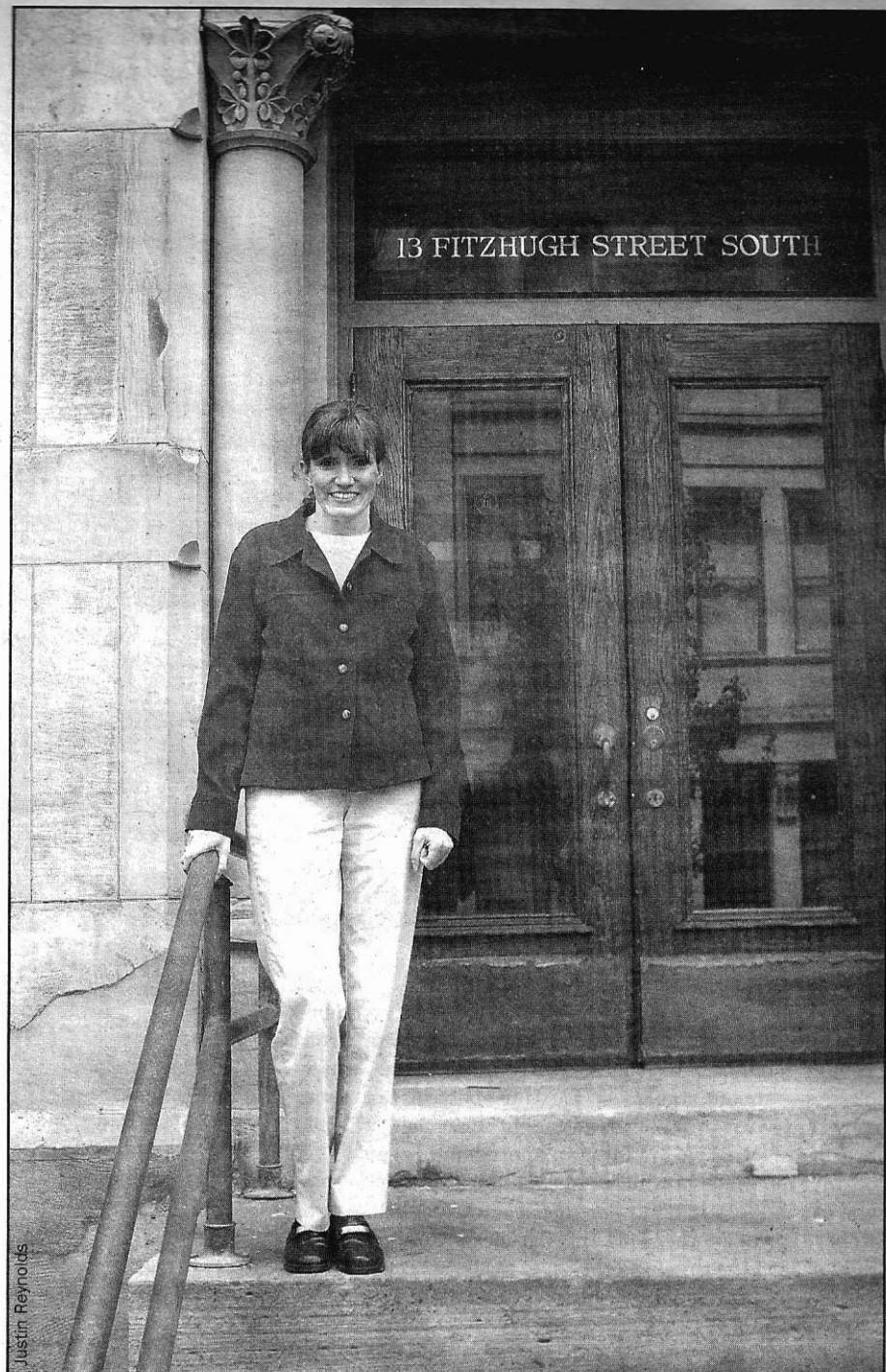
"Say you're redoing a small storefront," says Murray Gould, with Port City Preservation in Oswego, a firm that specializes in the restoration and reuse of old buildings. "It doesn't take much to get to \$100,000. So that would amount to \$6,000 in tax credits — not enough incentive to take the risk, especially when we are talking about areas of some communities that are in real trouble. Remember, the developer still has to draw tenants into that location once it is done."

"The whole point of the bill was to stimulate investment," he says, "and to make that happen, you have to put enough into it to make it attractive."

The new bill raises the tax credit for commercial restoration to 30 percent and removes the cap. It also makes the credit transferable to a new owner if the developer sells the property.

That 30 percent credit from the state can be combined with a 20 percent credit from the federal government. That kind of incentive is what kick-started development in the states that enacted legislation years earlier, says Gould.

With residential properties, the existing legislation requires the homes to be owner-



Justin Reynolds

The Landmark Society's Katie Comeau: The bills would direct money "into the center of our cities, where we need it most." Behind Comeau: one of Rochester's most significant buildings, the Academy Building on Fitzhugh Street.

occupied and to be located in designated historic districts. It gives homeowners a tax credit of 20 percent of the cost of the restoration, up to \$25,000. But the neighborhoods in those districts have to be "severely distressed."

The new legislation would broaden the definition of "distressed neighborhoods," says the Preservation League's Mackay.

The goal, he says, is to increase homeownership "in areas where revitalization has stalled or it just hasn't taken hold." While many people may be interested in buying a house in a historic neighborhood, says Mackay, they may be intimidated by the cost of restoring an older home — and by the restoration standards they have to meet.

"We're not talking about credits for bells and whistles," says Mackay, "but

it would apply to keeping the wooden windows, for example."

"All over the state—it doesn't matter if it's Elmira or Buffalo or Rochester—this is less expensive than going for a new build," says MacKay, "and the benefits to the community keep coming."

With its old building stock, Rochester stands to benefit from the bills. There are 13 historic districts in the city, for example. But although public officials in Buffalo and Syracuse are working hard to get the bills passed, apparently the issue isn't yet on the radar screen of city officials and state legislators in Rochester. ■

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