



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of October 15, 2011**

DATE: September 22, 2011

SUBJECT: Amend the Phase 1 Historic Resources Inventory (HRI) list; and Adopt the Phase 1 HRI Goals and Policy Objectives.

C. M. RECOMMENDATION:

- 1) Amend the Phase 1 Historic Resources Inventory (HRI) list by moving 3401 Fairfax Drive from the “Demolished” to “Minor” category and 4800 31st Street South from the “Important” to “Essential” category; and
- 2) Adopt the Phase 1 Historic Resources Inventory (HRI) Goals and Policy Objectives (Attachment A).

ISSUES: County Board approval is needed to amend the Phase 1 HRI list and adopt the Phase 1 HRI Goals and Policy Objectives as County policy. No issues have been identified.

SUMMARY: The County Board adopted the Phase 1 HRI list on July 9, 2011. At that time, the Board directed the County Manager to re-evaluate the placement of two specific properties (3401 Fairfax Drive and 4800 31st Street South) in the rankings. These buildings have since been resurveyed and analyzed, resulting in new rankings for these two properties and thus changes to the adopted Phase 1 HRI list.

The proposed Phase 1 HRI Goals and Policy Objectives are designed to provide policy guidance to County officials, staff, property owners, and the community regarding properties on the Phase 1 HRI list. After advertising the proposed Goals and Policy Objectives, staff is bringing final goals and policy objectives forward to the County Board for approval.

BACKGROUND: In December 2006, the County Board adopted Arlington’s first *Historic Preservation Master Plan*. The *Plan*’s top priority recommendation was the creation of a Historic Resources Inventory (HRI) to fulfill two main purposes: 1) to rank the County’s surveyed historic resources by historical and architectural significance; and 2) to establish proactive strategies to preserve the most vital historic resources. Arlington is the first locality in Virginia and is among just a few nationwide to create such a ranking system for its historic resources. On July 9, 2011, the County Board unanimously adopted the Phase 1 HRI list of

County Manager:

County Attorney:

24.

Staff: Michael Leventhal and Cynthia Liccese-Torres, DCPHD

ranked historic garden apartments, shopping centers, and commercial buildings – which was a critical first step to fully implementing the HRI.

Phase 1 of the HRI is limited to only three types of historic buildings: 1) Garden apartment buildings and complexes (low-, mid-, and high-rises); 2) Shopping centers; and 3) Individual commercial buildings. These particular properties represent the County’s most threatened types of historic resources. Constructed between 1909 and 1962, the buildings represent key periods and innovations in Arlington’s and the nation’s historical, architectural, social, cultural, and transportation history and planning trends. Phase 1 of the HRI consists of 394 historic resources ranked into six categories of significance:

1. **Essential** – County’s top priorities for preservation that include the most significant, best preserved, and key resources that best define Arlington history (23);
2. **Important** – Central to understanding the County’s history, but less distinctive than and/or have less physical integrity than Essential (134);
3. **Notable** – Have historic elements related to the County’s history, but lack sufficient historic context, integrity, and/or significance compared to Essential and Important (81);
4. **Minor** – Altered substantially over time and/or not distinctive examples of their building type (22);
5. **Altered/Not Historic** (35); and
6. **Demolished** (99).

During the public hearing for the adoption of the Phase 1 HRI list, questions were raised about the ranking of two individual properties. The County Board charged staff to re-evaluate the buildings at 3401 Fairfax Drive and 4800 31st Street South and to report the findings at a later date. This task has been completed and it resulted in changes within the rankings of the July 9, 2011, County Board-adopted Phase 1 HRI list.

Now that the County Board has formally adopted the Phase 1 HRI list of ranked historic properties, the Phase 1 HRI Goals and Policy Objectives should now be considered by the Board. The HRI Goals and Policy Objectives would become County policy upon adoption by the County Board, providing planning guidance for those historic properties included in the Phase 1 HRI list.

DISCUSSION:

PURPOSE OF THE HRI

The HRI is designed to inform property owners, architects, developers, County staff, and County officials about Arlington’s most valuable historic resources and how best to address preservation goals and development options simultaneously. As an information-sharing tool, the HRI is intended to initiate open dialogue between property owners and the County in the early planning stages of development projects. The ranked Phase 1 HRI list of properties provides clear preservation priorities for the County for a specific grouping of historic buildings.

The HRI also will help define and promote Arlington’s identity and sense of place. The concepts of “urban village” and the County’s collection of neighborhood-centric communities help define Arlington as Arlington. Without these important visual reminders of the County’s residential and commercial past, Arlington will lose its link to the most significant trends in architectural, planning, and transportation development that have shaped its overall heritage.

REASSESSMENT OF TWO PROPERTIES

At the July 9 County Board hearing, questions were raised about two properties on the list and whether they were ranked appropriately. Since then, the survey team, comprised of Michael Leventhal, County Historic Preservation Program Coordinator, and Laura Trieschmann, Principal, E.H.T. Traceries, reassessed the subject properties at 3401 Fairfax Drive (Kann’s Virginia Square) and 4800 31st Street South (Long & Foster Realty). The results of the survey, research, and analysis are as follows:

3401 Fairfax Drive: Originally built for Kann’s Department Store, the building is now part of the George Mason University School of Law, Arlington campus and is currently called the “Original Building.” This building is no longer recognizable as a mid-20th century department store; it has lost substantial integrity of its original design, setting, location, feeling, and association. Although it was mistakenly believed to have been demolished, it should be ranked as Minor in the HRI. Therefore, staff recommends that the Kann’s Virginia Square building located at 3401 Fairfax Drive be moved from the “Demolished” to the “Minor” category in the Phase 1 HRI list.

4800 31st Street South: This building originally was constructed by and for the Defense Homes Corporation to be used as its administration and rental office during the construction of Fairlington. It has always been part of the garden apartment complex. It was mistakenly ranked individually as a commercial building, which reflects its use post-1977 when it was no longer used as the rental office for the community. However, because the building is an integral part of the garden apartment complex, it should have been included within the ranking of the larger Fairlington neighborhood. Therefore, staff recommends that the Long & Foster Realty building located at 4800 31st Street South be moved from the “Important” to the “Essential” category in the Phase 1 HRI list. However, because of its historic connection to the greater Fairlington community, the building will be included and identified as part of the overall ranking for Fairlington as opposed to a separate individual listing in the Essential category.

The respective owners of each property have been notified in writing of the proposed change in HRI ranking status.

AMENDMENT OF THE PHASE 1 HRI LIST

As a result of the re-evaluation of the above two properties, the adopted Phase 1 HRI list of ranked historic properties needs to be amended and updated accordingly. If the County Board amends the list with staff’s recommended changes as stated above, then the total number of historic resources included in the list will become 393 (since the commercial building at 4800

31st Street South has been grouped with Fairlington instead of being listed separately). The updated totals per ranking category for the Phase 1 HRI list would be as follows:

1. **Essential** (23);
2. **Important** (133);
3. **Notable** (81);
4. **Minor** (23);
5. **Altered/Not Historic** (35); and
6. **Demolished** (98).

HRI GOALS AND POLICY OBJECTIVES

The County Board's adoption of the Phase 1 HRI list of ranked historic properties in July 2011 marks the first key step in the full implementation of the Historic Resources Inventory. For the HRI to become a viable planning tool, it must be carefully integrated into both the County's current planning practices and future long-term planning efforts. As detailed in the previous Board report for the adoption of the Phase 1 HRI list, the list itself will become part of the County's standard internal processes, especially as related to planning, zoning, and permitting and the associated standard procedures. Similarly, the proposed HRI Goals and Policy Objectives also will be integrated into these same planning functions to ensure that preservation interests are considered as proposals are developed. Therefore, staff recommends that the County Board now consider the amended Phase 1 HRI list and the proposed HRI Goals and Policy Objectives.

With approval of the HRI Goals and Policy Objectives, the County Board will be providing policy guidance to County staff to handle the short-term and long-term planning efforts regarding those historic properties featured in the Phase 1 HRI list. The proposed Historic Resources Inventory Goals and Policy Objectives are found in Attachment A. In summary, the eight primary HRI Goals are as follows:

1. Strengthen Arlington's sense of place by valuing historic buildings and the human stories associated with them.
2. Promote historic preservation as a viable and continuing community benefit.
3. Incorporate sustainable design principles in the renovation of all existing historic buildings and in new construction.
4. Promote the preservation of the Essential historic buildings in the HRI.
5. Promote the preservation of the Important historic buildings in the HRI.
6. Promote the preservation of the Notable historic buildings in the HRI.
7. Contribute to the lasting historic record of the County by documenting historic resources listed in the HRI.
8. Continually integrate historic preservation planning principles into County policies.

Each goal has several policy objectives to help execute that particular goal. These policy objectives reaffirm the County's proven support for historic preservation stemming from its adoption of the *Historic Preservation Master Plan* in 2006.

IMPLEMENTATION

In regards to implementing the HRI as part of the County's long-term planning efforts, the Phase 1 HRI list identifies many historic properties already included for preservation in existing County-adopted plans (i.e., Columbia Pike Form Based Code, Clarendon Sector Plan, Fort Myer Heights North Plan), as well as historic properties not previously identified. As new planning studies are executed and ultimately adopted, both the HRI list and the HRI Goals and Policy Objectives will help guide discussions and inform decisions pertaining to historic commercial and multi-family residential resources. Just as the aforementioned County plans are considered planning documents and tools that address specific preservation goals and offer guidance and recommendations about preserving certain historic properties, the HRI will be another tool designed to better inform the planning process as it applies to specific types of historic buildings. The proposed HRI Goals and Policy Objectives correlate to the ranking categories and provide direction to the property owners, general public, staff, commissions, and the County Board when considering preservation potential and development proposals in the future.

HRI TOOL KIT

The "tool kit" component of the HRI serves two main purposes: 1) to educate property owners, developers, architects, preservation advocates, other interested parties, County staff, and County officials on available preservation tools and incentives; and 2) to guide all of the above stakeholders with HRI goals and policy objectives that are linked to the specific categories and buildings in the Phase 1 HRI list. The HRI tool kit is presented here to illustrate how the goals and policy objectives can be accomplished, and need not be formally adopted by the County Board because these mechanisms already are being used in the County.

The overriding goal of the HRI, beyond the creation of a working list of ranked historic buildings for current and future planning purposes, is to promote available preservation tools and encourage property owners to continue the preservation and stewardship of their historic buildings. It is equally important to provide incentives for the renovation of existing buildings and their inclusion into larger new development projects. This is especially true for those buildings ranked in the highest HRI categories of Essential and Important.

The available financial and zoning tools offer a range of proactive methods to encourage the preservation of the County's most valued historic resources identified in Phase 1 of the HRI. The tools, many of which already have been successfully employed for decades throughout Arlington, illustrate how historic preservation can go hand in hand with new development and other County benefits such as affordable housing. The County adoption of the HRI goals and policy objectives will enable the best use of these preservation-focused tools.

In developing the HRI tool kit, emphasis was placed on those tools and actions that the County already has the power to implement without having to seek additional legislative authority from the Commonwealth of Virginia. To help advocate and facilitate the preservation of properties in the Phase 1 HRI list, staff will streamline processes related to some of the tools (e.g., pre-certifying certain buildings as donating sites for Transfer of Development Rights (TDR);

completing research and paperwork necessary for historic designations; advising on tax credit opportunities). Additional tools will require assessment of staff resources and current work programs to determine which would be viable to pursue in the future.

The following preservation tools and actions are available now and can be used proactively by the County for both current and future planning purposes as related to the Phase 1 HRI list of ranked historic properties. The available preservation tools and incentives are summarized below, with detailed information explaining each of the tools provided in Attachment B.

Available Financial Tools:

- Federal tax credits for the rehabilitation of historic buildings
- State tax credits for the rehabilitation of historic buildings
- Preservation easements
- County real estate tax exemption for rehabilitation

Available Zoning Tools:

- Site plan and use permit processes
- Transfer of development rights (TDR)
- Local historic district designation

Available County Resources:

- Consultation with County staff
- Consultation with the Historical Affairs and Landmark Review Board (HALRB)
- County acquisition of threatened historic resources

COMMUNITY PROCESS

Affected Property Owners: In early October 2011, a letter was mailed to all of the affected property owners in the four main categories of the Phase 1 HRI list (Essential, Important, Notable, and Minor) in order to update them on the HRI project to date and inform them of the upcoming County Board hearing. Owners will be directed to the Historic Preservation Program website to review the proposed language for the Phase 1 HRI Goals and Policy Objectives, as well as the available tool kit.

Historical Affairs and Landmark Review Board (HALRB): Besides having regular staff updates in December 2010, and at the February, March, and April 2011 monthly HALRB meetings, the HALRB formally reviewed the draft staff report and the draft Phase 1 HRI Goals and Policy Objectives at its August 17, 2011 meeting. The HALRB members noticed that the list of policy objectives is being held to those that already exist, as opposed to offering new policy solutions or protections for historic buildings. The HALRB supports this approach, and eagerly anticipates the final approval of the document.

The HALRB asked for further clarification about TDRs and requested that the language be strengthened to protect those buildings listed as Essential and Important in the HRI from the unintended, adverse consequences of development. The Review Board also was keen to add language that would emphasize the “human” element of Arlington’s story. While recognizing the importance of protecting our built environment, the HALRB wanted the stories of those who came before us to be recognized and preserved as well.

There were no public speakers on this item. The HALRB recommended that upon adoption of the Phase 1 HRI Goals and Policy Objectives, the County Board direct staff to begin work on Phase II of the HRI. The HALRB voted unanimously in support of the advertisement of the HRI goals and policy objectives with the changes noted above. The HALRB’s official letter of support can be found in Attachment C. The Review Board’s comments have been incorporated into the proposed Phase 1 HRI Goals and Policy Objectives.

Long Range Planning Committee of the Planning Commission (LRPC): Staff presented the HRI project methodology and overall project goals at its May 19, 2011 meeting. The committee members present agreed with staff that the Phase 1 HRI list is a valuable asset to the County and they were eager to provide feedback on the goals and policies component of the HRI. This opportunity took place at the September 1, 2011 LRPC meeting. Those members in attendance were supportive of the proposed Phase 1 HRI Goals and Policy Objectives. Their comments were evaluated by staff and many were incorporated into the proposed language. Specific suggestions included: creating a goal to address the preservation of Notable buildings in the HRI list; continuing to educate property owners about their buildings and the different preservation tools available to them; and strengthening the proposed language in the document.

Planning Commission: On June 27, 2011, the Planning Commission voted unanimously to support the Phase 1 HRI list of ranked historic properties. Staff will present the proposed Phase 1 HRI Goals and Policy Objectives to the Planning Commission on October 5, 2011.

Previous County Board Action: On September 17, 2011, the County Board approved the Request to Advertise for this item on the consent agenda.

FISCAL IMPACT: There is no fiscal impact to the County government beyond the adopted FY 2012 budget.

CONCLUSION: Staff recommends that the County Board amend the Phase 1 HRI list as indicated, as well as adopt the Phase 1 HRI Goals and Policy Objectives.

PHASE 1 HISTORIC RESOURCES INVENTORY (HRI)
GOALS AND POLICY OBJECTIVES

The Phase 1 Historic Resources Inventory (HRI) focuses on the following eight goals and supporting policy objectives. These goals and policy objectives will be used to encourage and promote the preservation and rehabilitation of the historic buildings featured in the Phase 1 HRI list. The HRI goals and policy objectives are intended to ensure that property owners give careful consideration to all of the various options available to them before deciding to demolish their ranked building(s). All of the HRI goals and policy objectives presented here still will allow property owners to pursue by-right rehabilitation or demolition options.

1. STRENGTHEN ARLINGTON’S SENSE OF PLACE BY VALUING HISTORIC BUILDINGS AND THE HUMAN STORIES ASSOCIATED WITH THEM.

- As stated in the *Historic Preservation Master Plan*: “To sustain itself as a successful urban village, Arlington will retain the distinctive character of its many historic neighborhoods and commercial centers and will share the history of Arlington through these resources. This will be accomplished through a combined approach that includes education, programs, incentives, and land use policies that are integrated and balanced with future growth.”¹
- The County will showcase and preserve historic buildings to help define neighborhood character and identity and increase public understanding of our architectural and developmental history.
- Beyond building preservation, the County will conduct research into the people who built and used these historic properties so as not to lose the important stories of how Arlington developed.

2. PROMOTE HISTORIC PRESERVATION AS A VIABLE AND CONTINUING COMMUNITY BENEFIT.

- The County will be strategic in balancing historic preservation with other valuable County initiatives, including affordable housing, sustainability, transportation, and open space planning, among others.
- The County will work collaboratively with property owners on a continuous basis to explain and promote preservation incentives and options.

¹ *Historic Preservation Master Plan*, p.2

3. INCORPORATE SUSTAINABLE DESIGN PRINCIPLES IN THE RENOVATION OF ALL EXISTING HISTORIC BUILDINGS AND IN NEW CONSTRUCTION.

- The County will encourage that existing historic buildings be retained and reused rather than demolished.
- The County will encourage that existing building materials be retained and reused, either on site or made available to other sites in the immediate community or in the greater County.
- The County will encourage the salvage of usable building materials and architectural or stylistic elements/details.
- The County will promote new architectural design that respects the prominent historic architecture of the immediate neighborhood in terms of massing, materials, and architectural style.
- The County will promote that historic buildings and materials be replaced with those that are compatible with neighborhood character.
- The County will encourage the renovation of existing buildings to increase overall energy efficiency without losing building integrity.

4. PROMOTE THE PRESERVATION OF THE ESSENTIAL HISTORIC BUILDINGS IN THE HRI.

- The County will strive to protect all Essential properties and will use all available tools to ensure their continued stewardship and preservation.
- The County will actively collaborate with owners of Essential properties to preserve the buildings' historical and material integrity to the maximum extent possible.
- The County will require that new development proposals affecting all Essential properties be reviewed by the Historical Affairs and Landmark Review Board (HALRB).
- The County will actively promote Transfer of Development Rights (TDR) in exchange for building preservation. However, a TDR received from a historic site listed in the HRI will not be used on a project that proposes the demolition of another Essential, Important, or Notable resource in the HRI.
- The County will appropriately weigh the impact on Essential properties when awarding bonus density to development proposals.
- The County will actively encourage owners of Essential properties to take maximum advantage of available financial incentives (e.g., Federal and state rehabilitation tax credits, preservation easements, County real estate tax exemption for rehabilitation).
- The County will encourage owners of Essential properties to take advantage of available zoning tools (e.g., site plans and use permits, TDR, local historic district designation).
- The County will pursue local historic district designation with all Essential properties where owner consent is present, and will give designation priority to those Essential properties threatened with demolition.

5. PROMOTE THE PRESERVATION OF THE IMPORTANT HISTORIC BUILDINGS IN THE HRI.

- The County will strive to protect and promote the reuse of those properties listed as Important.
- The County will collaborate with owners of Important properties to preserve the buildings' historical and material integrity to the maximum extent possible.
- The County will require that new development proposals affecting Important properties be reviewed by the Historical Affairs and Landmark Review Board (HALRB).
- The County will encourage owners of Important properties to take advantage of available financial incentives (e.g., Federal and state rehabilitation tax credits, preservation easements, County real estate tax exemption for rehabilitation).
- The County will encourage owners of Important properties to take advantage of available zoning tools (e.g., site plans and use permits, TDR, local historic district designation).

6. PROMOTE THE PRESERVATION OF THE NOTABLE BUILDINGS IN THE HRI.

- The County will strive to protect and promote the reuse of those properties listed as Notable.
- The County will encourage owners of Notable properties to take advantage of available financial incentives (e.g., Federal and state rehabilitation tax credits, preservation easements, County real estate tax exemption for rehabilitation).
- The County will encourage owners of Notable properties to take advantage of available zoning tools (e.g., site plans and use permits, TDR, local historic district designation).

7. CONTRIBUTE TO THE LASTING HISTORIC RECORD OF THE COUNTY BY DOCUMENTING HISTORIC RESOURCES LISTED IN THE HRI.

- The County will require, through site plan and use permit conditions and coordination with Historic Preservation Program staff, the formal recordation of historic resources ranked as Essential and Important in the HRI prior to any proposed demolition.
- The County will require that Essential buildings proposed to be demolished in whole or in part through the site plan or use permit process will be subject to the most detailed level of historic documentation according to the Historic American Buildings Survey (HABS) standards (including a research report, measured drawings, and photographs).
- The County will require that Important buildings proposed to be demolished in whole or in part through the site plan or use permit process will be documented by HABS-level photographs.

- The County will encourage whenever possible, through site plan and use permit conditions, basic photographic documentation of historic resources ranked as Notable and Minor in the HRI prior to proposed demolition.
- The Historic Preservation Program office will maintain copies (both hard copy and electronic formats) of all historic documentation materials pertaining to HRI properties.

8. CONTINUALLY INTEGRATE HISTORIC PRESERVATION PLANNING PRINCIPLES INTO COUNTY POLICIES.

- The County will incorporate the Phase 1 HRI list of ranked historic properties, the HRI Goals and Policy Objectives, and the HRI Tool Kit into current planning efforts, initiatives, and studies.
- The County will integrate the HRI into the County's planning, zoning, and permitting processes.
- The County will conduct biannual reviews of the Phase 1 HRI list in January and July to reflect demolitions, historic designations, identification in new County-adopted plans, or other changes as necessary.
- The County will conduct subsequent phases of the HRI to address the study and protection of additional types of historic resources, and those phases also will be incorporated into current planning efforts, initiatives, and studies.
- The County will explore additional preservation tools and incentives in the future, as staffing and work program requirements allow.

PHASE 1 HISTORIC RESOURCES INVENTORY (HRI)
TOOL KIT

These HRI tools intend to encourage preservation by ensuring that historic buildings are, at a minimum, renovated to the current building code and viable for future generations. The tools will be used to encourage property owners to reinvest in their historic properties and continue their good stewardship. All of the listed tools are currently available to the County, and none of them require any new legislative action from the Commonwealth of Virginia.

Available Financial Tools

Federal and Virginia Tax Credits for the Rehabilitation of Historic Buildings: In order for property owners to take advantage of the Federal tax credit program, the affected historic property must be considered eligible for or listed in the National Register of Historic Places as a “certified historic building.” The National Register, which is maintained by the National Park Service, is a celebratory listing of the nation’s most worthy historic buildings, sites, districts, structures, and objects. Listing provides no demolition protection, requires no special local design review for alterations, and does not encumber a property owner’s right to sell, lease, alter, or demolish his property. In Virginia, any building listed in the National Register generally is included in the Virginia Landmarks Register. As with National Register designation, listing in the State register is merely honorific and offers no additional protections or imposes any restrictions. However, in order to qualify for the State rehabilitation tax credit program, the affected property must be listed in the Virginia Landmarks Register.

There are currently 67 Arlington listings in the National Register of Historic Places, ranging from individual buildings and sites to entire historic districts and neighborhoods. For future proposed listings, the County’s Historic Preservation Program (HPP) staff can undertake or assist with all of the necessary historic research and complete all of the required nomination forms. Both the Virginia Department of Historic Resources and the National Park Service require owner notification and consent prior to submission of the designation.

The Federal and Virginia rehabilitation tax credits can be taken singly or combined, depending if the affected property is income-producing and/or owner-occupied and considering the overall amount of money spent on the rehabilitation project compared to the existing building values. The Federal tax credit is 20% of the eligible renovation/rehabilitation expenses and includes both hard and soft costs.¹ The credit itself reduces one’s Federal income tax liability at a dollar-for-dollar rate. If one’s tax credit is greater than his annual tax liability, the remaining credit is carried into the future for a period not greater than 10 years or until the credit reaches zero. In comparison, the

¹ Hard costs may include structural and mechanical work, materials, upgrades, etc. to the historic building. Soft costs may include architectural and engineering fees, construction period interest and taxes, construction management costs, and reasonable developer fees. For detailed information about eligible expenses, visit www.dhr.virginia.gov/tax_credits/tax_credit_faq.htm.

State tax credit is similar in that it is a dollar-for-dollar credit off one's State income tax liability. The State tax credit is 25% of the eligible renovation/rehabilitation costs, and can be carried into the future for a period no greater than 10 years or until the credit reaches zero. Both programs require minimum levels of reinvestment and all qualified rehabilitation work must be approved by the Federal and State tax reviewers. The Federal and State rehabilitation tax credits also can be combined with other types of financial credits, such as for affordable housing.

Arlington County is among the most active participants in the State rehabilitation tax credit program. Since 2002, individual owners of 157 historic residential properties (single-family homes and condo units) throughout Arlington invested more than \$18.6 million dollars in rehabilitation costs. Of this total, more than \$4.6 million dollars have been awarded to these Arlington property owners as state tax credits. An additional 53 renovation projects are active and currently have been deemed eligible for State tax credits upon completion of the work. Multi-family residential properties, including Historic Ballston Park, Gates of Ballston, and Fisher House, also have successfully taken advantage of the State tax credit program and have yielded millions of dollars worth of rehabilitation credits. Two additional complexes, Westover Apartments and a portion of Colonial Village, are also incorporating the tax credits into their current renovation projects. To date, only one Arlington commercial property owner has taken advantage of the Federal and State tax credit program and received \$375,000 worth of credits.

The *Historic Preservation Master Plan* recommends that the County continue to publicize the financial benefits of the Federal and State Rehabilitation Tax Credit programs.² Adoption of the Phase 1 HRI list and the Goals and Policy Objectives offers an excellent opportunity for staff to continue to actively educate owners of HRI-listed properties about the advantages of the tax credits and the application processes. In addition, HPP staff will partner with other DCPHD staff in the Planning and Housing Divisions to promote the rehabilitation tax credits and to determine how historic garden apartments in particular could benefit from both historic preservation and the retention of affordable housing. Such a collaboration and open dialogue between staff and property owners has the potential to increase the financial viability of a renovation or development project.

Preservation Easements: The establishment of preservation easements is a non-governmental approach to protect historic buildings.³ Preservation easements are placed on property deeds and are entered into by both the property owner and the easement holder, generally a non-profit organization with preservation interests such as the Northern Virginia Conservation Trust. Governments can also hold preservation easements. The easement language specifies the level of preservation, whether it covers the entire building envelope or simply the building facade. An owner who enters into a preservation easement agrees to maintain the building in good condition and make no changes without the permission of the easement holder. In exchange, the owner can

² *Historic Preservation Master Plan*, pp. 18, 49.

³ For more information on preservation easements, visit www.preservationnation.org/resources/legal-resources/easements/easements-faq/what-is-an-easement.html.

receive a charitable tax deduction for the difference in property value between leaving the building at its current size and what would have been allowable through development. There are several buildings in Arlington with architectural preservation easements, including the HRI-listed Underwood Building and the Old Dominion Building. The HPP staff will collaborate with property owners, as well as with Planning and Housing staff, when discussing development projects in order to explain the advantages of preservation easements, especially in site plan proposals affecting Essential and Important-ranked historic buildings.

Local Real Estate Tax Exemptions: Local property tax abatement is another financial tool identified as a feasible preservation incentive in the *Master Plan*.⁴ The Arlington County Code Chapter 20-10 allows partial tax exemptions for certain rehabilitated multi-family residential real estate. In order to qualify, properties must be at least 25 years old. Completed renovations must increase the assessed building value by 20 percent or more without increasing the total building square footage by more than 30 percent. The allowable tax exemption is equal to the tax otherwise due on the increased assessed building value resulting from the rehabilitation. Effective on January 1st in the year following the rehabilitation, the exemption runs with the real estate in the same amount for ten years, then for an additional five years during which the exemption amount is reduced each year by a rate of 20 percent from the original basis. The building must remain a multi-family dwelling and the units leased to others than those who own an interest in the property. A similar local tax exemption is offered for commercial properties ranging from a minimum age of 20 to 30 years and located in specific exemption districts along Columbia Pike and Lee Highway, as well as in Crystal City and Nauck. To apply for either the residential or commercial tax exemptions, owners must complete an application in consultation with the Department of Real Estate Assessments.⁵

The HPP staff, along with Planning and Housing staff, will actively promote these available tax exemptions when meeting with property owners, particularly those who own Essential and Important buildings in the HRI. The exemptions are a valuable financial incentive to offset local taxes upon renovating an existing building, and when combined with other available financial tools such as Federal and State rehabilitation tax credits, can result in even more substantial savings for owners.

Available Zoning Tools

Site Plan and Use Permit Processes: The site plan and use permit processes have proven to be very effective tools for managing and merging new development with historic preservation interests. In recent years, increased redevelopment activity, particular in the Metro corridors and along Columbia Pike, has resulted in many successful site plan projects that have incorporated historic buildings in whole or in part, many in collaboration with the Historical Affairs and Landmark Review Board (HALRB). The introduction of preservation planning principles into County-adopted

⁴ *Historic Preservation Master Plan*, p. 53.

⁵ For more information on the County's partial real estate tax exemption program, visit www.arlingtonva.us/Departments/RealEstate/Forms/RealEstateAssessmentsForms.aspx.

plans (i.e., Clarendon Sector Plan, Columbia Pike Form Based Code, and Fort Myer Heights North Plan) has positively influenced the site plan process in regards to the sensitive treatment of historic buildings in development proposals. Preservation elements also have been added to site plan condition language regarding salvage of historic building materials prior to demolition, photographic documentation of historic elements, and archaeological procedures in the event that historical artifacts are uncovered during construction.

Some of the zoning districts where properties in the Phase 1 HRI list are located do not currently have a site plan or use permit option, unless the project involves affordable housing. As new plans are developed for areas in which these historic properties are located, staff will explore developing new zoning tools that might permit site plan or use permit options.

Transfer of Development Rights (TDR): Historic Preservation is an eligible sending purpose under the adopted TDR policy. A TDR is a transaction between two property owners that allows the development rights from one site (donating site) to be utilized on another property (receiving site). The value of TDR is the amount of density that passes from the donating site to the receiving site. While it puts limits on the donating site for its future potential development, it allows the receiving site to increase the allowable density for its site plan project.

The HPP staff will explore pre-certifying all Essential and select Important buildings in the Phase 1 HRI list as TDR donating sites, with input from the HALRB, in exchange for the historic preservation of buildings. Pre-certification will help streamline the process for property owners and will be a collaborative effort of all parties involved. The HPP staff and HALRB will be actively involved in the review of TDR proposals affecting historic buildings in the Phase 1 HRI list. The *Historic Preservation Master Plan* specifically recommends that historic preservation provisions be integrated into the existing TDR policy language.⁶

Local Historic District Designation: Established by the County Board as per Section 31A of the Arlington County Zoning Ordinance, local historic district designation provides a protective zoning overlay over an entire property, including the building(s) and grounds. Unlike National Register designation, which is purely honorific, local designation requires a special design review process prior to issuance of County building permits for all proposed exterior alterations, new construction, or demolition. The HALRB oversees this design review process and issues Certificates of Appropriateness (CoAs) for approved projects in Arlington Historic Districts. Some alterations, including the installation of fences, HVAC equipment, and satellite dishes, can be reviewed administratively by HPP staff to streamline the approval process. The *Master Plan* recommends that the County pursue the creation of additional local historic districts, both individual sites and multiple-resource districts.⁷

⁶ Ibid., p. 55.

⁷ Ibid., p. 53.

There are currently 31 Arlington Historic Districts throughout the County. Any Arlington citizen may nominate a property to be considered for local historic status, as outlined in Section 31A. The County HPP staff and the Survey Committee of the HALRB undertake all the necessary research and complete the nomination forms in collaboration with the property owners. Although the County has the legal authority to initiate, pursue, and designate properties as Arlington Historic Districts without owner consent, this has not been standard County practice.

Available County Resources

Consultation with County Staff: The County’s HPP staff is available for individual consultation with interested owners of HRI-listed properties. It would be especially advantageous to meet on-site in order to experience the property in person. The HPP staff can answer questions related to a property’s history, HRI ranking, options for preservation and development, or other questions that owners may have. It should be stressed that staff is willing to meet during any phase of project development, though meetings during early planning phases are ideal.

Consultation with the Historical Affairs and Landmark Review Board: The HALRB is a 15-member citizen advisory board appointed by the County Board. Established in 1976 under the Arlington County Zoning Ordinance, the HALRB serves multiple functions, including the: 1) designation of properties as local historic districts; 2) review of plans for exterior alterations, demolition, and new construction in local historic districts through a Certificate of Appropriateness (CoA) process; 3) review of site plan proposals and issues affecting historic resources throughout the County; 4) advisement of the County Board regarding historic preservation matters; and 5) education of citizens and visitors about historic sites and preservation in Arlington County.

Over the past decade, a surge in redevelopment projects through the site plan and use permit processes has resulted in the preservation of several historic commercial buildings, particularly in Clarendon, as well as renovations of large-scale garden apartment complexes, most notably Buckingham Village. Additionally, the inclusion of preservation planning principles and the identification of specific historic buildings to be preserved in various County-adopted plans and policies (e.g., Clarendon Sector Plan, Columbia Pike Form Based Code, and Fort Myer Heights North Plan) has also resulted in the increased involvement of the HALRB in the review of those projects. Some, though not all, of the affected sites are designated as Arlington Historic Districts; regardless, the HALRB willingly engaged in focused dialogues with site plan applicants and their architects on the proposed architectural design schemes and their impacts on affected historic resources, whether officially historically designated or not. These conversations were productive and well-received by applicants, with the final County-approved designs having benefited from the HALRB’s insightful comments and feedback.

Some examples of recent site plan projects that featured the preservation of historic buildings and likewise incorporated elements of new development and that were reviewed in consultation with the HALRB include the: Halstead at Arlington and the

former Arlington Hardware on Columbia Pike (now P. Brennan's); Joseph L. Fisher Post Office; Dan Kain Building (now Lyon Hall); Underwood Building; and 1900 Wilson Boulevard (across from Colonial Village). Because of this history of successful HALRB involvement, the HALRB will offer design consultation on future site plan projects affecting those historic buildings listed as Essential and Important in the HRI.

County acquisition of threatened historic resources: Although not typical County practice, the County does have the legal authority to purchase historic resources if owners are willing and funds are available. The two most recent occurrences involved the acquisition of the Arlington Lustron Home and Buckingham Village III. In April 2006, the County Board accepted the donation of an historic all metal Lustron home from the property owner who offered it free of charge to the County since he planned to demolish the house. The County allocated funds for the disassembly and storage of the house so that a new use could be determined and it could be permanently rebuilt. The Arlington Lustron was loaned in 2008 to the Museum of Modern Art in New York City and featured in a major exhibition on prefabricated architecture. After remaining in storage for several years, and with no available funding to permanently rebuild the Lustron locally, the County Board recently authorized the donation of the disassembled home to the Ohio Historical Society in Columbus. The Lustron will become part of the Society's permanent collection and will be rebuilt and interpreted for educational programming, once again bringing Lustron history into a greater national spotlight. Another example of County acquisition of historic property occurred in 2009 when the County purchased Buckingham Village III as a trade-off in a redevelopment proposal to demolish neighboring Villages I and II. Since acquisition, Village III was designated an Arlington Historic District in June 2007 and is currently under renovation.

As funding permits, the County will consider additional acquisitions of historic properties, particularly those Essential and Important resources threatened with demolition or that are of the utmost value to an immediate neighborhood or the greater community. Upon acquisition, the County would reserve the right to reuse the property at its discretion. As an alternative, the County could enter into a lease agreement for its use by a tenant, or even sell the property provided arrangements are made for its continued preservation.



HISTORICAL AFFAIRS AND LANDMARK REVIEW BOARD

Courthouse Plaza One 2100 Clarendon Boulevard, Suite 700 Arlington, VA 22201
TEL 703.228.3830 FAX 703.228.3834 www.arlingtonva.us

September 22, 2011

Mr. Christopher Zimmerman, Chairman and
Members of the County Board
2100 Clarendon Boulevard, Suite 300
Arlington, Virginia 22201

Dear Mr. Zimmerman:

At our regular monthly public meeting on Wednesday, September 21, 2011, the Arlington County Historical Affairs and Landmark Review Board (HALRB) again discussed the proposed goals and policy objectives of the Historic Resources Inventory (HRI) that will be considered for action at your October meeting. At our August 17 meeting, we had unanimously supported their advertisement in September.

The HALRB continues to be supportive of the recommended goals of the HRI:

1. Strengthen Arlington's sense of place by valuing historic buildings and the human stories associated with them.
2. Promote historic preservation as a viable and continuing community benefit.
3. Incorporate sustainable design principles in the renovation of all existing historic buildings and in new construction.
4. Promote the preservation of the Essential historic buildings in the HRI.
5. Promote the preservation of the Important historic buildings in the HRI.
6. Promote the preservation of the Notable historic buildings in the HRI.
7. Contribute to the lasting historic record of the County by documenting historic resources listed in the HRI.
8. Continually integrate historic preservation planning principles into County policies.

The HALRB, during the discussion of the HRI itself, had wanted to see some new "tools" introduced for HRI-listed properties. However, the HALRB continues to support the approach to reaffirm the tools the County has at hand (and has used successfully) and continues to support those listed in the staff report.

The HALRB is also very supportive of the inclusion of the "human" element of Arlington's story. While we recognize the importance of protecting our built environment, the stories of those who came before us should be recognized and preserved as well.

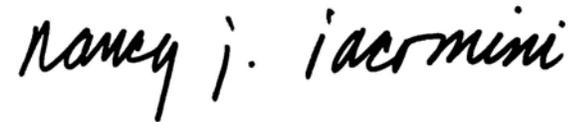
The Review Board again noted that while the adoption of the Phase I HRI list is a great achievement for the County, we should not be content to rest on our laurels. The HALRB recommends that with the adoption of the Phase I HRI Goals and Policy

ATTACHMENT C

Objectives, the Board direct County staff to begin work on Phase II of the HRI and to proactively explore additional preservation tools and incentives.

The HALRB unanimously and enthusiastically supports the proposed HRI Goals and Policy Objectives.

Sincerely,

A handwritten signature in black ink that reads "Nancy J. Iacomini". The signature is written in a cursive, slightly slanted style.

Nancy Iacomini
Chairman

cc: Members of HALRB