



**Leveraging Federal Historic Buildings Working Group Meeting  
March 5, 2020 – Lessee/Developer Presentations**

**Highlights**

- In response to a state law, a task force assembled by the Maryland Department of Planning recently completed a study entitled, “Advancing the Preservation and Reuse of Maryland’s Historic Complexes: Challenges and Opportunities” ([link](#)), and specifically considered two state-owned former hospitals and a school that are eligible for listing in or listed in the National Register of Historic Places. Models in Rhode Island and Ohio were of particular interest. The task force will continue to meet and move solutions forward.
- Jonathan Beck, Development Project Manager, Alexander Company, described his company’s adaptive use efforts nationwide, as well as their ongoing adaptive use of six historic buildings at the Veterans Affairs (VA) Soldiers Home National Historic Landmark District (Milwaukee, WI). The project ([link](#)), which will provide 101 housing units and supportive services for veterans and their families who are homeless (or at risk of becoming homeless), is being executed pursuant to VA’s Enhanced-Use Lease (EUL) authority described in 38 USC 8161-8169.
- Rose Schweikhart, Owner, Superior Bathhouse Brewery ([link](#)), described her company’s adaptive use of a historic bathhouse in Hot Springs National Park (Hot Spring, AR), which is the only brewery in a U.S. National Park and utilizes thermal spring water as the main ingredient. The outlease was executed pursuant to the National Park Service (NPS) authority described in 54 USC 102102.
- Financing adaptive use projects requires: assumption of responsibility for large federal property(ies) for more than fifty (50) years, substantial cash-on-hand, federal and state historic tax credits, additional federal incentives, local support, and strong relationships with sophisticated lenders.
- Financing can be even more challenging for “outlease” adaptive use projects (more so than for typical adaptive use projects) because agency roles, as well as collateral and bank foreclosure terms, are often unclear.
- Additional federal incentives may include: providing Historic American Buildings Survey (HABS) drawings (AutoCAD); completing initial capital investment to stabilize the historic properties, beefing up utilities, and addressing environmental concerns; assisting with financing; and providing flexibility on insurance requirements and code enforcement/federal facility operations policies. “Even if you get the building for free it may be too much” (Jonathan Beck).
- To gain market awareness and gauge historic property value, federal agencies should offer information to the market in a centralized publically-accessible database, consider creative adaptive use scenarios (e.g. not only office or hospitality), and issue targeted requests for expressions of interest (RFEIs) with information about federal incentives. Additional discussions on the Federal Real Property Profile (FRPP) and with the Office of Management and Budget (OMB) may be beneficial.

- To increase competition in the Requests for Qualifications (RFQ) and Requests for Proposals (RFP) stages, lease terms and authorities should be clarified, lessee qualifications should be detailed (agency authorities vary), response timeframes should be lengthened, and information should be provided in a centralized publically-accessible database. Federal agencies must also be equipped to evaluate responses.
- The National Historic Preservation Act (NHPA) Section 106 process can be a good planning tool and give parties clarity on the path forward. “It’s a private business but must follow federal rules” (Rose Schweikhart). State Historic Preservation Officer (SHPO) involvement varies by state.
- Generally, leasing adaptive use projects take the same amount of time to execute as other adaptive use projects; both require adherence to the Secretary of the Interior’s Standards for Rehabilitation.
- Leasing adaptive use projects can increase tourism and contribute to local economies.