

Historic Outleasing as a Preservation Stewardship Solution at the National Park Service

Executive Summary of a Report Developed for the
Advisory Council on Historic Preservation as
Requested by the National Park Service
April 2024

INTRODUCTION

In 2023, as part of the inter-agency agreement between the Cultural Resources, Partnerships, and Science Directorate (CRPS) within the National Park Service (NPS) and the Advisory Council on Historic Preservation (ACHP), the ACHP contracted with a consultant team to develop a subject report, in furtherance of the recommendations of the ACHP's [Leveraging Federal Historic Buildings: Working Group Final Report](#) (2021).

The purpose of the subject report was to provide market insights and recommendations to facilitate greater use of historic outleasing at the NPS, especially small-to-mid-sized underutilized or unutilized historic buildings often built for residential, commercial, or industrial purposes within NPS park boundaries, which may not be primary to the purposes for which a park was established (i.e., not named in a park's "enabling legislation"), and which are outside of designated Wilderness Areas. These properties, which may be either listed in or eligible for listing in the National Register of Historic Places (National Register), are often remote and disparate and may be or have been seasonal in use.

For the purposes of the report and this summary, outleasing is defined as the leasing and use, often by nonfederal partners, of federal historic buildings (or portions thereof) not needed in the near-term by the federal agencies that own them.

The consultant team consisted of Procon Consulting, Gensler, Row 10 Historic Preservation Solutions, and Savills. For background, context, and perspective, the team reviewed government-furnished information, such as enabling legislation, statutory authorities, director's orders, and other NPS- and ACHP-provided reports, summaries, briefings, presentations, and proprietary NPS building data. In addition, the team conducted interviews with NPS staff in Washington, D.C., other federal agencies, multiple NPS regions and parks, and a nonprofit, to learn about their respective historic outleasing successes and challenges concerning market outreach, public-private partnerships, and to obtain other relevant information.

The report was transmitted to the NPS in early 2024, and this summary, written by the ACHP, was made available in the spring. It includes the critical elements of the report, but some portfolio and park-specific data was omitted, as have the appendices including data and other government-furnished information, and interview summaries.

For more information on historic outleasing generally, please see [ACHP's web page](#). For information on historic outleasing at NPS, please see the [NPS's Business Services \(Commercial Services\) leasing web page](#).

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INTRODUCTORY NOTE

The National Historic Preservation Act (NHPA) established that it is the policy of the federal government, in cooperation with others, to “administer federally owned, administered, or controlled historic property in a spirit of stewardship for the inspiration and benefit of present and future generations.” NHPA [Section 110 \(54 U.S.C. 306101\)](#) mandates that federal agencies assume responsibility for the preservation of historic properties or resources that fall under the agency’s jurisdiction and it states, “Prior to acquiring, constructing, or leasing buildings for purposes of carrying out agency responsibilities, each Federal agency shall use, to the maximum extent feasible, historic properties available to the agency.”

Further, the preservation and use of historic properties and their careful consideration in agency planning and decision making are in the public interest and are consistent with the declaration of policy set forth in the NHPA. The law requires federal agencies to consider the effects of their undertakings on historic properties, which is addressed in [Section 106 \(54 U.S.C. 306108\)](#) and it states that federal agencies having direct or indirect jurisdiction over a proposed federal or federally assisted “undertaking” must consider the effects of the undertaking on historic properties and “afford the Council a reasonable opportunity to comment with regard to the undertaking.” The regulations that implement Section 106, [Protection of Historic Properties \(36 CFR part 800\)](#), set forth the process by which federal agencies take into account the effects of their actions on historic properties and how the ACHP will comment on those actions.

The requirements of the NHPA complement the mission of the NPS, which is to “preserve unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations.”

AGENCY AND PORTFOLIO CONSIDERATIONS

NPS manages 428 park units covering more than 85 million acres in all 50 states, the District of Columbia, and U.S. territories. NPS is responsible for the management and maintenance of more than 75,000 distinct real property assets comprised of buildings, housing, campgrounds, trails, wastewater systems, water systems, paved and unpaved roads, bridges, tunnels, and parking areas, as well as other assets such as utility systems, dams, constructed waterways, marinas, aviation systems, railroads, ships, monuments, fortifications, towers, interpretive media, and amphitheatres.

NPS has jurisdiction over more than 7,500 historic properties listed in the National Register. NPS directorates, including CRPS, Business Services, and Park Planning, Facilities and Lands (PPFL), NPS regions, and individual parks have various real property management and stewardship responsibilities mandated by multiple laws, policies, and directives. Personnel from the abovementioned directorates support the NPS mission and are positioned at the headquarters and regional offices, as well as within many of the parks. Per NPS policy, each park superintendent is responsible for compliance with the NHPA.

NPS was granted the legal authority to lease property via the NPS General Leasing Authority (54 U.S.C. 1021 et. seq.) and [NHPA Section 111 \(54 U.S.C. 306121\)](#). NPS has one of the largest federal leasing programs with more than 200 active leases encompassing 440 structures. About 150 historic structures are outleased, which the ACHP profiled in the aforementioned 2021 report, as well as in the 2024 Report to the President [In a Spirit of Stewardship: A Report on Federal Historic Properties](#).

Historic outleasing is a management tool used by parks that helps them address their stewardship responsibilities and deferred maintenance and repair (DM&R) backlogs. Addressing DM&R is critical to the continued preservation, accessibility, and enjoyment of national parks. At the end of Fiscal Year 2022, NPS real property assets had an estimated \$22.3 billion of DM&R, including about 25,000 buildings with an estimated \$6.8 billion of DM&R needs.

Recent legislation provided NPS with just a fraction of the funding needed to address the agency’s sizeable DM&R needs, and parks typically prioritize the management capacity, resources, and operations of assets which are actively in use and critical to a park’s mission. Given the agency’s success with historic outleasing, their stewardship responsibilities, and the need for creative solutions for managing underutilized and unutilized buildings, NPS requested the report focus on a portfolio of about 800 buildings that were categorized by NPS as being underutilized or unutilized and were built at least 50 years ago.

Working with CRPS in late 2022, PPFL developed a Data Access Request Tracker (DART #64470) request and promptly provided CRPS with the results, which were current as of December 1, 2022. The DART focused on NPS underutilized or unutilized buildings with a Federal Real Property Profile Management System (FRPP MS) historical status using the Real Property Inventory, FY22Q4 Master Location Document and Project Management Information System Report (11/17/2022). (For FRPP MS definitions, including the terms “underutilized” or “unutilized”, please see the [Data Dictionary](#).)

About 90 percent of the portfolio consists of buildings that are less than 5,000 gross square feet. About 50 percent were built between 1901-1944, and about 40 percent were built between 1945-1972 (“Mission 66-

era”). A majority have not been evaluated for eligibility for listing in the National Register. About a quarter of them have no condition assessment, but of those that were assessed by NPS, almost 75 percent are in “poor” or “serious” condition and have an estimated \$540 million in DM&R. Condition assessments for the balance of the portfolio have not been completed, and DM&R figures are unknown.

NPS acknowledges that the buildings in this portfolio may not have a straightforward path for engaging in outleasing not only because they have mounting DM&R and are not in use (in whole or part), but also because some may be in more remote locations within parks and may have limited transportation, vehicular, and pedestrian access. Some have no or limited utility infrastructure and unless they are going to be used for some sort of limited rustic accommodations (e.g., no running water, no fire suppression systems), they would require significant investment to be marketable and/or put into operation.

Notably, there is also limited staff dedicated to leasing within NPS. The handful of parks with leasing programs tend to have significant leasing activity with funding streams that justify dedicated leasing resources. Examples include Gateway National Recreation Area (New Jersey and New York) and Golden Gate National Recreation Area (California). Most parks do not have leasing programs due to funding and capacity constraints, and parks do not typically detail leasing staff to other parks.

Each region benefits from Business Services staff, but they primarily focus on concessions and commercial use authorizations, which have different legal requirements. (To offer a lease, NPS must first determine that the proposed activities under the lease are not subject to authorization through a concession contract, commercial use authorization, or similar instrument. The terms of NPS leases are not subject to the same requirements and limitations as NPS concession contracts. Also, competitive proposals for NPS leases are not evaluated under the same criteria as concession contracts.) Where available, parks interested in outleasing can work with regional commercial services staff and solicitors to help draft specific lease language applicable to the property they would like to offer for lease, though the solicitors do not always have extensive experience with leasing.

A small NPS leasing program office, in Washington, D.C., within the commercial services program (Business Services Directorate), supports agency leasing policy and park and regional leasing efforts, promulgates information on leasing, and liaises with the U.S. Department of the Interior (DOI) Office of the Solicitor and other NPS staff. As it relates to historic outleasing, the leasing program is responsible for collecting and managing: lease templates; solicitation templates for Request for Bid, Request for Qualifications, and Request for Proposal; and, leasing-related regulations, authorities, directives, and guidance. Two subject matter experts are based in the Northeast Regional (NER) office’s commercial services program, as well, and they are licensed brokers.

However, the leasing program relies on parks to make determinations regarding a park’s leasing plans and actions. Because most parks are busy addressing other mission-critical responsibilities and do not have dedicated resources nor subject matter expertise, they are limited in their abilities to pursue and administer historic outleasing. Given the agency’s stewardship responsibilities under the NHPA, their mounting DM&R, and their prior successes with historic outleasing, the report provides parks with information and tools to facilitate greater use of historic outleasing as a stewardship solution.

Both generally for NPS and for this challenging portfolio, the report includes ideas for reuse and other recommendations, a short analysis of each region’s assets in this portfolio, general resources for market information, a screening sheet to facilitate discussions among NPS personnel, a financial model for a “back of the envelope” outleasing analysis, and an annotated appendix of prior studies and reports. This report executive summary is an abridged version of the report and does not include the annotated appendix nor other appendices.

OPPORTUNITIES

Though regions, states, and park communities have their own markets, driven by various social and economic factors, there is a set of uses that have been successfully incorporated into NPS parks via historic outleasing. Those uses, described below, should be considered when parks are evaluating opportunities for this portfolio.

Outdoor Recreation is certainly central to NPS in the form of hiking, camping, fishing, and various other activities. As an industry, outdoor recreation grew in popularity during the COVID-19 pandemic, when indoor recreation and entertainment was restricted. In 2022, the participant base for outdoor recreation in America reached 168.1 million people aged six and older. Historic buildings could be leased to entities for outdoor and/or park recreation training, entertainment, office, and storage space that would not be considered part of the concession services program. In addition, historic outleasing could serve to introduce new activities such as pickleball, padel, or other related sports and activities that could also help meet the needs of gateway communities.

The agency's recent long-term lease of the Jacob Riis Bathhouse and related buildings, located on the Rockaway Peninsula within the Jamaica Bay Unit of Gateway National Recreation Area, in New York, is a great example. The lessee's work is underway on a \$50 million rehabilitation that includes a boutique hotel with a bar, event spaces, and a swimming pool. Constructed in 1932, the bathhouse was severely damaged during Hurricane Sandy a decade ago, and suffered from erosion, so plans also include flood protection and sand replenishment. Via historic outleasing, significant DM&R will be addressed, and the building will serve the community again soon.

Education organizations and institutions, including some universities, already have strong ties with certain parks with regard to environmental protection, ecology, and national resource management. When these groups are educating the public about various aspects of parks, they are usually addressed by NPS via cooperative use agreements and partnerships rather than leases. However, in certain circumstances NPS and other federal agencies have utilized historic outleasing. Historic outleasing may present opportunities for educational institutions with a need for a facility within a park to provide educational activities that are not necessarily park-specific.

For example, NPS leases multiple buildings to Headlands Center for the Arts, a Sausalito, California, nonprofit that provides a range of creative arts programs for artists and the public that are not park-specific. Headlands hosts artists-in-residence, public events, open houses, workshops, nature walks, exhibitions, and community meals.

Retail uses within parks help enhance visitors' experiences and increase activity, often separate and apart from concessions. Adaptive reuse of historic properties may result in exceptionally creative spaces for a retail proprietor or operator. Also, because retail establishments rely on customer visitation, NPS acts as a valuable partner, bringing the public on-site and maintaining safety and accessibility.

As an example, Bathhouse Row, a National Historic Landmark District, consists of historic therapeutic bathhouses at the base of the Hot Springs National Park in Hot Springs, Arkansas. In the mid-2000s, the park secured \$12 million to replace roofs, remediate lead paint, address structural and life safety deficiencies, and upgrade utilities, but additional investment was still needed. In 2007, NPS signed a lease with a local partnership, Quapaw Baths LLC, and a modern spa was opened in 2008. Today, the Buckstaff and Quapaw bathhouses continue to provide visitors award-winning historic spa experiences,

while the Fordyce and Ozark bathhouses serve as park and community gathering spaces. The historic row is further enlivened by the Hale Hotel and its gourmet restaurant, and the Superior Bathhouse Brewery, a historic outlease which is also the only brewery in a national park that utilizes thermal spring water to make beer. (Note that many retail uses are managed via the NPS concessions authority, within the NPS commercial services program, Business Services Directorate.)

Hospitality historic outleases—hotels, cabins, lodges—already exist across a variety of parks and geographies. NPS has a thriving hospitality and concessions program. These services could be augmented by additional historic outleasing in certain locations including rustic accommodations in remote locations. Smaller and more remote historic buildings may be excellent candidates for ecotourism destinations, either connected with the existing park hospitality programs or operated independently. Ecotourism aims to minimize the impact of tourism on the environment and increase awareness of conservation. The global market for ecotourism in 2022 was estimated to be worth \$172.4 billion. That figure is expected to grow at a rate of 13.9 percent annually through 2028.

In spring 2022, NPS executed a long-term lease for the Sleeping Bear Inn, part of the Sleeping Bear Dunes National Lakeshore in Michigan. Once the rehabilitation is complete in 2024, the building will once again welcome travelers as a bed and breakfast with approximately nine guest rooms, a commercial kitchen, and dining areas. Originally built in 1866, the building was a frontier hotel for many steamboat travelers and served the local community for more than a century, closing in the mid-1970s. The building contributes to the Glen Haven Village Historic District, a 19th century frontier cord-wood station and steamboat stop on the Great Lakes, which is located within the park. The 13-acre village is best known for its association with D.H. Day, the farmer, businessman, and conservationist who owned the town until his death in 1928, and who lived at the Sleeping Bear Inn property in 1881.

Another example is at the former Fort Baker Coast Guard facility in San Francisco, California, now known as the Cavallo Point Lodge retreat and conference center. It included the rehabilitation of 23 buildings and construction of 11 small lodging buildings. Since 2005, more than \$100 million was invested in this project including traditional bank loans, private equity, historic tax credit equity, and federal funds. The Cavallo Point Lodge opened in May 2008 under a 60-year lease. (Note that many hospitality uses are managed via the NPS concessions authority, within the commercial services program, Business Services Directorate.)

As an aside, short-term rentals have become popular, but many local governments have instituted laws and regulations specifically to limit the number and availability of short-term rentals within their jurisdictions. Further, NPS staff may not be equipped to provide the type of daily operations and services needed to maintain these sorts of hospitality uses in their parks.

Long-Term Residential, given the right conditions, could be a historic outleasing growth area within parks. This approach could serve as workforce housing options in high-wealth areas or provide housing for NPS personnel who work in parks or gateway communities with a limited housing supply. These NPS personnel could also act as full-time stewards of the historic property.

Minute Man National Historical Park in Concord, Massachusetts, preserves and interprets the sites, structures, and landscapes that became the field of battle during the first armed conflict of the American Revolution on April 19, 1775. Many homes stand within the park but have not been in residential use for decades. To bring new life into the homes and address DM&R, at least one home is used for staff housing, and others were recently made available for residential use again via historic outleasing. An example is the Gowing-Clark House, which was built in 1836 and includes a home and about two acres with mature plantings. Lessees must commit to living in the homes for one to three years paying Fair Market Value (FMV) rent, utilities, and insurance. They must be willing to “become a part of the park’s

relationship with the public by maintaining the historic and well-tended appearance of the structure and grounds.” (Note that NPS staff housing is managed through a separate statutory authority and is handled by PPFL.)

Agricultural historic outleases, anchored by historic buildings, exist within many parks across the country and foster a shared sense of sustainability and conservation of the land. With a continued market interest in agri-tourism and sustainability in general, there is an opportunity for this kind of outleasing. However, it requires experienced farmer lessees and functions best with specialized oversight by subject matter experts. (Note that agricultural uses within parks are limited by NPS Management Policies, Chapter 8.6.7.)

For more than two decades, Cuyahoga Valley National Park’s nonprofit partner, Countryside Initiative in Ohio, connects people, food, land, and history, via agricultural leasing. In 1999, the park developed a plan to rehabilitate and reuse park farms to preserve the rural landscape. After a handful of pilot farms were successful in the early 2000s, the Cuyahoga Valley Countrywide Conservancy (which became the Countryside Initiative) executed a cooperative agreement with the park to allow for competitively bid long-term leasing to farmers. Today, more than a dozen farms are in operation, using sustainable management practices and interacting with the public, while the Initiative facilitates seasonal farmer’s markets. The farms and Countryside bring more than 100,000 people into the park each year and have an economic impact of more than \$1 million per year.

Office Space and Co-working Office Space have been successful in targeted micro-markets where there is either a high concentration of remote workers, or an area’s commute times are abnormally high, or both. The COVID-19 pandemic led to a fundamental change in the workplace and gave rise to alternative work arrangements, and as such, there may be an opportunity to offer co-working and shared office space in certain parks.

For example, at the NPS Fort Vancouver National Historic Site in Vancouver, Washington, Building 993 was built in the early 20th century as infantry barracks and served as the headquarters of the U.S. Army Reserve’s 104th Division. By the time it was transferred from the Department of the Army to NPS in 2012, it had fallen into disrepair. Funded by the Great American Outdoors Act, work in and around Building 993 is scheduled to be completed in 2024, and it will serve as leased federal office space for other federal agencies. Historic features were rehabilitated and water, sewer, electrical, telecommunications, and fire suppression systems were updated. Outside, the parking area and pedestrian pathways were improved to meet accessibility standards. The historic outleasing project is addressing more than \$15 million in DM&R and is advancing the site’s master plan goal to create a historic, sustainable campus for public service.

REGIONAL ANALYSIS

With the above-listed types of opportunities, uses, and successes in mind, the report provides a market analysis of NPS’s seven regions, utilizing various market analysis data sources. For each region, a high-level regional profile is followed by a park “spotlight” summarizing a historic outleasing opportunity.

Alaska Region (AKR). The AKR is comprised of 15 national parks, preserves, and monuments within the state of Alaska. Many of the parks in the region have areas that are isolated and inaccessible (via trails or roads) due to the focus on preserving the natural landscape, as well as properties of significance to Alaska Native Tribes. The entire AKR benefits from a heightened interest in ecotourism. For purposes of the report, AKR has five parks with about 15 underutilized or unutilized smaller historic buildings.

AKR Spotlight: Denali National Park and Preserve. Because of Denali National Park and Preserve’s size and terrain, its isolation is part of its allure. Denali has more than 600,000 visitors each year, while the population of the Denali Borough is about 1,600. Industries near the park are related to operating, serving, and supporting the park—tourism and hospitality, visitor transportation/travel services, and emergency services. In support of tourism, the park maintains four camping areas. Visitors seeking more formal lodging are often referred to four off-park lodges, which charge upwards of \$1,000 per night per person. As such, the park may have an opportunity to increase more affordable lodging options, and especially to establish auxiliary facilities at the handful of underutilized or unutilized historic buildings in remote parts of the park.

Pacific West Region (PWR). The PWR includes national parks, preserves, and monuments across California, Hawaii, Idaho, Nevada, Oregon, Washington, and the territories of Guam, American Samoa, and the Northern Mariana Islands. The typology of the parks and historic sites within the region differs vastly. The San Francisco Bay Area’s Golden Gate National Recreation Area is one of the most visited urban parks in the world, with luxury hotels (i.e., Cavallo Point Lodge) and concessions. Conversely, the secluded Channel Islands have no concessions, spotty cell service, and are described by NPS as “an exercise in preparation and self-reliance.” For purposes of the report, the PWR has 23 parks located in five states with about 150 underutilized or unutilized smaller historic buildings.

PWR Spotlight: Fort Vancouver National Historic Site. The Fort Vancouver National Historic Site is located immediately east of downtown Vancouver, Washington, which is situated approximately 10 miles north of Portland, Oregon. The park features extensive educational resources, living history demonstrations, outdoor activities, and museums. Attractions on the site tell the story of the cultural transformation from a fur trading post to an American settlement to a military outpost. Park visitation draws from the local community and the 2.5 million people in the greater area.

As a former military base with limited public access, the park prioritizes public accessibility and sustainability, and is in the midst of executing a phased plan to rehabilitate historic buildings via leasing. One of the long-term goals is to create a campus with a mix of federal and nonfederal leasing tenants. More than a decade ago and after an extensive rehabilitation effort, the Forest Service’s Gifford Pinchot National Forest and the Bureau of Indian Affairs became tenants in a rehabilitated historic building known as Building 987. In 2023, work was completed in and around Building 993, including utility and life safety upgrades, and the parking area and pedestrian pathways were upgraded to meet accessibility standards. The project addressed more than \$15 million in DM&R, and now the building serves as federal office space.

There is still a handful of underutilized or unutilized historic buildings that may be candidates for historic outleasing, perhaps for private-sector partners seeking co-location with federal agencies, or for co-working and shared office spaces. With Fort Vancouver’s central location, the area’s growing population, and the availability of modern infrastructure for utilities in a park setting, co-working space could also be a viable use.

“The successful rehabilitation and reuse of Building #987 has brought new life to this signature barracks building on the iconic Barracks Row, which is a strong first step in the rehabilitation of the historic East and South Vancouver Barracks.

This rehabilitation project didn't happen overnight. It took the long-term commitment and dedication of both local National Park Service and US Forest Service employees who all recognized the importance of working together to protect, preserve, and reuse historic structures and how our compatible missions and operations at this national historic site could promote new, exciting ways to serve the public.”

--Tracy Fortmann, Superintendent, Fort Vancouver National Historic Site

Intermountain Region (IMR). The IMR is comprised of 85 parks across Arizona, Colorado, Montana, New Mexico, Oklahoma, Utah, Texas, and Wyoming. The parks in the northern part of the region include several national recreation areas nestled in the Rocky Mountains, while the southern portion of the region is characterized by multiple national monuments. Most parks in the region are located well outside major metropolitan areas. For the purposes of the report, the IMR has 20 parks located in eight states with a total of about 90 underutilized or unutilized smaller historic buildings.

IMR Spotlight: Grand Teton National Park. Grand Teton National Park is located in the second least densely populated state in the country. It is sandwiched between Yellowstone National Park to the north and the high-end skiing and corporate retreat spot of Jackson Hole, Wyoming, to the south. Tourism is the main industry in and around the area. However, the area is also a home for wealthy individuals. In 2021, the average per-capita personal income in Teton County reached about \$318,000, which placed it first in the nation. The average home price at the end of the third quarter of 2023 was \$2.25 million. The concentration of wealth near the park has created a high demand for workforce housing. The creation of housing for NPS employees in Grand Teton National Park, in a few of their underutilized or unutilized historic buildings, could help park operations.

Midwest Region (MWR). The MWR includes a variety of parks across Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin, spanning varied geographies, climates, and primary public uses. Five of the region's 13 states are ranked in the top 10 farming states in the country based on number of farms. For purposes of the report, the MWR has 13 parks located in six states with about 80 underutilized or unutilized smaller historic buildings.

MWR Spotlight: Cuyahoga Valley National Park. The Cuyahoga Valley National Park acts as a bridge between the metropolitan areas of Cleveland and Akron, Ohio. The northern portion of the park has features that are centered around the Cuyahoga River, such as rafting, while the park's southern portion is characterized by other outdoor recreation activities, such as hiking, biking, and fishing. There are several active restoration projects within the park to conserve the river, buildings, trails, and bridges. Given the park's location between two urban centers, there are many large employers from a diverse range of industries, including healthcare, higher education, and financial services. In partnership with a nonprofit, Countryside Initiative, the park leases and manages more than a dozen farms, anchored by historic farm buildings, and with an economic impact of over \$1 million per year. However, the park still has more than a dozen underutilized or unutilized historic buildings that may also be candidates for historic outleasing.

“This is a wonderful tool to preserve that pastoral landscape in the valley. And having it run by a nonprofit partner is just really efficient. We really look at Cuyahoga Valley as what a national park can be. Step out of what you might think is the classic definition of a national park. We protect and preserve resources, but we also protect and preserve for the people. And so, providing these unique experiences while protecting that farm story is really important to us.”

--NPS Spokeswoman Pam Barnes

Northeast Region (NER). The NER includes more than 80 parks spanning 13 states: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia. The NER contains the seven most densely populated states in the country, so most parks in the region are usually proximate to at least one major urban area. In this region, parks are heavily utilized for day trip outdoor recreation such as boating, bicycling, hiking, hunting, and fishing. For purposes of the report, the NER has 23 parks located in eight states with about 270 underutilized or unutilized smaller historic buildings.

NER Spotlight: Assateague Island. Assateague Island spans Maryland and Virginia. The National Seashore in Maryland is managed by NPS, the state of Maryland manages two miles as Assateague State Park, and the U.S. Fish and Wildlife Service manages the Chincoteague National Wildlife Refuge on the Virginia side. NPS also operates a beach within Chincoteague. Assateague Island National Seashore has a handful of underutilized or unutilized historic buildings that may be candidates for historic outleasing. Due to its relative seclusion, Assateague Island is a destination park for visitors. Designated as a National Seashore, the multi-jurisdictional parkland is a preserve for the natural habitat of the wild horses and other wildlife on the island. Outdoorsmanship in many forms—hunting deer, ducks, and geese; horseback riding; crabbing and surf-fishing—are a main draw to the park. The popularity of the park’s outdoor activities, combined with the park’s relative seclusion, could support the establishment of additional recreational facilities in underutilized or unutilized historic buildings, via outleasing.

Southeast Region (SER). The SER includes Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Puerto Rico, and the U.S. Virgin Islands. It contains a high concentration of national battlefields and areas of historical military interest, often in areas outside major city centers. Many of these parks host hikes, ranger-guided programs, and living history programs to commemorate historically significant events. These events often draw visitors seeking an immersive experience over a few days that could indicate there is a market for hospitality uses. For purposes of the report, the SER has 20 parks located in eight states with a total of about 100 underutilized or unutilized smaller historic buildings.

SER Spotlight: Blue Ridge Parkway. The Blue Ridge Parkway connects the Great Smoky Mountains National Park in North Carolina up to Virginia’s Shenandoah Mountains. NPS maintains the 469-mile-long natural habitat surrounding the parkway to preserve nature and wildlife, which can be viewed from scenic overlooks and hiking trails. The Blue Ridge Parkway is a long, narrow corridor known best for its leisure auto travel experience. Because it traverses through numerous communities, the park provides as a string of localized education venues, diverse habitats, and varied outdoor experiences. The Blue Ridge Parkway has more than a dozen underutilized or unutilized historic buildings scattered among disparate nodes, and there may be an opportunity to create additional hospitality and short-term rental options via historic outleasing in those locations.

For example, in 2010 the historic Bluffs restaurant closed after 60 years of operation when the concessionaire ceased operations and vacated the property. With the Blue Ridge Partnership Foundation, The Bluffs restaurant reopened in 2020 under a new concessionaire and via a lease with the foundation. It was featured in numerous publications, including *National Parks Traveler* and *Southern Living*.

“We are so pleased to see this beloved area of the park come back. The Bluffs at Doughton Park was one of the earliest developed areas on the Parkway and will again be part of its future thanks to the support and involvement of so many.”

--J.D. Lee, Superintendent, Blue Ridge Parkway

National Capital Region (NCR). The NCR covers the District of Columbia, Northern Virginia, suburban Maryland, and northeast West Virginia. It is NPS’s smallest designated region by area, yet the densest with NPS parkland. Attractions within this region include the Washington Monument, Manassas National Battlefield Park, and Baltimore-Washington Parkway. Due to the density and depth of the educational resources of NPS parks within the region, attendance and interest are driven heavily by the surrounding communities and various interest-oriented groups including conservationists, preservationists, and academic researchers. For purposes of the report, the NCR has five parks located in three states and the District of Columbia with about 30 underutilized or unutilized smaller historic buildings.

NCR Spotlight: Harpers Ferry National Historical Park. Harpers Ferry National Historical Park is located at the confluence of the Shenandoah and Potomac Rivers. The rivers also serve as state boundaries, so the historical park straddles West Virginia, Virginia, and Maryland. The park has a preserved Lower Town, with museums and exhibits, and offers recreational activities such as hiking and rock climbing in other areas. Harpers Ferry's visitation is driven by the historical significance of its water and rail transportation networks, its use as a former military armory, and its role in African American history. Large employers near the park include Hollywood Casino and West Virginia University (WVU) Medical School. The park has a handful of underutilized or unutilized historic properties that may be candidates for historic outleasing, perhaps in partnership with WVU, Shepherd University, Mount St. Mary's University, Shenandoah University, or another university within the region.

CHALLENGES

While there are various opportunities for reuse of underutilized and unutilized buildings via historic outleasing, some of the challenges associated with this particular portfolio of properties include their mounting DM&R, remote locations with limited access, and small size. Other challenges include establishing baseline information and FMV, and finding financing solutions. Finally, some parks are also challenged with transitioning to new uses from existing reservations of use and occupancy.

Baseline Information. As described above, the condition of about a quarter of the portfolio, more than 150 buildings, has not been assessed by NPS, and associated DM&R has not been estimated. Parks are challenged with not having the funding necessary to conduct condition assessments for these buildings, which, in turn, makes it harder for the parks to assess and prioritize their park's outleasing opportunities. Further, it is usually unproductive for parks to engage in discussions with prospective partners on reuse without first establishing general cost estimates for stabilization work.

In addition, buildings that are more than 50 years old must be evaluated for their eligibility for listing in the National Register. Some buildings that have suffered from neglect, or were altered over the years, may have lost historic integrity to such an extent that they are no longer eligible. To make eligibility determinations, park superintendents may follow the process in Section 110 or, if a project (undertaking) is planned, the process in Section 106 may be pursued. In any case, the State Historic Preservation Officer (SHPO) and other stakeholders must be involved in formal eligibility determinations.

This evaluation process is also critical for park planning and management. Only historic buildings (i.e., building that are eligible for listing in or listed in the National Register) may be leased in accordance with Section 111, and most preservation tax credits (below) are only available for historic buildings. On the other hand, if a building is determined as ineligible for listing in the National Register, there may be opportunities to make more extensive changes to it, which is also important information for park management purposes.

Fair Market Value. NPS leases must provide for FMV rent, which is established through the U.S. Department of the Interior Appraisal and Valuation Services Office (AVSO) or in accordance with other policies. AVSO's services are paid for by the requesting park. The timeframe for obtaining an appraisal from AVSO ranges from 8 to 12 months, or longer depending on the complexity of the proposed project improvements or other factors. Parks work collaboratively to ensure lease FMV rent determinations account for consumer price index inflation and comply with NPS leasing regulations and legal obligations, inclusive of adherence to Office of the Inspector General (OIG) opinions.

While the parks await AVSO's FMV determinations, for informal and study purposes, parks may conduct basic market research independently to help gauge a property's value. However, this can be especially challenging in remote areas without comparable properties.

FMV rent is most easily achieved when NPS leases space that is rehabilitated and meets the needs of the tenant, and the lessee does not have to fund DM&R or significant infrastructure improvements. However, FMV rent may be offset when lessees are funding DM&R and/or significant infrastructure improvements and to rehabilitate buildings. For most historic leases, parks ask lessors to take on DM&R, which impacts the amount of rent revenue that can be realized by parks. FMV rent may be offset in full or for partial rent credit, depending on the terms and conditions of the lease. NPS is moving away from FMV rent offset in full, whenever possible, to FMV rent that includes a combination of a base rent provision and the balance of rent that may be offset.

Financing. Given parks' lack of funding to devote to this portfolio, and to estimate and address their DM&R, it is also challenging to find lessees that are willing to estimate and finance such work—in addition tenant improvements work to place a building back into service. In many cases, due to the significant time and upfront cost of rehabilitating a historic property, private real estate owners utilize federal and state historic tax credits to “swing” a project to profitability. The typical federal historic tax credit is only available for income-producing historic properties and requires projects to follow the *Secretary of the Interior's Standards for the Treatment of Historic Properties* (36 CFR Part 68). These credits can be extremely helpful because the sizeable DM&R associated with this portfolio can delay a lessee's realization of positive cash flow until much later in a real estate development cycle.

However, these credits can be challenging to obtain because they require lessees to go through a specific process with SHPOs, the NPS's historic preservation tax incentives program, and the U.S. Internal Revenue Service. The process involves a multi-part application, including submittal of photos of the exterior and interior of the building, a detailed description of the current building condition, a detailed plan of work to be completed, and supporting documentation. Preservation and tax professionals familiar with historic tax credit projects can facilitate this process, but it can be time-consuming and expensive. Lessees of smaller individual buildings on federally owned land may find the process is not worthwhile for projects with high levels of DM&R.

If a lessee has an opportunity to pursue a project involving a collection of smaller buildings with significant DM&R, historic tax credits may prove to be more financially attractive for lessees and for their lenders, particularly as the historic tax credit process allows for phased rehabilitation. Early coordination with the SHPO on the tax credit process for a possible historic outlease involving multiple buildings would be especially critical, given the inherent complexities of these types of projects.

It is also important to note that lease terms for projects that pursue historic preservation tax incentives are often quite long, due to financial recapitalization requirements. NPS's general policy, for parks to pursue the shortest possible lease terms, can further complicate a lessee's pursuit of historic tax credits because the lease term may be insufficient for the lessee to recognize a financial return on their investment. When circumstances allow, longer-term leases can encourage lessees to take advantage of historic tax credits, which can make projects viable while providing excellent stewardship.

Aside from historic tax credits, there may be other federal, state, and local incentives that could help support a project's viability. Incentives would be based on a specific project scope, need, and use, but could include low-income housing tax credits and other affordable housing incentives, federal, state or local sustainability credits, or federal loan guarantees on renewable energy projects. SHPOs and local preservation advocacy organizations are knowledgeable about applicable grants and programs in their respective states and municipalities.

Reservations of Use and Occupancy. Based on the average size of the buildings and the interviews conducted for the report, the portfolio may consist of a preponderance of former permanent or seasonal residential assets and their outbuildings, which may have been acquired by NPS when a park was established. Many of these are or were managed through a reservation of use and occupancy agreement, which allows the former landowner to use the improvements during their lifetime.

Reservations of use and occupancy are a deeded interest in the real estate and cannot be extended beyond the expiration date. When the reservation of use and occupancy agreement expires, the management of these historic properties is handled on a case-by-case basis by each park. Management can be complicated by these properties' unknown historic status and declining condition, as well as confusion regarding NPS policy and guidance about goals for their long-term care. Further, there are often local stakeholders with ties to these properties. In any case, NPS must comply with the NHPA which, as noted above, charges federal agencies with stewardship of historic properties within their jurisdiction.

This topic was not the focus of the report but may warrant additional research.

RECOMMENDATIONS

The report provides recommendations on market access focusing on facilitating greater use of historic outleasing for the portfolio. The recommendations, listed below, include no- and low-cost NPS-centric solutions that can be reasonably accomplished by their various directorates, regions, parks, and partners in the short-term, and not on long-term regulatory and/or legislative proposals.

1. **Leverage NPS Resources, Expertise, and Tools, and Provide Training.** NPS should encourage cross-directorate collaboration among Business Services, CRPS, and PPFL directorates, regions, and parks by improving access to shared resources, training, and regularly discussing goals, and techniques for achieving those goals, and successes.
2. **Leverage Federal Agency Expertise, Market Outreach, and Technologies.** NPS should leverage experience, technologies, and resources from other federal agencies, if available, given many parks do not have dedicated historic outleasing capacity and/or resources.
3. **Leverage State, Tribal, and Local Governments, and NonProfits.** NPS should expand partnerships with other local and state government agencies as well as statewide, regional-, and national-level nonprofits to provide park personnel with additional market outreach support.
4. **Leverage Public-Private Partnerships.** NPS should build public-private partnerships with private companies, nonprofits, and educational organizations to provide parks with more targeted uses, to address market viability considerations, and to expand market access opportunities.
5. **Improve Market Outreach Information, Tools, Techniques, Platforms, and Technologies.** NPS should utilize various platforms, fora, engagements, and technologies to expand outreach to local and regional audiences.

The full report provides additional agency-specific recommendations about how NPS may implement the above, as well as agency-specific lessons learned.

EXISTING TOOLS

Given the NPS's capacity and funding constraints as it relates to historic outleasing, parks should leverage existing skills, expertise, and resources to consider it as a means to manage the portfolio. The NPS leasing program office, within the Business Service Directorate, has already consolidated multiple references,

lease templates, and other related materials for park reference and use. These are available on their intranet and by request.

The resources listed below may provide parks with additional background information to consider when they are assessing the viability of historic outleasing. These sites regularly provide up-to-date information that can inform informal market analyses and help parks gauge the viability of outleasing opportunities.

- [Bureau of Economic Analysis](#). The BEA collects personal income data by county and metropolitan area.
- [Census Bureau](#). The Census Bureau collects information on population density and makeup.
- Regional development organizations, like the [National Association of Development Organizations](#), are multi-jurisdictional quasi-governmental bodies that are formed to assist in creating robust communities by focusing on economic development, workforce training, and transportation planning among other issues.
- [Chambers of commerce](#) are nongovernmental membership organizations that advocate on behalf of their members to promote business within their areas.
- State, regional, and local economic development departments are operated by local governments to provide resources in support of attracting commerce and employment within their jurisdiction.
- Membership organizations can provide helpful information on relevant topics, such as the [International Ecotourism Society](#), the [Spa Industry Association](#), and the [Outdoor Industry Association](#).
- Publicly traded companies occasionally disclose insightful market-defining information in securities filings. For example, IWG plc, which operates several co-working brands, provides its outlook for co-working demand in different U.S. metro areas.

ADDITIONAL TOOLS

To help parks work with regions and directorates to more easily consider outleasing opportunities in parks, the report provides a “toolkit framework” which includes the following: a screening sheet to facilitate discussions among NPS personnel; a financial model for a “back of the envelope” value analyses; and an annotated appendix of relevant studies and reports. It also references NPS’s new [Historic Property Project Documentation](#) (HPPD) system, which should be helpful for management and planning.

The **Historic Outleasing Screening Sheet** provides a form for parks to enter high-level information to evaluate the outleasing potential within the portfolio, to facilitate discussions among NPS personnel at all levels including within parks. The sheet provides space for information about the park, location, and contacts; access information; condition and utility details; historic status and other compliance information; desired improvements; community considerations; and information about interested parties.

The **Financial Model Workbook**, a set of interactive Excel worksheets, indicates typical capital expenses, maintenance expenses, the expected return on investment, and the expected return to the NPS in terms of funds and/or asset improvement. It allows users to input lease terms to analyze the potential viability of outleasing historic property. It is intended to assist decision making within parks about whether and/or how to engage with leasing experts and the market.

Specifically, an inputs page allows parks to insert relevant data including asset information, market rent assumptions, capital expenses, maintenance costs, and lease terms. An analysis page processes that data to compare the cost of government ownership with the cost and/or income associated with sharing stewardship responsibilities with a lessee.

A cashflow chart provides further analysis, graphically representing any net cash flow plus the additional noncash value (e.g., capital investments) made by the lessee. Another chart overlays the anticipated cash flows, to compare the cost of ownership with or without a lessee. (Note that the tool is not intended to compare offers.)

Finally, the NPS's new HPPD system was recently developed by NPS to capture the minimum necessary information for sharing and analyzing cultural resources data when needed for project planning and development, and would also work well for outleasing planning.

The HPPD format can be used to inform and document federal decision making related to the treatment of historic structures, including those in this portfolio. Parks should use HPPD to compile historic property documentation for any historic outleasing asset candidate and specifically to:

- Consolidate information on file related to significance, integrity, and planned treatment;
- Determine if documentation on file is adequate to inform project scope decision making;
- Support park determinations about the effects federal undertakings have on historic properties and provide documentation to be used for Section 106 consultations;
- Document federal decision making and produce content for the administrative record;
- Update existing baseline documentation or produce draft content for future more exhaustive documentation efforts; and
- Share historic property information with internal and external colleagues, as needed.

The screening sheet and workbook are available by request, and HPPD is available online at the link above.

END NOTE

While drafting the report, NPS staff identified that their ideal historic outleasing program would have buildings that are not needed for park purposes occupied and maintained by lessees, potentially generating additional revenue for the park that would be available for infrastructure needs within the park including the following: direct maintenance of the leased property; facility refurbishment; repair and replacement; and infrastructure projects associated with resource protection as authorized by statute (54 U.S.C. 102012).

NPS has made great strides toward that ideal, with a thriving outleasing program functioning at hundreds of historic buildings. The agency has accomplished so much with regard to their stewardship responsibilities, in keeping with the spirit of stewardship set forth in the NHPA as well as the mandate in Section 110 (54 U.S.C. 306101) that federal agencies assume responsibility for the preservation of historic properties or resources that fall under the agency's jurisdiction. These successes occurred on a building-by-building basis, with support from a handful of subject matter experts at various levels of the agency.

At this point, however, there remains a portfolio of properties which may not have a straightforward path for engaging in outleasing. Absent a windfall of funding to address their DM&R, or major policy changes or initiatives, their future will also be determined one at a time, with conscientious planning by staff from parks and various directorates including CRPS, Business Services, and PPFL.

As NPS considers the information and recommendations in the report, collaboration is encouraged among those directorates and in parks, regions, and at the headquarters levels, as well as early consultation with stakeholders. The ACHP also encourages early consultation when projects may be proposed at these properties, to inform Section 106 reviews and plans for stakeholder engagement.

Working together, preservation of this challenging portfolio can be advanced via historic outleasing. As parks continue their planning efforts for these properties, the ACHP is confident that the report will complement existing resources and better equip parks to consider outleasing opportunities.