



Protecting and Promoting Rail Stations Through Historic Designation Programs



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INTRODUCTION

Railroad stations have long played a prominent role in the restoration efforts of historic preservationists. The focus on railroad stations emanated from the destruction of New York City's landmark Penn Station in 1963. The public outrage spurred by this "act of monumental vandalism" led to the passage of numerous historic preservation laws which have benefited many rail stations across the country.

Amtrak currently serves 529 stations, a number of which are listed on the National Register of Historic Places (NRHP) or are designated as local historic landmarks. However, when it comes to historic preservation, the topic of designation can be confusing. Many people have heard of the NRHP, especially with the creation of such national programs as *Save America's Treasures*, which works as a partnership between the federal government and the private sector to devote additional resources and promote increased media awareness for preservation. States may also administer designation programs, and numerous communities enact local preservation ordinances which allow a municipal government to designate local landmarks or historic districts. Historic designation can be a powerful tool for a community contemplating the renovation or adaptive reuse of a historic station or depot. Varying levels of designation determine eligibility for tax benefits, the ability to delay or stop demolition orders, and the type of renovation or restoration work allowed.

THE THREE LEVELS OF HISTORIC DESIGNATION

1. Federal: The National Register of Historic Places (NRHP)

The NRHP was created in 1966 under the National Historic Preservation Act, and is part of the National Park Service's (NPS) "national program to coordinate and support public and private efforts to identify, evaluate, and protect America's historic and archeological resources."ⁱ To be considered for the NRHP, a structure must exhibit "age, integrity, and significance."ⁱⁱ Generally this means that the structure is at least 50 years old, looks much the way it did in the past, and is associated with important people or events, or features significant archaeological, architectural, landscape, or engineering achievements.

To be listed on the NRHP, a structure must first be nominated by the State Historic Preservation Office (SHPO). Property owners, historical societies, preservation organizations, governmental agencies, individuals, and groups can nominate a property, and initiate contact with the SHPO. If the owner of a property objects to a NRHP designation, it may not be listed. The SHPO reviews nominations with the state's National Register Review Board and complete nominations are then submitted by the state to the NPS for final review and listing. Note, properties can be listed on the National Register at varying levels of significance- national, state or local. This is different from being listed on a State or Local Register, which are separate designation programs.

The NRHP listing is purely honorific and as such, places no constraints on private property owners. A property could be designated one day and demolished the next--- there is no legal protection delaying or barring demolition or unsympathetic renovations to a NRHP property.

Properties placed on the National Register enjoy many advantages. They benefit from:

1. Increased public awareness and recognition,
2. Access to International Building Code fire and life safety code alternatives, and
3. Acknowledgement of the listing with a bronze plaque designating it as part of the National Register of Historic Places.

The owners of these properties are able to take advantage of generous tax benefits and funding opportunities. Moreover, they can use the NRHP affiliation to create new opportunities to network and learn from other listed properties on the care and maintenance of their historic structures.

2. State

Designation on a State Register of Historic Places often follows the pattern of the NRHP. It is usually an honorific label, and similar to the federal level, it does not provide legal restrictions on the use of or improvements to the historic property. Many states also offer tax benefits to certified historic properties, which are discussed in the Tax Advantages section below.

The North Carolina SHPO notes that "since 1976, over 2,000 completed 'certified rehabilitation' projects have been reviewed by the N.C. SHPO, representing over one billion dollars of investment in historic properties. The spinoff from all this activity includes job creation, downtown and neighborhood revitalization, improved community appearance, and greater community pride. Historic preservation is smart growth, and smart investment."ⁱⁱⁱ

3. Local

Many communities have set up their own local historic preservation commissions, which allow for a fair amount of public involvement in the management of historic resources. Whereas the NRHP is purely honorific, local designation has the backing of state or municipal law, providing for greater legal control over historic resources. Using local law, communities can delay demolition attempts, stop historically unsympathetic rehabilitations, and create design guidelines that determine the aesthetics of future development in areas deemed historic. As the NPS notes, “the thread of historic preservation becomes woven into the fabric of local land use policy,” essential for future planning initiatives.^{iv}

The National Historic Preservation Act of 1966 created a partnership between the federal government and states for identifying and implementing plans to preserve important historic sites. In 1980, Congress amended the act in order to create the Certified Local Governments (CLG) program; the CLG program allowed local governments to also enter into that partnership.

A local government participates when the SHPO and the NPS certify that a local government has “adopted a preservation ordinance and established a preservation commission and is carrying out a preservation program meeting federal and state standards.”^v In North Carolina, the CLGs, which include counties and municipalities, are eligible to receive modest matching grants for preservation activities. State statutes set out organization standards for CLGs, such as mandating at least five members on a preservation commission or the process by which the SHPO annually reviews the work of the CLG.

TAX ADVANTAGES

Tax incentives for the preservation of historic structures exist at the federal, state, and local levels. They are meant to provide property owners with a financial incentive to rehabilitate their historical structures rather than selling or demolishing them for profit. In its 2004 annual report, the National Park Service noted that the federal historic preservation tax credit has generated over \$33 billion in historic restoration activity since its inception in 1976.ⁱ In 1993, the states began implementing their own historic tax credit programs. These programs, coupled with the federal tax credit have been a redounding success. In fiscal year 2004, 30% of projects certified to receive the federal tax credit also benefited from state tax incentives.

ⁱ Federal Tax Incentives for Rehabilitating Historic Buildings. Annual Report for Fiscal Year 2004, National Park Service (February, 2005).

1. Federal Tax Benefits

Section 47 of the Internal Revenue Code (IRC) provides a 20 percent tax credit for the approved rehabilitation of certified historic structures.ⁱⁱ This section also allows for a 10 percent tax credit for approved rehabilitation expenditures for buildings placed in service before 1936.ⁱⁱⁱ “The federal credits are available for properties rehabilitated for commercial, industrial, agricultural, or rental residential purposes, but not for properties used exclusively as the owner's private residence.”^{vi} The property owner is not eligible for the credit until (1) the property receives an “Historic Preservation Certification” from the NPS, and (2) the property is placed in service.

“A ‘certified historic structure’ is a building that is listed individually in the NRHP or a building that is located in a registered historic district and certified by the NPS as contributing to the historic significance of that district. (A registered historic district is any district listed in the NRHP).”^{vii} A “certified rehabilitation” means that the NPS must approve the project in order for it to receive a tax credit. This implies that the rehabilitation will be “consistent with the historic character of the property; it is understood that some alteration is bound to occur, but defining historic features must be retained.”^{viii} In addition, the rehabilitation project must conform to the *Secretary of the Interior’s Standards for Rehabilitation*, a set of guidelines for the renovation and preservation of historic properties. Any qualified architectural or construction firm that specializes in historic structures will be familiar with these guidelines.

Highlighting the success of the federal tax incentives program, the NPS notes that in 2005, the 1,101 historic building rehabilitation projects approved created 52,464 jobs, leveraged more than \$3.1 billion in private investment, and resulted in 14,354 housing units, of which 4,863 were for low or moderate income families.^{ix}

2. State Tax Benefits

At present, 30 states administer historic preservation tax credits.^{iv} Property owners can use these credits to offset their state tax liability. These programs are not created equal. They can vary significantly from state to state, particularly regarding:

- a. The tax credit rate;
- b. Caps on the tax credit amount (either per project or per year);
- c. Types of eligible projects (commercial only, or owner occupied residences); and
- d. Tax credit transferability.

ⁱⁱ 26 U.S.C. §47(a).

ⁱⁱⁱ Id.

^{iv} State Tax Credits for Historic Preservation, A Public Policy Report Produced by the National Trust for Historic Preservation’s Center for State and Local Policy, by Harry K. Schwartz.

According to the National Trust for Historic Preservation, Missouri, North Carolina, Ohio, and Virginia offer very generous preservation tax credit programs.^v Missouri and Virginia each offer a 25% credit for commercial buildings and owner-occupied residences. There are no caps on the dollar amount of the credit claimed and the credit is transferable. Thus if an out-of-state investor with no Missouri state income tax liability invests in a Missouri/Virginia project, the investor can sell his Missouri/Virginia tax credit to someone who owes Missouri/Virginia taxes and thus can use it.

Ohio also grants a 25% credit but the maximum credit the property owner can claim for a given project is \$5 million. However, the credit is refundable up to \$3 million. Thus even if the property owner does not have any Ohio tax to apply the credit against, he can still receive a \$3 million cash refund from the Ohio Tax Department.

North Carolina provides a 20% tax credit for historic buildings used for commercial purposes, and a 30% tax credit for owner-occupied residences. In addition, North Carolina grants a credit of up to 40% for restoration expenses associated with vacant mill properties.

CASE STUDY

For our case study, we decided to look at Salisbury, NC, home to a beautiful 1908 rail depot that is on both the NRHP and located within a local historic district. Through the CLG program, Salisbury established its Historic Preservation Commission (HPC) in 1975 with the help and encouragement of the Historic Salisbury Foundation (HSF). The HSF developed out of civic activism, particularly by the Rotary Club. The HSF “is a private, non-profit organization whose mission is preserving, protecting, and enhancing the special historic character of Salisbury and Rowan County through education, neighborhood revitalization, advocacy, and the preservation of historic landmarks.”^x In the late 1960s, Rotary Club President Ed Clement suggested the idea of chartering a local preservation organization, as the town’s historic core was threatened by disinvestment. In 1972 the Rotary called a public meeting, inviting a broad segment of the community to form the HSF and write its by-laws. The city, a CLG, produced legal guidelines to direct the work of the HPC.

Preservation Tools

As its primary preservation tool, Salisbury established an overlay district within its zoning code. This district is a planning instrument that works in conjunction with other basic zoning ordinances, placing additional requirements on properties within that zone, particularly on the development potential of lots and the exterior appearance of structures. To be included in the local district, a structure must “be of special

^v <http://www.preservationnation.org/issues/rehabilitation-tax-credits/state-rehabilitation-tax.html>

significance in terms of its historical, prehistorical, architectural, archaeological, and cultural importance, and to possess integrity of design, setting, workmanship, materials, feeling and/or association.”^{xi}

Besides investigating, documenting, and establishing historic districts, the HPC also receives and reviews Certificates of Appropriateness (COA). These are required whenever a property owner in a historic district wishes to make major changes to the exterior of a property, such as adding on an addition, changing windows, or choosing a new paint scheme. The HPC determines whether the changes are in keeping with the established *Design Guidelines*, and votes to accept, accept with provisions, or deny the COA. The purpose of the *Design Guidelines* and COA are to maintain the historical character of the selected district.

It might be a good area to briefly touch upon easements or covenants, which are a major tool used to maintain the historic integrity of these structures. They can be held by federal, state or local entities. Not surprisingly, they are often more stringent at the local level.

Apart from writing and enforcing the *Design Guidelines*, one of the most powerful tools that HPCs possess is the ability to delay demolition within an historic district. The Salisbury statute does not allow the HPC to deny demolition, but it may put it off by as much as 365 days—valuable time to work with a property owner to come up with viable alternatives to demolition! In some cases, demolition may even be put off indefinitely.^{xii} This is the true value of local designation when compared to NRHP listing: more direct control over a community’s historic resources. Some of our nation’s greatest landmarks go the way of the wrecking ball because we assume that we have control. Just because a landmark building or landscape is well taken care of by present owners does not mean that it will have appreciative caretakers in the future. **By giving important landmarks local historic designation, communities can ensure some influence over future events.**

Birth of the Preservation Movement

Salisbury’s story is typical of the many communities that possess an historic railroad depot threatened with demolition or neglect. The local preservation movement in the town gained prominence in the late 1960s, as it did across America. Much of this initial promotion of historic preservation resulted from the destruction of New York’s famed Pennsylvania Station, a McKim, Mead, and White masterpiece that fell to the wrecking ball in 1963 so that the current Madison Square Garden/Penn Station complex could be constructed. As the *New York Times* editorialized at the time, “Until the first blow fell, no one was convinced that Penn Station really would be demolished, or that New York would permit this monumental act of vandalism against one of the largest and finest landmarks of its age of Roman elegance.”^{xiii} New Yorkers had assumed that their great station would always stand, until they realized that they had no true legal control over

its fate. The destruction of the train station would foster the establishment of the New York City Landmarks Preservation Commission.

Salisbury's station was designed by noted architect Frank P. Milburn for Southern Railway in the Spanish Mission Revival style. The building spans two city blocks and includes a two-course water table dividing the dark red brick base from the tan brick body of the building, a red clay tile roof, and a dominating central three and one-half-story tower ornamented by projecting gargoyles. It opened in 1908, becoming a primary gateway to North Carolina's Piedmont region. The stop was originally on the main-line between Washington, D.C. and Atlanta, GA; at the height of its use in 1911, as many as 44 trains per day passed through. The Salisbury passenger station was added to the National Register of Historic Places in 1976.

After World War II and the decline of passenger rail service in the United States, the station fell into disrepair, with a backlog of deferred maintenance. The HSF recalls, "It was in terrible shape, roof caved in, windows broken, the pigeons had taken over...[and] it was abandoned..."^{xiv} In the 1970s, two nearby stations were demolished, and the HSF and local leaders and citizens were increasingly worried about the future of the Salisbury Depot, which was under the eminent threat of demolition. In 1981, the HSF took on the challenge of resurrecting this unique landmark. Ed Clement recalls that one of the biggest trials was to convince the North Carolina Railroad Company and Southern Railway to sell the station. "HSF took a big chance...[we] worked with 3 different railroad companies to get [the purchase and restoration] done, [and] it took around 10 years and three separate stages of fundraising...it took a lot of hard work and perseverance"^{xv} Finally, in 1985, the HSF gained title to the shuttered building for \$130,000.^{xvi}

Restoration and Adaptive Reuse of the Depot

The HSF came up with various scenarios to occupy the property and produce income. A restaurant and brewpub were proposed but did not work out; eventually, the HSF settled on a mixed use development of office and events space, taking advantage of the beauty of the former waiting room. Clement states: "It was very important to the board that whatever was housed here had to conform to the historic texture of the depot. The board did not want a business that would use the depot to show off its neon signs."^{xvii}

Full restoration cost almost \$4 million and lasted about seven years; the HSF held public drives, received gifts, applied for grants, and accepted Transportation Enhancement Funds. The North Carolina Department of Transportation (NCDOT) contributed more than \$1 million in federal enhancement funds to finish the restoration of the main building. NCDOT also helped fund the creation of a park east of the station and the construction of a waiting room located under part of the station's metal trackside canopy. By enclosing this area in glass, the town gained a large waiting room that

meshed with the historic structure, but which also meets the needs of today's travelers.^{xviii}

In recognition of its achievements, the National Trust for Historic Preservation awarded NCDOT Rail Division its prestigious 2007 John H. Chafee Trustees Honor Award for Outstanding Achievement in Public Policy. The National Trust for Historic Preservation has said of NCDOT's state wide station restoration efforts, "This program has renewed citizens' pride in their local heritage and created a viable transportation alternative for the public...\$74 million [has been invested] to bring these long neglected landmarks back to life."^{xix} As the state has sought to reinvigorate passenger rail to serve its citizens, it has also endeavored to renew its physical infrastructure, such as historic stations. Perhaps the National Trust's President, Richard Moe said it best: "Thanks to the bold and innovative leadership of the North Carolina Department of Transportation Rail Division, a new generation of travelers will have a chance to experience the romance of the rails."

This sustained effort demonstrates the importance of establishing good relationships with the host railroad(s) and other stakeholders that operate in a community. Host railroads usually control the track(s), and often times own the station, so they must have a part in discussions concerning historic designation. Supporting NRHP designation, and in turn local listing, can benefit both the host railroad and the community: the host railroad receives tax benefits, and the community protects an important local landmark. Many of the stations served by Amtrak are owned by host railroads that either do not use or only lightly use them. These railroads might be willing to sell the buildings to a responsible organization or municipality once legal hurdles are cleared.

The Salisbury Depot today is an active part of downtown. Owned and managed by the HSF, suites are rented by businesses, and Amtrak uses the platform and new waiting room. As part of its efforts to upgrade rail stations across North Carolina, NCDOT also has an interest in the station's upkeep and accessibility. The key to managing these relationships has been to "make it clear that we have similar interests in preservation. Everyone must have a shared goal in the restoration of the community.... [and be] sensitive to our architecture... there is due diligence so that there is no adverse effect on the structure."^{xx}

The Effects of Restoration

The restoration efforts have also sparked redevelopment in that particular section of downtown and have fostered a large amount of additional rehabilitation in the area, especially by encouraging the arts community to relocate to the industrial buildings around the station. Another great achievement was working with local banks that provided renovation funds for businesses.^{xxi} The Arts Walk, which connects the railroad station to another part of downtown, was put into place with \$11 million worth of

renovation, including a five-story office building and the development of the Waterworks Visual Arts Center.

The Historic Salisbury Foundation, now a generation old, has diligently worked with the community to promote preservation efforts, and sees the fruits of its labor in the next generation, which “has picked up the ball...younger couples [are] buying property in the historic neighborhoods and doing the next round of rehab.... A building in an historic district seems to be more important because of the historic recognition and tax incentives and therefore is more attractive to business. We have an intact historic community due to the tireless work of those who began the HSF and the next generation [that] is eager to maintain and press forward...”^{xxii}

Downtown Salisbury, a redevelopment corporation, continues efforts to restore and protect historic properties, as well as create festival and public art to interpret the history of the location. Studies have been made that encourage further extending Salisbury’s role as a rail center, should it become feasible. This initiative would bring into service a passenger line from Salisbury westward to Asheville. However, costs of track improvements and other station renovations have delayed this effort.

As a preservation advocacy group, HSF thinks that the local legal restrictions in place in the historic districts, such as COAs and demolition delays have been effective tools in helping to preserve the historic character of the city, but that they need to be strengthened. As the organization notes, “The demolition delay is not enough to save a building.” The importance of partnerships between stakeholders and the community cannot be stressed enough. Community advocates for the preservation of a rail depot must make their cause known, educating residents and demonstrating the importance that the structure has for both the community’s built heritage and collective memory.

CONCLUSION

Historic preservation and attendant designation are valuable tools in helping municipalities retain important local landmarks such as train stations. Preservation is sometimes characterized as an attempt to “freeze time” or “delay progress,” but as witnessed in Salisbury and numerous towns across North Carolina, old and new elements can function together to create efficient facilities that serve the needs of current users. Adaptive reuse of historic structures allows communities to retain the inherent cultural value of their historic assets and the feeling and era they represent, while ensuring they continue to play an active, relevant role for the benefit of future generations with a new purpose and appropriate modern upgrades that better fit the needs of the community.

Additionally, in light of the current interest in “green” living and technology, preservation makes sense because it reuses limited resources. The National Trust for Historic Preservation considers the greenest building to be the one that’s already built. Instead of buying materials to construct a new building, existing materials are wisely retained when structures are renovated. When a building is torn down, energy is expended to destroy it, and the embodied energy—the energy that went into making the original materials-- is lost. Reusing a structure allows resources to be utilized for the duration of their natural lifespan.

Those interested in preserving our built environment must be proactive. By involving themselves in local government and citizens groups, these advocates can become an active voice for preservation, building positive relationships with important stakeholders and promoting new ways of thinking about how a community protects and tells its history. Regulations and ordinances are just words on paper until dynamic citizens bring them to life.

Thanks to Ed Clement, Gwen Matthews, and Jack Thomson of the Historic Salisbury Foundation for information contained in this article.

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