

Aspects of Historic Preservation:

Project Funding &
Adaptive Reuse

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Introduction

There are many different aspects to historic preservation, including intervention, funding a project, building a plan within a community, green building, and retaining cultural landscapes. Each one is a vital element in the process of saving historic places. In my aim to understand these aspects so that I may better articulate them and utilize them in preservation work, I have studied two different projects and two aspects. The first project is The Schmidt Brewery in Saint Paul, Minnesota, which was re-developed into affordable housing. I will examine the successful funding of the rehabilitation of this historic building, specifically in the realm of affordable housing. The second project is Washington High School in Portland, Oregon. The building was re-developed into office spaces, a bar, and an event space and music venue. I will examine this building as an example of a successful use of intervention by adaptive re-use.



Schmidt Brewery c2015, (Photo courtesy of the author.)



Washington High School (Photo courtesy Tarina Westlund.)

The Schmidt Brewery

History

The Schmidt Brewery is located at 882 7th st. West, in Saint Paul, Minnesota. It is situated between a residential neighborhood and the Mississippi River on 15 acres of land. Locals consider it a landmark, with its imposing crenelated towers, gothic detailing, and massive neon sign, which can be seen from miles away. The brewery was built in 1855 as Christian Stahlman's Cave Brewery. It was one of a number breweries popping up in the predominantly German city. Between 1840-1870 beer was becoming popular in the U.S.A, and the Germans brought with them their own brewing traditions, introducing lagers to the market.¹ The brewery was engineered with extensive lagering caves deep beneath it, which served as “natural beer coolers.” They were carved into locally abundant limestone, twenty to thirty feet underground. Ice was harvested from lakes and rivers in the winter to be stacked in the cellars, keeping the beer cool year round.² In 1900 Jacob Schmidt bought the building, and it became known as Schmidt Brewery. He employed Bernard Barthel to rebuild parts of the brewery in the “feudal castle style” around 1901-1902. In 1940 a large neon sign was installed, which is what solidified the building as an icon. It has long been a beloved building by residents of the city, and some folks say they can remember when pranksters played with the famous neon sign, blocking out

¹ Brick, Greg A. "St. Paul Underground: Stahlmann's Cellars: The Cave Under the Castle." *Ramsey County Historical Magazine*, Spring 2006, 12-19.

² Ibid.,13

some of the letters so it read S-h-i-t instead of S-c-h-m-i-d-t.³ Schmidt Brewery is significant as being one of the largest employers in the city throughout the years, surviving more than one major recession and Prohibition, which they did by selling soda pop and non-alcoholic beverages. Urban legend says they actually were still brewing beer, transporting it through the tunnels to the thirsty citizens.⁴ Schmidt Brewery remained until the mid 1950s. After Schmidt was bought out, the building housed a number of other breweries until 2002, when it was utilized as an ethanol production plant. It didn't last long, as the ethanol produced for fuel was even smellier than the brewery, and the business moved elsewhere. Afterward the building sat empty for almost 11 years.

Schmidt Artist Lofts

After 147 years as a brewery the Schmidt building was vacant. One prospective buyer proposed an arcade on the first floor with apartments above.⁵ Different ideas were proposed, but nothing penciled out. Both the community and prospective buyers were interested in preserving the building, it was just a matter of figuring out how to fund a costly rehabilitation and find a viable, income-producing use to make it worth it.

³ "Schmidt Brewery sign makes a glowing return to St. Paul." Star Tribune. Accessed March 22, 2017. <http://www.startribune.com/schmidt-brewery-sign-makes-a-glowing-return-to-st-paul/264122901/>.

⁴ Riehle, Dave. "Brewery Workers, Bosses, and Consumers." Saint Paul Historical. Accessed March 22, 2017. saintpaulhistorical.com.

⁵ "Revitalizing Schmidt Brewery | Saint Paul." Saint Paul Magazine. March 2015. Accessed March 22, 2017. <http://saintpaulmag.com>.

It took close to five years of planning but, in January 2011, Dominion, a development company specializing in affordable housing and historic rehabilitations, broke ground on the Schmidt Artists lofts, a project that would cost over \$120 million dollars to achieve.⁶ The intent was to preserve the historic integrity of the brewery while employing adaptive reuse by creating affordable housing for artists. The property was purchased for \$6.2 million. The brewhouse and bottlehouse totalling 350,000 sq. ft. were transformed into 260 apartment units. Communal spaces were designated, including an art gallery, 30,000 sq. ft. of multi-purpose studios, a lounge area, and a fitness room. Each apartment layout is unique with over 125 different floorplans because of the variety in the building's original layout.⁷ Thirteen three-bedroom townhouses were built on the property as well. Though it is technically affordable housing, critics note that it is on the high end of it, or the "cream" of affordable housing.⁸ To qualify the applicants must meet household maximum income requirements, which range from \$36,420 for one occupant to \$60,300 for six occupants. They also need to demonstrate that they are an artist, though they need not be a career artist. The rents currently range from \$889-\$1,221.⁹ The building is 100% occupied. A local historic district called the Jacob Schmidt Brewing Company Heritage Preservation District was created in 2011 by the Saint Paul Heritage Preservation Union, demonstrating how the city, state, citizens, and the developer worked together to achieve a victory in preserving a historic landmark.

Funding Sources

⁶ Melo, Frederick. "St. Paul approves loans for rehab of Schmidt Brewery site." *Twin Cities Pioneer Press*, March 23, 2011. Accessed March 22, 2017. twincities.com.

⁷ "Revitalizing Schmidt Brewery | Saint Paul." Saint Paul Magazine.

⁸ "Federal tax credits are misused on costly artist lofts in Twin Cities." Star Tribune. Accessed March 22, 2017.

⁹ Schmidt Artist Lofts. schmidtartistlofts.com.

The project took advantage of local, state and federal grants and tax benefits with the expertise of attorneys specializing in real estate, affordable housing, and construction. They were able to procure environmental cleanup money and historic and affordable housing funds. Listed below are the major sources of funding.

- \$70,000,000 in tax-exempt bonds issued by the Housing and Redevelopment Authority for the City of Saint Paul;¹⁰
- \$50,000,000 in combined historic and low-income tax credit (4% for 10 years) equity (Alliant capital partnered);
- \$7,000 grant from the Minnesota Historical Society to the Saint Paul Historic Preservation Commission to hire a qualified consultant to complete a local historic preservation site designation for the Jacob Schmidt Brewing Company Historic District;¹¹
- \$4,200,000 in environmental grants from the city of Saint Paul through the Ramsey County Metropolitan Council Livable Communities Act Fund;
 - Included was \$50,000 towards “cleanup of a contaminated site” (evaluation for lead, asbestos, and soil contamination.)¹²
- \$1.5 million dollar loan from the Community Development Block Grant Program;¹³

¹⁰ Weinstine, Winthrop "News & Events." Winthrop & Weinstine Secures Historic Tax Credits in Schmidt Brewery Project > Winthrop & Weinstine >

¹¹ "Jacob Schmidt Brewing Company Historic District NR Nomination." Minnesota History: Building A Legacy. Accessed March 22, 2017. <http://legacy.mnhs.org/projects/1051>.

¹² Melo, Frederick. "Schmidt Brewer, 12 other contaminated Twin Cities sites targeted for cleanup." Twin Cities Pioneer Press. January 30, 2011. Accessed March 22, 2017. twincities.com.

¹³ Melo, Frederick. "St. Paul approves loans for rehab of Schmidt Brewery site."

- \$1.89 million in tax increment financing “(TIF districts allow the city to use property-tax revenue generated by a project, such as a large business complex, for city improvements around the same development);”¹⁴
- \$22 million in State Historic tax credits with investor enhanced historic credit partners;¹⁵
- Other Sources: West 7th/Fort Road Federation, Minnesota Department of Employment and Economic Development;¹⁶
- Funding partners include Alliant Capital, U.S. Bank, Cornerstone Real Estate Advisers, City of Saint Paul, Ramsey County, and the State of Minnesota.¹⁷

According to the Historic Tax Credit Coalition, the Schmidt Brewery rehabilitation “was among the most complicated and challenging projects to ever utilize the Federal Historic Tax Credit Program.”¹⁸ Tax benefits are largely what give incentive to developers to save a historic building. Before 1976 developers could deduct the expenses of demolishing a historic building; now they are given a tax credit of either 10 or 20% of the costs of rehabilitating a qualifying historic structure.¹⁹ The Schmidt Artist lofts were able to take advantage of external funding, particularly from Federal and State governments, and that is what made this highly complicated and costly rehabilitation possible.

¹⁴ Ibid.

¹⁵ Weinstine, Winthrop &. "News & Events." Brewing Opportunities for Local Artists - The Schmidt Artist Lofts Historic Renovation > Winthrop & Weinstine

¹⁶ Melo, Frederick. "St. Paul approves loans for rehab of Schmidt Brewery site." *Twin Cities Pioneer Press*

¹⁷ "Dominium Taps Artist Lofts." Affordable Housing Finance. January 30, 2013. Accessed March 22, 2017.

¹⁸ "The Historic Tax Credit." Historic Tax Credit Coalition.

¹⁹ Tyler, Norman , Ted J. Ligibel, and Ilene R. Tyler. *Historic Preservation*. Second ed. New York: W.W. Norton, 1994.

Washington High School

History

Washington High School is located in the Buckman neighborhood in Portland, Oregon. The high school was built in 1924, two years after a fire burned down the previous school. The new building was designed by the architectural firm Houghtaling & Dougan and was built upon the remaining concrete foundation of the previous school.²⁰ The structure is poured in place concrete with a red brick facade built in the Classic Revival Style. Four Ionic columns tower above the entryway. Details such as plaques with educational inscriptions, stone carved lions heads, caryatid-head capitals, and a terracotta frieze ornament the building.²¹ Additional buildings were constructed for the school in the 1950s, none of which remain today.

In 1978, experiencing low enrollment, the school combined with Monroe High School, an all-girls polytechnic school. The school became known as Washington-Monroe High School. It was ultimately shut down just three years later. The community protested its closure. Besides being occupied briefly or sporadically, the building, still owned by the school district remained vacant for twenty years.²²

²⁰ "The Project." Washington High School. Accessed March 22, 2017. washingtonhighschoolpdx.com.

²¹ U.S.A. United States Department of the Interior. National Park Service. *National Register of Historic Places Registration Form: Washington High School*.

²² "The Project." Washington High School. Accessed March 22, 2017. washingtonhighschoolpdx.com.

Adaptive Reuse: Washington High School

In 2009, developer, preservationist, and former student of Washington High School Art Demuro started working with the community on a plan to rehabilitate the old high school while retaining its historic integrity.²³ Market rate apartments had previously been discussed, but a bond measure, the primary funding source, fell through.²⁴ A viable plan was developed that combined 50,000 sq. ft. of office space on the upper floors with a venue in the old auditorium on the first floor.²⁵ A bar was added on the first floor as well. According to Tim Askin, a consultant to the Buckman Historic Association, “the neighborhood was really looking forward to seeing it come to life.”²⁶ The historic auditorium can host 850 guests for performances or lectures and has already seen success. It was re-named Revolution Hall and is operated by Mississippi Studios, a well-known venue in the city. New Seasons Market, a Portland zero-waste grocery store, has rented an entire floor for its base operations. This building is a wonderful example of a well developed rehabilitation that fits in with its community. The office spaces provide the building with a steady income and the venue involves the community.

²³ "Washington H.S., a DeMuro Award Winning Project." Restore Oregon. September 22, 2016. Accessed March 22, 2017. <https://restoreoregon.org/washington-hs-demuro/>.

²⁴ O'Brien, Lindsey. "Washington High School soon to sell; to be converted into housing." *DJC*, April 12, 2012. Accessed March 22, 2017. djcoregon.com.

²⁵ "The Project." Washington High School. Accessed March 22, 2017. washingtonhighschoolpdx.com.

²⁶ O'Brien, Lindsey. "Washington High School soon to sell; to be converted into housing." *DJC*, April 12, 2012. Accessed March 22, 2017. djcoregon.com.

Conclusion

To protect and preserve the places of historical, community, or aesthetic value is a necessity to the people. By becoming well versed in the creative and inventive ideas for reusing an old building, and by researching avenues in which a preservation project can be funded, a person becomes armed with the tools to work on preserving the places we value as a society.

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