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## HISTORIC TAX CREDIT TOOL BOX

# Historic Tax Credits and Historic Districts: San Francisco's Wilson Building

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**A**s we know, to qualify for historic tax credits (HTCs), a project must be a certified rehabilitation of a certified historic building.

One common path for certifying a building as historic is to individually list it on the National Register of Historic Places, a rigorous and time-consuming process. Even in seeking preliminary determinations, this process requires detailing a property's history and significance as well as identifying its character-defining features.

A second common path is the certification of a contributing building in a National Register Historic District. This is accomplished by preparing and filing a Part 1—Evaluation of Significance. Compared to the individual nomination, the path for certifying a building located within a district is quicker and simpler. To be successful, the applicant only needs to demonstrate that the building—already deemed to be contributing—has not substantially changed from the time of the nomination. In most instances, this is a relatively easy task. There is no particular requirement to delve into the building's history or its changes over time. The narrative is comparatively short and Part 1 approval is usually secured within 60 days.



*Image: Courtesy of Heritage Consulting Group*

**San Francisco's Wilson Building was renovated with historic tax credits (HTCs)**

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*Image: Courtesy of Heritage Consulting Group*

**San Francisco's Wilson Building got Part 2 approval from the National Park Service after some questions.**

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The simplicity of this process is attractive, but it belies later potential pitfalls in the Part 2 process. As we know, under the HTC program, the National Park Service (NPS) has design review over the entirety of the project, interior as well as exterior. The basis for NPS' review is the Secretary of the Interior's Standards for Rehabilitation. Standards 1 through 7 all deal, one way or another, with historic materials and character.

Almost universally, however, National Register historic district nominations concentrate on the exterior features of a building, as observed through a cursory survey. Early nominations only provided an address and a label (e.g., contributing or non-contributing). Even

current nominations rarely delve deeply into the history and merit of specific buildings. At best, there are two or three paragraphs, the first describing the resource, the second providing a sentence or two about the history/significance and the third a brief assessment of integrity based on exterior features alone. Unlike an individual nomination, a district nomination does not discuss how individual resources changed over time, rarely identify interior features and do not detail character-defining features for each property.

Because of the overwhelming emphasis of the Part 1 on exterior features, it is easy to assume that the NPS will consider the interior of a district building as

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being a secondary element that warrants applying the standards less rigorously.

Equally problematic, the applicant may believe it is unnecessary to devote the budget and time to fully document the evolution of the building, particularly its interior, because it is unnecessary to do so to obtain Part 1 approval.

The abbreviated summary of a building in the National Register district nomination may suggest to the applicant a narrow period of significance and/or narrow definition of what constitutes historic fabric. For example, if a building is identified as being important to the district as the product of a specific architect, the applicant may believe that the period and focus of significance is limited to the architect's product. In fact, the period of significance for a contributing building in a

district is the period of significance for the district itself. Thus, materials and designs that have been added to the building during the district's period of significance may be considered historic and part of the building's character, even when those changes modify the original architecture identified by the district. Thus, a storefront, lobby treatment or office buildout installed at a later date may be considered "historic."

Finally, as noted, unlike individual National Register nominations, with district nominations there is no point in the record where there is a clear articulation of character-defining features for individual buildings. Project reviewers do not have any clear-cut statement to apply when reviewing the project and the applicant is left with an inherent degree of uncertainty.

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*Image: Courtesy of Heritage Consulting Group*

**The Wilson Building in San Francisco was built in 1900 and changed several times before a historic renovation began.**



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Fundamentally, whereas the certification of a building in a district is easier because there are fewer facts to consider, this absence of facts creates potential problems in reviewing proposed rehabilitation work.

### Wilson Building

The Wilson Building is a seven-story, brick-and-terra-cotta, reinforced concrete building in San Francisco's Market Street Theater and Loft National Register District. Built in 1900, the Wilson Building was designed by noted San Francisco architects George Percy and Willis Polk as a loft-style commercial building. The original tenant was John Breuner Furniture. The building survived the 1906 earthquake and fire but was severely damaged, leaving only the front façade and shell. Henry Schulze was hired as the architect to rebuild the Wilson Building, now as a reinforced concrete structure. The building was then leased to the Eilers Music House, who remained there for several decades. The building became a speculative lease office building in the early 2000s.

The Market Street Theatre and Loft National Register District was listed on the National Register in 1986. The district includes 30 buildings, of which 20 contribute to the historic significance. The inspiration of the district lies with "Splendid Survivors," which was published in 1979 under the auspices of the Foundation for San Francisco's Architectural Heritage. That survey researched and evaluated 790 buildings within the city's downtown core. Through an elaborate evaluation process, the survey identified 102 buildings of "highest importance" and 170 buildings of "major importance," all of which were considered as being individually eligible for the National Register. The Wilson Building is identified as a member of the first group, "highest" importance, described in the survey as "a handsome skeletal design with extremely rich decorative terra cotta panels." It further describes the building as a

"three-part vertical composition with Sullivanesque/Byzantine ornamentation."

As with most early district nominations, this document contains a brief history of the areas and then proceeds to list each building in the district, its address, and a determination of whether it is contributing or noncontributing. The nomination provides no discussion either of why a building may be contributing, nor any specific details about the history and characteristics.

In the spring of 2012, developers acquired the property. Their intent was to adapt it to residential use. In the years just prior, an earlier developer had stripped the interior with plans to create studio and one-bedroom condominium units. The new ownership sought to restart the project as rental housing, relying on the 20 percent federal HTC.

To initiate the HTC review process, the Part 1 was submitted and approved.

In pursuing the Part 2 application, a key question for the development team was the identification of interior historic fabric. For the most part, the interior features were removed under the previous development scheme. The National Register district nomination did not discuss the building's interior and thus provided no guidance. The developers pondered to what extent restoration would be required.

Based on the building's thorough history and the documentation assembled, conversations with the State Historic Preservation Office (SHPO) and the NPS moved smoothly. A remaining wrought iron staircase was deemed to be critical. Of some discussion was a proposal to replace windows; the previous owner had installed new windows on the front façade and the NPS accepted these new windows as an existing condition.

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The demolition work generally was deemed to be an existing condition.

In the end, all outstanding issues and specific treatments were resolved. The project secured approval from the NPS as a certified rehabilitation. Now christened “The Wilson,” the apartment building provides important market rate housing in downtown San Francisco.

**Conclusion**

The Wilson Building development offers an example of how important it is to document the evolution of a building beyond simply that needed to secure certification as a contributing resource in a National Register district. Failure to do this can create open-ended review items, particularly with respect to interior features and finishes. It is important to document the evolution of the building and its changes over time in advance of the Part 2 submission. Do not assume that

since the district nomination rarely discusses interior features that the SHPO or NPS will accept assertions that these are secondary features. Time should be allowed in the schedule for research and investigations in order to achieve consensus on which features are truly character-defining. Anticipate that the period of significance will be that of the district, rather than the building. Be proactive in research and document the character-defining features early in the review process. ❖

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