A Community Guide to Repurposing Vacant and Underutilized Historic Buildings

Strategies to make historic buildings vital community assets


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MICHIGAN HISTORIC PRESERVATION NETWORK

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Introduction and Purpose of the Guide

Are these old buildings really worth keeping? Do they have **economic** value and not just **intrinsic** value? Will it be cost-prohibitive to rehabilitate them for a new use? These are questions community leaders frequently ask about their vacant and underutilized historic buildings and the answers aren't always easy to find. Historic buildings provide character, continuity and a sense of uniqueness to a community, and local leaders often struggle with how best to preserve and repurpose them. The goal of this guide is to provide community leaders such as local government planners and managers, Downtown Development Authority (DDA) directors, Main Street managers, and preservation nonprofit leaders, with some basic strategies to deal with their vacant, underutilized historic buildings. It includes helpful "next steps" and resources to create a plan to identify, evaluate, market and finance these buildings so they can once again become valuable resources to the community.

Defining Underutilized Buildings

Underutilized buildings may be defined several ways, depending on one's perspective. Real estate professionals, appraisers and developers may define an underutilized property in economic terms, that it has not achieved its "highest and best use," or its maximum profit-making capacity. Planners and government leaders generally have a broader perspective, taking into account the impact of underutilized buildings on the community's stability, economic vitality and property values. In addition to the fiscal gain of an occupied building, they strive to find a higher and better use that meets the needs of the community. A combination of several factors may be used as a way to measure under-utilization in a community, and the final determination rests with the community and its priorities.

Identifying and Prioritizing the Buildings to be Repurposed

Most communities have more than one vacant or underutilized building, and so creating a priority list will help leaders know where and how to focus their resources. This will be a community-specific evaluation depending on the community's short/long term plans, economic environment, demographics, zoning and land use, cultural influences, and other factors. However, there are some general questions to ask to help determine the priority list, such as:

- *Does it have historic and/or architectural significance?* Conducting a historic and architectural survey is the first step towards identifying these significant buildings, and can be a useful marketing and economic planning tool. For example, if deemed eligible for the National Register of Historic Places (NRHP), which is our nation's official list of cultural resources worthy of preservation and protection, a building can qualify for federal rehabilitation tax credits (if income-producing) or preservation planning grants (if utilized by a nonprofit). In addition, a NRHP listing is a helpful marketing tool because of the universal recognition of this significant designation.
- *Is it a community anchor or local landmark*? Iconic commercial or institutional buildings have a special place in the hearts of local residents, because they are the tangible proof

of their shared history. Personal connections to buildings can span back for generations, and provide a sense of continuity and permanency to the community. Because of this strong local identity and often prominent location, these buildings should be high on the priority list. Institutional buildings such as city halls, fire departments, libraries, and hospitals are generally considered local landmarks, but so are manufacturing facilities, warehouses, downtown corner buildings and hotels. Due to their visibility, another benefit of selecting and repurposing a local landmark is its potential to ignite surrounding rehabilitation efforts.

- *Is it marketable?* Buildings with marketing appeal will sell faster than those without. For example, is the building located in a desirable and accessible location? Is it near a population center? Does it retain enough of its historic integrity, such as quality craftsmanship, or design that makes it appealing to a prospective owner? Determining the building's marketable attributes and effectively promoting them will be a key factor in selling it.
- *Is there a financial return for the community?* Repurposing a building that has the potential to offer a financial return for the community, is also an important consideration. The financial return could be in the form of property taxes, jobs, housing, needed public services, or the potential of spurring additional building revitalization.
- *Is it in danger of demolition?* Local governments with an overabundance of vacant and deteriorated buildings may have a "demolition list" to permanently raze them. It's important for community leaders to periodically review this list for viable and significant buildings that may have potential for repurposing.

Further reading on how to conduct a historical resources survey:
www.michigan.gov/shpo, "Historic Resources Survey Program."

Ownership of the Building

Determining a repurposing plan for the building begins with the involvement of the building's owner. If the owner is private and absent, and is allowing the building to deteriorate and remain vacant, ideally he/she is willing to be involved in its repurposing plans. The owner may be willing to list it for sale and engage the help of the local government leaders or Chamber of Commerce for marketing assistance. The property owner may consider donating the building to a local government entity or nonprofit organization, which would provide stewardship of the building and allow the property owner a charitable tax deduction. If the building has gone through foreclosure, is owned by a bank or mortgage company, or is listed on a tax sale, a local government entity may consider purchasing the property and marketing it for sale or lease. This pro-active approach will ensure that the most viable, significant buildings will be saved from continued deterioration, which can lead to non-reversible demolition.

Evaluation and Intervention

Identify and Stabilize Immediate Threats

If the building has been vacant or neglected for a period of time, it's imperative to identify immediate threats and secure the building from further deterioration. The building should be protected from water infiltration, animals and trespassers with short-term low-cost repairs, which will buy time until further action can be taken. There are four main areas that require immediate and ongoing inspections, and should be done by a qualified building contractor. The repairs should be done with proper building materials and techniques that don't destroy the building's historic features and take into account future rehabilitation efforts.

- *Roof* - Roof leaks can lead to a myriad of problems, from the rotting of roof rafters and trusses to the deterioration of interior finishes and the creation of mold. Inspections should include checking for broken or missing shingles, holes or cracks in the roof surface membrane, loose or rusted sheet metal flashing, openings around vents, between the roof boards, in the valleys, and at the intersections of chimneys and parapet walls, and the inspection of gutters and downspouts. These openings may be repaired using replacement shingles, flashing materials and sealants. The attic area should also be inspected for severe deterioration of the roof trusses or rafters, which may require stabilization in order to make the building safe for occupants.
- *Windows* – Whether it's a missing window or the deterioration of window parts, there should be short term repairs conducted to alleviate water infiltration. If a window is missing, the opening should be boarded up and if window parts are missing or broken, they may be temporarily repaired with wood patches and sealants. Using plastic or canvas tarps are not suitable solutions because they can be easily destroyed by harsh weather conditions and are easily accessible by animals and vandals.
- *Exterior siding*– Missing or broken corner boards or siding can also lead to water infiltration and may be temporarily repaired with wood, flashing material and sealants.
- *Foundation* – If the basement or crawlspace shows signs of leaks, cracks or instability, it should be properly sealed from future water infiltration and securely braced for stabilization.

Mothballing

After the building has been secured, if funds are not currently available to put the building into a useable condition, it may be necessary to close up the building temporarily to protect it from weather and vandalism. This process, known as "mothballing," can be a necessary and effective means of protecting the building while planning for its future.

Further reading: National Park Service's Preservation Brief #31, *Mothballing Historic Buildings.* http://www.nps.gov/tps/how-to-preserve/briefs.htm

Contamination, Safety and Health Hazards

A basic walk-through inspection can reveal potential contamination and safety and health hazards that may require further investigation. It is not the responsibility of the seller to clean

up the site, remediate hazardous materials, or remove all potential safety hazards, but they should be aware of them in order to make the building safe for visitors, and marketing the building for sale. Costs to remediate environmental and building contaminants can vary widely depending on the particular site conditions.

There are a variety of safety hazards that may exist and should be documented during early inspections. The building and access to it should be made reasonably safe for prospective buyers and visitors. Some of the more common hazardous building materials include asbestos and lead-based paint, which may be found in a variety of materials and surfaces. Other health and safety hazards may include:

- Mold/mildew
- Faulty electrical wiring, frayed wires or wiring that is not up to code
- Electrical switches
- Termite damage
- Chimney flues that are in ill repair or lined with clay tile
- Non-existent or insufficient air handling systems
- Animal droppings
- Mercury-filled devices or switches

Potential buyers of a commercial or industrial property have a responsibility to protect themselves from contamination liability that may exist. The first step is to contact an environmental consultant to perform a Phase I investigation. Phase I typically involves research of past building uses and a basic site inspection to determine if contaminates exist. If there are red flags in the history or other indications that the site is contaminated, the consultant would recommend a Phase II investigation. Phase ll is a more in-depth process involving evaluation of soil and water samples and building materials. This may ultimately lead to a Baseline Environmental Assessment (BEA). A BEA puts Phase I and II investigation results into a specific format, and provides liability protection for the new property owner from pre-existing contamination they didn't cause. This report, which is presented to the Department of Environmental Quality (DEQ) and serves to document the buyer's due diligence, is critical to insuring the future development of the property.

Further reading on lead based paint - National Park Service Preservation Brief #37, *Appropriate Methods of Reducing Lead Paint Hazards in Historic Housing.*
http://www.nps.gov/tps/how-to-preserve/briefs.htm
MHPN and SHPO/MSHDA's *Lead Resource Guide, accessible at: www.mhpn.org*
Further reading on asbestos and other hazards: Department of Environmental Quality www.michigan.gov/deq and Environmental Protection Agency (EPA) - www.epa.gov.

Zoning

Historic properties are subject to local zoning restrictions, which may affect the future repurposing of a vacant or underutilized building. Zoning regulations dictate not only the use of the building in specific districts, but also a variety of development actions such as density, the

maximum size of a building, the required spaces around the building, building setbacks and the number of off-street parking spaces. If a historic building is located in a residential area not zoned for commercial use, the property owner may want to get a variance or special use permit in order to change this restriction prior to listing the building for sale. Rehabilitation plans that include the construction or removal of building additions or parking changes will also be affected by zoning restrictions and generally require a variance, special use permit or rezoning. Anticipating these types of development and repurposing changes and applying for the appropriate variances and/or permits will make the historic building more marketable for a potential buyer.

Renaissance Zoning
Renaissance zones may be used by local government entities to foster economic opportunities in specific deteriorated areas in a community. By providing exemptions and credits from certain taxes, commercial and industrial improvements may be stimulated and help to secure property owners for vacant and underutilized buildings. For more information on Renaissance zones, go to: http://www.michiganbusiness.org/renaissance-zones/#aprz

Building Codes
Both the Michigan Building Code (MBC) and Michigan Rehab Code for Existing Buildings (MRCEB) are state codes, which are based on national codes adopted with modifications specific to Michigan. They do overlap somewhat, but also have some distinct differences. The MRCEB applies to repairs and alterations to existing buildings. Within the code, there is a specific chapter that addresses historic properties. It categorizes work into various increasing levels of work, from "Repairs" to "Level 3 Alterations" and provides exceptions to the MBC for existing buildings, particularly buildings that are listed or eligible for listing in the National Register of Historic Places (NRHP). The more that is altered, the more comprehensive the code requirements become, and may lead to compliance with the MBC rather than the MRCEB. According to the building code, the local building inspector has the authority to insure the building's safety and accessibility, and reserves the right to counter any code that he/she feels does not meet the minimum safety requirements. If the property owner does not agree with their decision, he/she can appeal the decision to the local government body.

Many Michigan communities have been sensitive to historic design in their enforcement and interpretation of the codes, so precedent does exist. In particular, communities with long-standing historic districts have significant experience dealing with historic buildings and when/how to apply the MRCEB. These communities are often willing to share their expertise and it may be worthwhile to consult with their city staff on difficult building code issues for historic buildings.

Further reading: To order copies of the MBC, MRCEB and other Michigan codes, go to: www.michigan.gov/lara, "Construction Codes," then "Codes, Rules and Acts."

Form-Based Codes
First and foremost, form-based codes are place-based. According to the Form-Based Codes Institute, (FBCI), they are adapted to fit the unique characteristics of a community and intended to require new development fit within the context of the community and reinforce a sense of place. They allow for the unique ecology of a community by permitting a mixture of uses, and reflect the importance of the relationship between various uses and building types to one-another, as part of an integral neighborhood and overall community. Because of this focus on design and form rather than use, form-based codes directly impact the rehabilitation of vacant and underutilized historic buildings. Michigan communities that have adopted form-based codes include Grand Rapids, Lansing, Flint, Marquette and Farmington.

Further reading: Form-Based Codes Institute, accessible at: www.formbasedcodes.org

Insurance and Liability
The property owner is responsible for proper building and liability insurance. If the building is owned by a local government entity, the insurance should be covered by their blanket policy. If it is privately owned, and local government officials are actively showing the building to prospective buyers, they should have a copy of the liability insurance policy on file. Vacant buildings should have "no trespassing" signs posted visibly on the exterior.

Historic buildings may be insured two different ways. One way is to insure for replacement value, which involves replicating the original historic building materials and construction, and is generally very expensive and cost-prohibitive. The other way is to insure the cost of rehabilitating the building using substitute, compatible building materials and construction techniques. Most historic property owners opt for the second choice.

Assessments and Plans

Building (or Conditions) Assessment
Understanding the building's current levels of deterioration is crucial in determining how to stabilize, repurpose and market the building. The assessment can be brief or detailed, depending on the complexity of the building and available funds. A building assessment is a description of the building's architectural and structural integrity, and the current physical condition of its features, materials, finishes, and systems. It involves inspecting every inch of the building, from the foundation to the roof, and may also include an evaluation of its hazardous materials, safety features and handicap accessibility. The final report may include recommendations for additional investigations and tests, and point out areas that need immediate repairs. Ultimately the building assessment can serve as a base for the creation of a master rehabilitation plan, which will be a guide for the property owner when planning the rehabilitation project. The cost of the building assessment will be dependent on the size and complexity of the building, as well as the level of detailed information in the final report. *To better understand what is included in a building assessment, see the checklist in the Appendix.*

Master Rehabilitation Plan
A master rehabilitation plan serves as a comprehensive guide for the complete rehabilitation of a historic building in order to bring it to a state of functional utility. It is generally created from a building assessment and details the scope of work to be conducted, often prioritized into phased projects. A master rehabilitation plan may be a very useful tool for prospective property owners who are skeptical of the building's condition or unsure of how to rehabilitate it. It also helps to familiarize the new owner with immediate, short term and long term repairs so he/she can secure financing and establish a timetable for the project. Creating the scope of work should take into account applicable zoning regulations and building codes, as well as safety and fire issues and the abatement of hazardous building materials. It may also require the expertise of specific building specialists, such as structural engineers, or those qualified to check the various building systems including the electrical, plumbing, HVAC or fire protection.
If the building is eligible or listed on the NRHP and federal rehabilitation tax credits can be utilized, the plan should also incorporate the National Park Service's *Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.*

Historic Structure Report (HSR)
In some cases, a more comprehensive report is required, and a historic structure report (HSR) may be a suitable choice. The HSR provides detailed documentary, graphic, and physical information about a property's history and existing condition, and also addresses management and/or owner goals for the re-use of the property. It may also include recommended rehabilitation projects, prioritized in a phased work plan with estimated costs.

The assessment report, master rehabilitation plan or historic structure report should be conducted by an experienced historic architect, consultant or contractor who has knowledge of historic building materials, construction and architecture. Special building experts may be consulted for mechanical systems, environmental issues, structural engineering, hazardous materials, and other unique construction issues. A list of qualified preservation professionals may be attained from SHPO's website at: www.michigan.gov/shpo, "SHPO publications," or MHPN's *Historic Resource Council Directory, at:* www.mhpn.org, "Press and Publications."

Further reading:
- National Park Service's Preservation Brief #35, *Understanding Old Buildings: The Process of Architectural Investigation.*
- National Park Service's Preservation Brief #43, *The Preparation and Use of Historic Structure Reports.*
  http://www.nps.gov/tps/how-to-preserve/briefs.htm

Feasibility Report
A feasibility report in this context is an analysis of the reuse opportunities of a specific historic building. This analysis requires an understanding of the building, its surroundings and the community's needs. This report is generally conducted by professionals and like a building assessment, can be basic or comprehensive, depending on the size and complexity of the

building and available funds. A feasibility report serves as a guide for the community as they pursue suitable developers, business owners, or services to fill vacant and underutilized buildings. The most effective feasibility report analyzes both the building's characteristics and the community's needs in order to determine the best possible reuse opportunities.
An analysis of the building's construction and floor plan will help to determine compatible new uses that will capitalize on its assets, while protecting its historic integrity. For example, a former warehouse with an open floor plan may be more suitable for apartments than a historic office building with numerous individual small offices. The analysis should also consider the compatibility of the building and its potential use with its surroundings.

A feasibility report will also identify gaps in the local economic structure and provide knowledge of specific community needs or demands not currently met. Data is derived from a variety of sources and generally includes:

- An on-site inspection of the building to determine its physical opportunities/constraints
- Face-to-face interviews with stakeholders, and individuals with knowledge of the local building and market conditions
- Discussions with potential buyers/renters who are actively seeking different space or physical settings other than those they are currently in
- Surveys of local business owners to determine the types of businesses that are missing in the community
- Discussions with local residents to determine their retail spending patterns and use of related services

Further reading: *Feasibility Assessment Manual for Reusing Historic Buildings* by Donovan Rypkema, (2007). This manual provides a step-by-step process for an assessment team to determine the feasibility of a building project and prepare a written report to support its findings. www.placeeconomics.com

ADA Compliance

Most historic buildings were not constructed for handicap accessibility. However, with the passage of the Americans with Disabilities Act in 1990, access to public places became a civil right, and owners of historic properties are obligated to evaluate their building to determine how to make it more accessible. Accessibility should be provided to the main entrance and/or primary public space, restrooms, secondary spaces, as well as to services, amenities, and programs offered by the occupant. Solutions should be considered within a preservation context, and conducted sensitively so as not to destroy the building's historic building materials and features. Local and state codes and federal laws should also be taken into consideration. If the property owner determines that certain modifications will threaten or destroy the historic integrity of the building, an exception may be requested to the Barrier Free Design Board, a Division of Michigan's Dept. of Licensing and Regulatory Affairs. The Board has the responsibility to receive, review, and process requests for exceptions to the barrier free design specifications, require appropriate equivalent alternatives and receive, process, and make recommendations for barrier free design rules. For more information, go to:

www.michigan.gov/lara "Licensing and Regulation," then "Construction Codes," then "Permits, Plan Review and Barrier Free Design."

Further reading – National Park Service's *Preservation Brief #32 – Making Historic Properties Accessible.* http://www.nps.gov/tps/how-to-preserve/briefs.htm

The Value of a National Register of Historic Places (NRHP) Listing
The NRHP is our nation's official list of cultural resources worthy of preservation and protection. A NRHP listing is an honorific rather than protective designation, and is a way to market the building and raise awareness of its importance. In addition, this makes an income-producing property eligible for federal rehabilitation tax credits. In order to qualify, the building must be either individually listed or be a contributing structure in a National Register historic district.

The federal rehabilitation tax credits amount to 20 per cent of the qualified rehabilitation work performed and are received back in the form of federal income tax credits. The purpose of these tax credits is to help offset the cost of upgrading or changing the use of a significant historic building. Credits may be calculated on capital costs such as mechanical, plumbing, roof work, painting, new bathrooms or kitchens, and some soft costs such as architectural or engineering fees and permits. For example, if a property owner rehabilitated a downtown building to include upstairs apartments, and total rehabilitation costs were $100,000, the property owner would receive $20,000 of federal tax credits upon completion of the project. These credits may be carried forward 20 years or sold (syndicated) to another tax-paying entity for cash under certain circumstances. The work must meet the "substantial investment" test and comply with the *Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.* These standards recommend the preservation of historic building materials and character-defining features, while allowing for significant alterations and/or additions in order to make the building efficient for contemporary use.

The local government entity may want to be proactive in designating a commercial National Register district so that all buildings, including those vacant and underutilized, would be eligible for these valuable tax credits. There is a significant amount of research required for a NRHP nomination, and if there are limited funds available to write the nomination, a local nonprofit group or historian may be willing to volunteer for this effort. The first step is submitting a NRHP Preliminary Questionnaire to SHPO, in order to determine the property's eligibility for a NRHP listing. If funds are limited, at the very least, this Questionnaire could be submitted because confirming the building's eligibility is an important marketing tool.

Further reading:
The Secretary of the Interior's Standards for Rehabilitation
http://www.nps.gov/hps/tps/standguide/rehab/rehab_standards.htm
NRHP Program and Preliminary Questionnaire
www.michigan.gov/shpo, "National Register of Historic Places. "
Federal Tax Credits - For more information on the federal rehabilitation tax credits: www.michigan.gov/shpo, "Historic Preservation Tax Incentives."

Grant Opportunities for Government Entities and Nonprofits

- *Preservation Planning Grants* - Funding for planning reports such as building assessments, feasibility reports, environmental studies, and master rehabilitation plans, are offered by national and state public and private foundations. In order to be eligible, the building must be owned or operated by a local unit of government or a qualified nonprofit. It also must be listed or eligible for listing in the NRHP, or a contributing structure in a NRHP district or local historic district. These grants typically require matching funds. For more information on these planning grant opportunities, contact MHPN at info@mhp.org.
- *Certified Local Government (CLG)* – Jointly administered by the National Park Service (NPS) and the State Historic Preservation Offices (SHPOs), local communities work through a certification process to become recognized as a CLG. Once certified, CLGs make a local commitment to historic preservation and become an active partner in the Federal Historic Preservation Program. Any municipality can become a CLG, including a county, a township, a large city or small village, or a town. By meeting a few simple but important standards, a community may receive financial aid and technical assistance that will enhance and promote historic neighborhoods and commercial districts. An active CLG program can become an important planning vehicle for community development by identifying specific preservation projects and applying for grants to carry out the projects. Grants are awarded annually on a competitive basis and require matching funds. Grant activities include: conducting a communitywide historic/architectural survey, writing a NRHP nomination, creating a feasibility study for a historic building, educating the community on the value of historic preservation and rehabilitation projects for buildings that are listed or eligible for listing on the NRHP.
- *USDA Grant/Loan Programs* - There are three Michigan USDA Rural Development programs that offer grant/loan opportunities for rehabilitation projects in rural communities. The Rural Business Enterprise Grant and Renewable Energy and Efficiency Grant are business programs that work in partnership with the private sector and community-based organizations to provide financial assistance and business planning. The Community Facilities Program is a local government program that offers direct and guaranteed loans and grants to finance and facilitate the development of over 80 different types of essential community facilities serving rural areas. Applicants are encouraged to apply for the funding they need, and then USDA determines the type and amount of funding they will provide the applicant.

Further reading:

- **Certified Local Governments** www.michigan.gov/shpo "Certified Local Governments"
- **USDA Grant/Loan Programs** www.rurdev.usda.gov/MI

Marketing and Financing

There are four primary factors that determine the marketability of a historic building: location, building condition, adaptive re-use opportunities, and price. As mentioned previously, the condition of the building can be documented by a building assessment or HSR and adaptive re-use opportunities by a feasibility report. Since the location of the building cannot be changed, flexible zoning options may enhance its marketability. The building's proximity to population centers such as downtown or adjacent neighborhoods also plays a role in the value of the building. Determining the market value and price of a historic building is often challenging and depends on a variety of factors.

Appraisal and Market Value

If the local unit of government owns the building and is offering it for sale, there may be a local requirement (city charter or ordinance) to allow this action. This may entail a vote by the city council or the community, in the form of a referendum. Once resolved, the next step is hiring a licensed, certified appraiser to determine a selling price for the building. The appraiser should be knowledgeable with historic buildings and familiar with the local commercial building market. Along with the appraisal, the local unit of government may want to consider a few other factors before establishing a selling price, including demand (local, regional, state and national) and how quickly they want to sell the building and return it to the tax rolls. It may be helpful to consult with a local real estate professional for his/her input on these issues. Generally, leasing the building to a commercial business owner is a last resort solution, because it does not fully release the city's liability for the building, and does not provide tax dollars for the community. However, it some cases, it may be a good short term solution.

Identifying Marketable Attributes

Identifying the building's significant attributes helps to price and market it for sale. Besides the typical features, other marketable attributes may include:

- Construction year
- Architectural style
- Basic floor plan and number of floors
- Elevator
- Commercial grade HVAC system
- ADA compliancy
- Style and condition of windows, roof, foundation and exterior walls
- Unique interior features and finishes, including wall coverings, flooring, and lighting
- Architectural features that showcase quality building materials or craftsmanship such as leaded or stained glass windows, and parquet wood floors
- Proximity to population centers, i.e. downtown, adjacent neighborhoods, etc.
- Ample parking

Commercial property owners not only want to know the current features of the building, but also the opportunities of adapting the building to a new use. Is there room on the lot to

construct an addition or increase the parking area? Can an exterior patio or deck be added? Can interior rooms be subdivided or enlarged without jeopardizing the structural integrity of the building? Understanding how a commercial property owner may view the building's possibilities will help in marketing it.

How to Reach Potential Buyers

Historic buildings are unique and generally require a slightly different marketing approach than a newer building. Here are a few suggestions of how this may be accomplished:

- *Create a task force* – If there is not a board or association actively marketing the community's vacant and underutilized buildings, the local government entity may want to consider creating a task force. It should be comprised of community leaders who know the local business climate, can assist with local financing and marketing efforts, and understand a prospective new owner's needs. It may include bankers, commercial property owners, real estate professionals and business owners.
- *Seek out experienced developers* – There are developers throughout the state (and nation) that are experienced at developing historic buildings and familiar with the available tax incentives and economic tools. This is a specialized area of development and finding these investors begins with networking with other community leaders. A developer who has repurposed a downtown building in one community may be willing to do it in another one, and is worth seeking out. For more information on developers who specialize in repurposing historic buildings, contact MHPN at: info@mhpn.org
- *Advertise on "historic buildings for sale" websites* - Because of the unique nature of historic properties, there are many national websites that specialize in marketing historic buildings that may be worth utilizing in order to appeal to historic property buyers. *A list of these marketing websites is located in the Appendix.*
- *Consult with a real estate professional* – Local real estate professionals, who specialize in commercial properties and are experienced with the local real estate market, can be a valuable resource if the building is listed for sale. Depending on the complexity and size of the building, it may be necessary to consult with a real estate professional that specializes in historic buildings, understands the historic preservation economic incentives, and has a network of potential commercial clients.

Community Investing

In some cases, the community may want to take on the challenge of filling the vacant and underutilized building through local investing efforts. In recent years, there's been a push for innovative local financing for startup businesses, which has lead to many successful community-owned enterprises. Local investing, also called "locavesting," is a powerful form of local commerce that may be a pathway to fulfilling new economic and social goals, including the utilization of vacant and underutilized historic buildings. Main Street, a MSHDA program, assists communities with the revitalization of their historic downtowns and focuses on how communities can create their own investing programs. According to National Main Street's Joshua Bloom, community-owned businesses fall into four broad categories:

- Cooperative: A communally owned and managed business, operated for the benefit of its members;

- Community-owned corporation: A traditional, for-profit corporation that integrates social enterprise principles;
- Small ownership group: A small, ad hoc investor group that capitalizes and/or operates a business as a partnership or closely held corporation;
- Investment fund: A community-based fund that invests debt or equity in local business ventures.

Here are some success stories of communities that have utilized these programs:

- Local Investment Opportunity Network (LION) — A citizen-based organization in Port Townsend, Washington dedicated to exploring local opportunities to promote economic self-reliance, environmental stewardship, and community well-being.
- Barrels Community Market—This downtown grocery store in Waterville, Maine, relies on residents to not only buy local, but work local as most of the staff are volunteers.
- Company Shops Market—This community-owned full-service food co-op and cafe in Burlington, North Carolina, showcases local producers.
- Small Business Groups/Partnerships - Cops and Donuts in Clare, Michigan is a successful example of nine members of the local police department who banded together to save a historic bakery business, and saved the historic building as well. http://www.copsdoughnuts.com/about-us/
- Crowdfunding – Is a community-driven investment tool, which allows individual residents to invest in Michigan real estate projects. It is particularly effective for new small business startups. This funding opportunity was made available to Michigan residents in December 2013, with the signing of the Michigan Invests Locally Exemption (MILE) Act. A copy of MILE Act can be accessed at: http://www.legislature.mi.gov/documents/2013-2014/publicact/pdf/2013-PA-0264.pdf. Tecumseh Brewing Company is the first Michigan company to use crowdfunding to help finance their new brewing company. For more information, go to: http://www.tecumsehherald.com/content/tecumseh-brewing-company-coming-downtown

Further reading: "Community Businesses, How Communities Become Entrepreneurs" by Joshua Bloom, From *Main Street Story of the Week* | March/April 2010 http://www.preservationnation.org/main-street/main-street-now/2010/marchapril-/community-owned-businesses.html.

Local Incentives

In addition to community investing programs, the local government entity may want to offer grants or low-interest loans to encourage economic investment and revitalization of downtown historic buildings. These incentives may include programs for general rehabilitation, façade improvement, elevator installation, new signage and more, and may provide the local unit of government with some control over the rehabilitation work being conducted. These are a few examples of successful Michigan local incentive programs:

- Paw Paw DDA has a repair and restoration grant, which pays up to 50% of the rehabilitation costs and a repair and restoration loan program, which provides loans up to 75%, with a $15,000 cap per project at a rate of 2% below prime.
- Montrose DDA has a sign initiative to encourage appropriate projecting, pedestrian-friendly signage, which pays 50% of the project cost up to $1,000 per sign.
- Cadillac DDA has an elevator grant, for owners planning new construction or major renovation to buildings open to the public and in need of barrier-free accessibility. The DDA will reimburse the developer either for the cost of the elevator or 10 years of tax increment financing capture on the specific property, whichever is less.

Many communities offer property tax abatements/incentives for commercial property owners. For more information on these programs, go to: www.michigan.gov/taxes, "Property Tax."

Federal and State Economic Incentives for Business Owners

There are a variety of economic incentives offered by federal and state entities to rehabilitate historic properties. Most of these economic tools can be used in combination, and should be evaluated by the prospective owner's accountant and/or attorney to be sure they are feasible and financially advantageous. Here are some of the more useful incentives and their websites.

- *Michigan Economic Development Corp. (MEDC)Programs*
    - *Community Development and Assistance Division* has created a reference guide for local officials and community developers of the current community and economic development tools available within Michigan. This guide also includes the Michigan Community Revitalization Program.
    - *Community Development Block Grants* are administered by the Community Development and Assistance Division, for eligible counties, cities, villages, and townships, usually with populations under 50,000, for economic development, community development and housing projects. In particular, there are two programs that pertain to historic buildings, the Façade Improvement Grant and Signature Building Grant.
    - *Obsolete Property Rehabilitation Act (OPRA)* provides tax abatements for obsolete commercial or mixed-use buildings in a qualified local unit of government.

  For assistance with all MEDC programs and locating your Community Assistance Team representative (CAT), go to: www.michiganbusiness.org/community/development-assistance
- *Michigan State Housing Development Authority (MSHDA) Programs*
    - *Rental Rehab Program* – This program is designed to improve investor-owned properties and spur economic development in Michigan's downtowns. Funding for Rental Rehab is generally provided through the unit of local government with jurisdiction for code enforcement and/or rental licensing. For more information, www.michigan.gov/mshda. "Nonprofits and Local Governments," then "Grants"
    - *Low Income Housing Tax Credits (LIHTC)* – This program has been very successful in conjunction with federal rehabilitation tax credits and other incentives, in

creating low income housing in vacant or underutilized properties, many of which have been downtown buildings. For more information, www.michigan.gov/mshda "Developers and Contractors"

- *Preservation Easements* – A preservation or conservation easement is a private legal interest conveyed by a historic property owner to either a preservation organization or a government entity. It allows the property owner to permanently protect their historic property, while taking advantage of a federal charitable contribution deduction. A preservation easement is a complicated and expensive process and works primarily for larger projects, where the value of the easement is significant. For more information, contact MHPN, info@mhpn.org.
- *Federal Rehabilitation Tax Credits* –For more information, go to: www.michigan.gov/shpo "Historic Preservation Tax Incentives."

Thinking Outside the Box

- *Government- Nonprofit Partnerships* – If the local unit of government is struggling to fill one of its own buildings, it may consider partnering with a stable community nonprofit. There are many Michigan communities that have these types of partnerships, and the most effective ones involve the government owning the building, and the nonprofit leasing it. Although the government doesn't generate tax dollars from this lease, they do fill an otherwise unoccupied building and are relieved of some liability. These partnerships work well when there's a long term renewable lease and the nonprofit pays a nominal lease fee, and is responsible for all utilities, maintenance and repairs of the building. It's also beneficial if the building is a local landmark, because the nonprofit will benefit from its recognition and garner community support for restoration projects. Michigan communities that have successful government-nonprofit partnerships, include the City of Cadillac and Wexford County Historical Society (WCHS Museum), City of Manistee and Friends of the Ramsdell (Ramsdell Theater), and the City of Traverse City and the City Opera House Heritage Association (City Opera House).
- *Revolving Loan Funds (RLF)* - Credit is the lifeblood of every community. Without access to it, businesses cannot be started or expanded and vacant and underutilized buildings cannot be repurposed. The local unit of government may serve as a financial intermediary, by creating a revolving loan fund to make low-interest loans to new business owners or developers. These programs involve a pool of money that's been set aside to invest in community projects and as the loans are paid back, the funds revolve back into a pool of money to be utilized for other loans. They vary in size, scope and complexity while maintaining similar objectives. RLFs are useful in financing programs whose long term goals may involve community redevelopment and property acquisitions. For more information, contact MHPN at info@mhpn.org
- *Pop Ups* – Another unique way to fill vacant buildings is by bringing empty places to life through "temporary use strategies" that demonstrate how vacancy can be an opportunity and an adventure, not just a liability. This is an emerging economic development tool, and works well for communities with vacant and underutilized buildings in a down real estate market. Temporary events, special exhibits and start-up businesses can occupy vacant buildings for little to no rent, in an effort to keep the

downtown vibrant and vacant buildings occupied. For start-up businesses, this is particularly helpful as it provides a low cost way to introduce their business to the community, and can lead to a long-term lease for the building owner. One of the more effective pop up programs was developed in Cleveland by Kent State University's College of Architecture and Environmental Design, entitled Cleveland Urban Design Collaborative, accessible at: http://www.cudc.kent.edu "Pop Up City." Another innovative pop up program is "Light Up Livernois," a community storefront project on Livernois Avenue, Detroit, created by Detroit Collaborative Design Center. This project celebrates local culture and showcases businesses on the Avenue of Fashion through the creation of a pop-up community hub. For more information, go to: https://www.facebook.com/LivernoisCommunityStorefront

- *Downtown Revitalization Program – Michigan Main Street Center*
  Michigan Main Street Center (MMS), is a MSHDA program, and helps communities develop main street districts that attract both residents and businesses, promote commercial investment and spur economic growth. MMS employs a Four-Point Approach®, developed by National Main Street Center, which helps a community build partnerships and collaboration among stakeholders and encourages historic preservation. It promotes environmentally-sustainable redevelopment, integrates a community's cultural assets and fosters entrepreneurial development and downtown living. The MMS staff provides technical assistance and services to communities at three different levels: Associate, Select, and Master. Each level is designed to assist the community in tackling sophisticated downtown revitalization efforts. There are over 50 Michigan communities that participate in the MMS. For more information, go to: http://www.michiganmainstreetcenter.com
- *Developer Consultant*– If a local unit of government is repurposing a building and is unfamiliar with the process; it may want to hire an experienced developer to guide the project. A developer who is knowledgeable with historic buildings, economic incentives, and project management could be invaluable as a consultant. This was effectively done in 2003 by the Big Rapids Housing Commission and their Nisbett-Fairman senior housing project in downtown Big Rapids. *See this case study in the Appendix.*

Further reading: Michigan Placemaking (MIplace) is a statewide initiative that assists communities with "placemaking," which is a new way of thinking and reshaping existing community revitalization efforts. The MIplace website provides resources, news, and examples of placemaking work in Michigan. For more information, go to: www.miplace.org

Rehabilitation Projects Benefit the Community

Repurposing vacant and underutilized historic buildings is an important economic development tool for the entire community. Rehabilitating a historic building has a compounding economic effect, as these projects typically pump more money into the local economy than new construction because of the use of local supplies, labor and services. These projects have a larger impact on local suppliers, as general contractors buy their supplies locally whereas new construction often requires non-local goods purchased out of town. Local craftsmen used in these projects then recycle their money back into their community's products and services.

Regrets Only Go One Way…
If the historic building sits vacant for a while, be patient, because tearing it down may lead to future regrets. As Jack Neely posted on *Metro Pulse,* February 1, 2013:

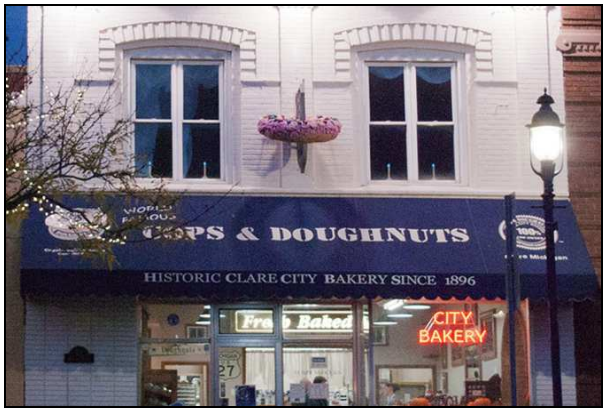
> "*Over the years, I've heard begrudging regrets expressed about tearing a building down. 'We just didn't know' they claim, that a neighborhood was on the cusp of revival, that an old building might have profitable new uses – or that what resulted turned out to be less valuable than what was lost. Do people ever say, 'We should have torn that building down when we had the chance?' I don't know. I've never heard it."*

For more information, contact:
Michigan Historic Preservation Network
www.mhpn.org info@mhpn.org 517-371-8080

Appendix

- **Case Studies**
- **Historic Property Marketing Websites**
- **Building Assessment Checklist**

Case Studies



Cops & Donuts LLC. - Clare, Michigan
Established in 1896, Clare City Bakery was about to close in 2009 when the entire nine-member Clare Police Department came to the rescue. Each cop put in $1,500 to purchase the struggling bakery, and renamed it Cops & Donuts. Just as they re-opened the store, their story received national attention and their business and brand grew quickly. This small group partnership eventually incorporated and expanded their bakery business to include a variety of trademarked merchandise, including cups, cologne, clothing and more. Not only did this group partnership save a beloved local business, but also a historic, soon-to-be-vacant building in the heart of downtown Clare. Their rehabilitation efforts thus far include upgrading the HVAC system and installing a new roof. Currently, they are working on a MSHDA façade grant.

Park Place Center - Sault Ste. Marie, Michigan. These two local landmark buildings in downtown Sault Ste. Marie, sat vacant for 25 years until G. A. Haan Development purchased and rehabilitated them into a mixed-use complex. The 6-story Central Savings Bank and adjacent 3-story Masonic Lodge were repurposed in 2011 into 24 low-income apartments on the upper floors, and 4,500 square feet of retail space on the ground level. This $8.6 million project qualified for a variety of incentives, including the federal rehabilitation tax credits, Low Income Housing Tax Credits, Home Funds and a MSHDA grant.

Park Place Center (before)

Park Place Center (after)

Cross Street Village Apartments - Ypsilanti, Michigan. Built in 1917, the former Ypsilanti High School was utilized until 1995 when it was closed by the local school district. It sat vacant until a collaborative community process led to its purchase several years ago by American Community Builders for conversion to moderate income housing for senior citizens. Cross Street Village's 104 apartments, which include eighteen different floor plans is a good example of how small communities can work together to preserve their public landmark buildings. The Ypsilanti Public Schools, City Council, Historic District Commission, and city administration worked along with local volunteers from many organizations to save this important building in the heart of one of Ypsilanti's historic districts.

Vogue Theater - Manistee, Michigan. The Vogue Theater was built in 1938 in downtown Manistee as an "ultra modern" theater, with 935 seats and a modernistic lobby. It went through numerous alterations over the years, eventually deteriorating and closing in 2005. In 2010, a feasibility study funded through USDA Rural Development concluded that the building was structurally sound and should be restored as a Theatre to meet market demands, particularly since there are no movie theaters in Manistee County. In 2010 the Vogue property was purchased by the Manistee Downtown Development Authority and the property was subsequently sold at a nominal price to the nonprofit that guided its restoration. The capital campaign began in 2011 and the restoration began concurrently. A nonprofit was formed, the Historic Vogue Theatre of Manistee (HVTM), to oversee the restoration and ongoing operations of the Vogue.

The Manistee County Community Foundation, a 501 (c) (3) organization, receives and manages Vogue grants and donations. The Community Foundation also holds a Vogue Theatre endowment that was created to provide a source of operating and maintenance capital. The Alliance for Economic Success, also a 501(c) (3) organization, the economic development organization for the county, has fund development as a primary mission and serves as the primary organization for coordinating Vogue fund development and wrapping up the capital campaign. The Traverse City Film Festival/State Theatre is also a significant partner. The theater reopened (operating initially one screen with 190 seats) in 2013, with plans to open a second screen seating 48 in late-February/early-March 2014. The community leaders believe Vogue Theater will become the change agent for expanding and attracting new business supported by programming that will be a regional draw and change the market characteristics of downtown Manistee.

Vogue Theater (before)

Vogue Theater (after)

The Nisbett-Fairman Residences – Big Rapids, Michigan. These senior citizen apartments are located in two historic buildings in the center of downtown Big Rapids. The Big Rapids Housing Commission (BRHC), whose mission is to promote adequate, affordable housing in the community, was the developer and general managing partner of this housing project. In 2003, BRHC rehabilitated these two local landmarks, creating 47 senior apartments on the second and third floors, and commercial space on the ground level, which is rented out to local businesses. The Nisbett-Fairman project used several different sources of funding including: Federal Historic Tax Credits, Low Income Housing Tax Credits, MSHDA financing, a grant from the Federal Home Loan Bank, and also contributed local city funds. The BRHC also retained the services of a developer, who acted as a consultant on the project.

The Nisbett Building

The Fairman Building

Historic Property Marketing Websites

General:
www.mhpn.org
www.historicproperties.com
www.historicpropertieslist.com
www.preservationdirectory.com
www.housingonline.com
www.oldhouses.com
www.HistoricForSale.com
www.antiquehomesmagazine.com
www.historichousesales.com
www.historichomesteads.com

Moderns:
www.azarchitecture.com
www.tvoa.com
sellmodern.com
www.mocoloco.com
www.moma.org
www.docomomo.org
www.modernhousenotes.blogspot.com

Pre-fabs:
www.Fabprefab.com
www.modularhomes.com

Bungalows:
www.ambungalow.com

Arts & Crafts homes:
www.artsandcraftshomes.com

Second Empire:
www.americanlandmarks.com/french.htm

Victorian:
www.victorianhomesmag.com/

Building Assessment Checklist

EXTERIOR

I. ROOF

A sound, tight roof is the first line of defense against the number one enemy of an old building: water. If the roof is in bad shape, you should plan on repairing, or replacing it, right away. Tools required: Binoculars, ladder, lift, scaffold, and inspection mirror.

A. Roofing Materials

1. Identify roofing material: slate, tar & gravel, wood shingles, rolled roofing, copper, asbestos tile, asphalt shingles, stainless steel, ceramic tile, standing seam, galvanized steel, aluminum or other?

2. Identify flashing material: pitch, copper, aluminum, galvanized steel, or other?

3. Pitched roof: any sign of missing, broken, or warped shingles or tiles?

4. Asphalt shingles: Are the mineral granules getting thin? Do edges of shingle look worn? Are edges curling up? Does roof look new but lumpy? New roof may have been applied directly over old shingles.

5. Flat roof: Any sign of bubbles, separation, or cracking in the asphalt or roofing felt? Roofing should be flat and tight to roof; it shouldn't feel spongy underfoot.

6. Any signs of standing water, either actual or marks of water? If so, there may be some structural deflection in the roof members.

7. Any signs of rusty, loose, or missing flashing around chimneys and valleys?

B. Chimneys

1. Is the masonry cracked or crumbling? Is the parging (mortar skim coat) cracked or peeling?

2. Do the old chimney flues have a tile lining? If not, they could be a fire hazard in conjunction with wood-burning fireplaces.

3. Is the chimney leaning?

4. Is there a cap? If so, what is its condition?

C. Roof Structure

1. Does the ridge or any other part of the roof sag? This could be normal settling that comes with age, or a result of rotted rafters or other structural problems. Check further.

2. Is there badly peeling paint on the cornice, especially the underside? This can be a sign of a roof leak that is spilling water into the cornice.

D. Roof Ventilation

1. Where are the vents located: gable, soffit, ridge, or other?

E. Storm Drainage

1. Identify principle method of storm water control: gutter, base drains, built-in drains, or other?

2. Identify storm water control material: copper, aluminum, galvanized steel, or other?

II. WALLS

A. Structure/Construction Material

1. Are the exterior walls plumb? If you can't tell by "eyeballing" then check with a plumb line. Out-of-plumb walls can indicate serious foundation problems.

2. Identify walls, structure type: stone, brick, clay tile, wood frame, stucco masonry, stucco on wood, or other?

3. Sight along exterior walls for straightness, horizontal and vertical. This could signal major structural flaws.

4. Do doors and windows line up squarely in their frames? Out-of-square doors can be another sign of possible foundation trouble.

5. Does the siding undulate? This can indicate differential settlement.

B. Water and Termite Damage

1. Any signs of veins of dirt on exterior walls or on structural joists? These are termite mud tunnels. Look for them on the foundation, steps, and cellar walls, as well as under porches.

2. Does wood near the ground pass the "Ice Pick Test?" Wood should be probed with a pen-knife to test for soundness. Check areas such as basement, window frames, sills, siding, porches and steps.

NOTE: Unsound wood can be caused either by termites or rot. Rot can be arrested by eliminating the source of moisture; however termites need to be treated with chemicals. If unsure about the cause of rot, contact experts for further investigation.

3. Is all exterior wood at least 6-8 inches above the ground? If not, this could be a target for termites and/or rot.

4. Is there any vegetation close to or on the building? Vegetation holds moisture in wood, and may lead to rot. Be sure to check under vegetation for rot.

C. Siding, Trim and Finishes

1. Are there loose, cracked or missing clapboards? This is an open invitation to water and rot.

2. Are shingles thick and well-nailed? This, badly weathered shingles may have to be replaced.

3. Do shingles have a natural finish? Natural finishes are easier to re-apply to shingles than paint is, because less preparation is needed.

4. Is decorative wood work firmly attached to the building and caulked to prevent water infiltration?

5. Is exterior paint fresh and in good condition?

6. If paint is not new, is it powdering and chalking to a dull, powdery surface? Chalking paint requires a little extra preparation before repainting.

7. Is paint peeling, curling, and blistering? This could mean a serious water problem: either a leak, or lack of sufficient vapor barrier in the wall.

8. Are there open joints around the door frames, window frames and trim? These should be caulked.

9. Are joints between dissimilar materials (i.e. wood and masonry) well protected with flashing or caulk?

10. Is there mold or mildew on siding or trim, especially on the north side or other shady areas? This indicates a moisture problem.

11. Has any of the original trim or siding been covered over or replaced with vinyl or aluminum siding? If so, it may be hiding rot or other damage underneath.

D. Doors & Windows

1. Do the doors and windows fit properly?

2. Is any of the wood rotten, especially sills and lower rails?

3. Are the doors and windows weather-stripped?

4. Is the window glass intact and properly glazed, with painted glazing putty?

5. Are the storm and screen windows/doors in serviceable condition?

E. Foundation & Masonry

1. Any sign of cracks in masonry walls? Horizontal or hairline cracks in mortar usually do not indicate a structural problem, however cracks that run vertically through bricks may be more serious.

2. Is mortar soft and crumbling? Are bricks missing or loose? These could be areas for water infiltration.

3. Are there any bows or bulges apparent when sighting along the walls?

4. Has masonry been painted?

5. Any signs of spalling, cracking or crumbling stonework?

6. Is there an adequate (continuous) foundation, or is the building resting on posts or masonry piers? A continuous foundation lessens the likelihood of differential settlement.

7. Is ground water and downspout water properly diverted away from building with a correct grading and splash blocks under leaders?

INTERIOR

I. General Condition

A. Foundation Observations

1. Does the basement smell damp or moldy? (This may indicate moisture problems)

2. Do the sill plates (the wood beams at the top of the foundation walls) show signs of rot or termites? Probe with pen-knife.

3. Any sign of dampness on the underside of floors, around pipes? If leaks have gone undetected for some time, there could be wood rot.

4. Does basement show signs of periodic flooding? It's a good sign if current owner stores important tools and papers on the basement floor. Bad signs: rust spots, efflorescence or mildew on walls, material stored on the top of bricks to raise it above floor level.

5. Any signs of sagging floors, cracked headers or beams, rotted support posts, or jury-rigged props to shore up weak flooring?

6. Is there an asbestos board ceiling? It's usually identifiable by embossed pattern/texture and manufacturer's name in face of board. Asbestos may also be wrapped around pipes. If it's there, it must be removed by a licensed asbestos-removal contractor.

7. If there's a crawl space instead of a basement, does it have any insulation or a vapor barrier?

8. Is there a dug basement or crawl space with wood sills resting solidly on a masonry foundation well above ground level? Some old structures have "mud sills," heavy beams resting directly on the ground. Investigate these closely, as eventually these beams have to be replaced.

9. Is mortar in foundation soft and crumbling? This isn't necessarily serious as long as there's no sign of sag in the structure. This is also true for the foundation walls laid dry (without mortar).

10. Are there any vertical cracks in the foundation walls? This could be serious, or it could be from settling that stopped many years ago. It's recommended that an engineer check it out.

II. Finished Spaces

A. General Conditions

1. Identify construction/material: plaster on lath, plaster on board, masonry, wood, gypsum board, other?

2. Are there any signs of damp plaster, including leaks from the roof or internal pipes? Check especially top-floor ceilings, the inside of exterior walls, and ceilings and partitions under bathrooms.

3. Is there any loose plaster on walls or ceilings? Cracks in plaster are fairly typical, but plaster that crumbles or flexes when you push on it will have to be replaced.

4. Is there a noticeable bounce to the staircase when you jump on it? Are there any noticeable gaps between treads, risers and stringers? Is the stair pulling away from the wall? Substantial vibration may mean structural problems that need further investigation.

5. Is flooring original and in good repair? Floors covered with carpeting or linoleum can harbor many problems, which may be undetectable while covered.

6. Do floors have a pronounced sag or tilt? Simple test: Place a marble on the floor and see if it rolls away. If so, check for the cause, as this could be a serious structural flaw or just normal setting.

7. Do floors vibrate and windows rattle when you jump on floors? This indicates inadequate support. Among possible causes: undersized beams, inadequate bridging, cracked joists, or rotted support posts in the cellar.

8. Windows: Do sashes move up and down smoothly?

9. Do window frames show signs of substantial water leakage? Look for chipped and curling paint at bottom of sash and sills. Although quite unsightly, this can be cured with caulk, putty and paint.

10. Is bath tile and grout in good condition? Missing caulk or grout around the edge of a tub or shower can cause extensive water damage below.

B. Fireplaces

1. Is it an active fireplace with an unobstructed flue running all the way to the roof?

2. Does the firebox have a firebrick liner with a 1 ½ ft. hearth in front?

3. Is there an operable damper?

4. Is the flue lined with clay-tile liner to prevent fire and flue leakage into the building? Note: All of the above items are essential for a safe, efficient wood-burning fireplace.

5. Is the fireplace in good cosmetic condition?

6. Clean and inspect all flues and chimneys before using any fireplace or wood stove.

C. Attic

1. Any sign of leaks such as dark water stains on the underside of the roof, especially around chimneys, valleys and eaves?

2. Is the attic adequately ventilated? Check especially for signs of mildew on underside of roof boards.

3. Are there any broken or missing collar beams?

4. Are there any cracked or sagging rafters?

D. Insulation

1. Any loose-fill insulation visible between attic floor joists? This is the best place for attic insulation.

2. Has insulation been blown into the side walls? Look near electrical outlets or other openings in the side walls for evidence. In cold weather, you can tell how good side wall insulation is by feeling the inside of an exterior wall and comparing the temperature to an interior partition wall. They should feel about the same.

3. What type of insulation? Most effective insulation is fiberglass or cellulose, and least effective is foam.

III. Mechanical/Electrical/Plumbing

A. Heating

1. Identify heating utilities: A/C, heat pump, fans, hot water, or steam?

2. Identify capacities/BTUs. Is it sufficient? This may require an investigation by a mechanical expert.

3. Are there enough radiators or diffusers to heat all the rooms adequately? Sometimes building additions or alterations are made without due consideration for upgrading the heating system.

4. Is there evidence of water staining around radiators? This can indicate radiator leakage.

5. When you shine a light into the hot air register, is there evidence of deteriorating ductwork?

6. Are the steam radiators dead level or pitched toward the condensate return pipe? A radiator pitched away from the return will knock and bang.

7. Is the fuel tank inside or outside? Identify its capacity. What is the condition of the fuel lines?

8. Is boiler encased in an asbestos jacket that is whitish-grey, cloth-covered material similar to crumbly cardboard? Are heating pipes also encased in this material? If so, the asbestos should be removed by a licensed removal contractor.

9. Does heating system operate satisfactorily? With owner's permission, run this test:
   a. Turn on emergency switch
   b. Move thermostat setting above room temperature
   c. Boiler/furnace should fire immediately after burner kicks on, without any loud initial rumbling or back puffing. Heating plant should run steadily and cleanly; intermittent firing or smoking are not good signs.
   d. Look for any obvious blockage or leakage in breaching flue pipe, which leads to chimney.
   e. Heat should be evident at hot-air registers in a matter of minutes.
   f. Radiators should feel warm in about 15-20 minutes in hot water or steam systems.
   g. All pipes in a steam system should be pitched back to boiler, otherwise system will knock and bang where pipes are improperly pitched.
   h. Look for signs of leakage on heating pipes
   i. If you are still unsure about the condition of the heating system, have a heating contractor inspect it and test its efficiency.

10. Is domestic hot water heated by a boiler or separate hot water heater? The best system has the boiler heating water in the winter, and a separate water heater heating it in the summer.

11. Check the capacity of the hot water heater. Commercial buildings generally require larger capacity water heaters than residential homes, depending on the size and use of the building.

12. Are there signs of leakage (rust spots) anywhere on the hot water tank?

13. Is the flue in good condition?

14. Is either the hot water or heating systems multi-zone?

B. Plumbing

1. Check whether the water is supplied from the city main or deep well. If the supply is from a well, it's best to have the water tested.

2. Is the water main coming into the building made of lead? If so, it may have to be replaced.

3. Is the main shutoff valve functional?

4. Identify type of distribution piping. Use a magnet to test for iron, and a pen-knife to test for lead (the color will be soft and silvery). If pipes are brass or copper, look for bluish-green stains, as they can indicate that the pipe doesn't have much life left in them. Most effective piping is copper or brass and less effective is galvanized iron and lead. If lead, is should be replaced to eliminate health hazards.

5. Is there a gas smell in the basement? If so, inspect gas main and distribution pipes for leaks.

6. Is sewage disposal tied into city sewer? If there's an on-site system, find out if it's adequate by talking with the last person who serviced it or a qualified plumber.

7. Are the waste pipes in good condition and properly pitched? Look for evidence of leakage, especially at joints. Look for patches or other makeshift repairs. If waste pipes look heavily rusted, tap pipe lightly with a hammer. A ringing sound means the pipe has some life left in it, a dull thump means it is almost rusted through.

8. Is there a dry well or sump pump in the basement? This can indicate water problems. Where does the sump pump discharge? If should discharge into a sewer or well away from the building.

9. Are there a trap and a vent where the waste pipe exits the building? A trap and vent prevent sewer gases from entering the building.

10. Is there adequate water pressure at the tap? Inadequate pressure may mean the pipes are full of rust and scale. Does the water look rusty or smell unpleasant? If this isn't due to poor water quality, investigate further to determine the cause.

11. Do toilets or faucets run continuously? If water is allowed to run long enough, it will eventually wear out the fixture and begin eroding the waste pipe.

C. Electrical

1. Identify the electrical service: UG, size, OH, metered?

2. Check the electrical service by looking at the modern panel box, which will have the total capacity marked on it. Commercial buildings typically require more amps than residential homes. Determining the appropriate amount will depend on the building's size and utilization, and should be discussed with a licensed electrician.

3. Is power brought in overhead rather than underground? If so, look for trees or other hazards that could cause problems.

4. Inspect the general condition of wiring and level of competency of installation. If there is frayed insulation or exposed wiring, or if the wiring appears haphazard and

amateurish, have a licensed electrician inspect it. Also, many city codes require that wiring be shielded in flexible cable or rigid conduit, this too should be investigated by a licensed electrician.

5. Are all connections made in fully enclosed junction boxes? This is an essential safety requirement.

6. Are there enough outlets? Are they grounded?

7. Are the outlets in the bathroom(s) fault interrupted (GFI)? If not, they should be added for safe power.

8. Is there any surface wiring or regular extension cords tacked to the wall? These are hazardous conditions.

9. Are there any pull-chain fixtures? These generally do not meet the electrical code.

10. Is there a functioning exhaust fan in the kitchen?