

## CASE STUDY: **Redevelopment of the Rock** ***Using RAD and 'Historic' to Preserve Public Housing***

By Mark Fogarty

It is a little counterintuitive to think of public housing, especially the big high rise towers whose problems have often been resolved by dynamiting them, as historic. But they can be, and Historic Tax Credits can be used to refurbish them, as successfully happened with three senior/family housing towers in Little Rock that were rehabbed using the Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program.

Historic preservation can be an elaborate process, especially getting the mandatory listing on the National Register of Historic Places required by the National Parks Service before credits can be awarded. In the case of Little Rock, the designation took as long to get (a year) as actual construction on the towers.

The historic designation application for Jesse Powell Towers, one of the three projects, notes it was built in 1974 and was of local and political significance. Specifically, it was "developed directly as a result of a shift in federal policy for public housing for families to targeting senior citizens." Powell, along with the other buildings, the Cumberland and Fred W. Parris Towers, also adhered to a distinctive design style called "Towers in the Park" developed by the French architect Le Corbusier, the application stated.

The towers are now part of an ambitious \$100 million project in Little Rock called "Redevelopment of the Rock" and envisioned to rehab 800 units of public housing.

In the RAD process, public housing apartments are turned into Section 8 project-based voucher units through partnerships with private companies that raise money for long-neglected renovations without displacing the original tenants. The tenants are moved temporarily to other vacant units or buildings and then return when their rehabs are completed.

Cindy Hamilton, vice president of historic credit consultant at Heritage Consulting Group of Philadelphia, says her group has been involved with a dozen or so historic public housing agencies (PHAs) projects like these.

Powell Towers



Cumberland Towers



Fred W. Parris Towers



# RAD Progress Report

"We were at the forefront in recognizing the opportunities to utilize Historic Tax Credits for public housing. It's something that's been on our radar for a number of years," she says.

## Getting the Designation

The biggest challenge for the Little Rock projects was getting the National Park Service to sign off on the designation, Hamilton adds. A complicating factor was that the three towers, built in 1972, 1974 and 1975, were less than 50 years old.

"If your building is under 50 years old, you have to reach a higher bar," she says. "You have to prove exceptional significance."

She says the towers were "A physical manifestation of a government policy. We were able to successfully articulate that argument."

Senior-oriented highrise towers are good candidates for historic credits, she says, as developers generally don't want to make a lot of changes to floor plans.

Two of the Little Rock buildings have had senior residents for their whole existence, with the third now featuring family units. Senior towers are kind of a sweet spot for historic preservation, Hamilton says.

"Housing families in towers wasn't the most successful application," she adds. "But housing seniors in towers can be very successful. A senior tower to senior tower conversion is a no brainer."

## 597 Units Rehabbed

In total, 597 units have been rehabbed at the three Little Rock projects—the Powell, Cumberland and Parris Towers—by developer Gorman and Co. of Wisconsin for the Metropolitan Housing Alliance (MHA) of Little Rock. This includes 428 elderly rental units and 169 family units.

Its estimate of total costs at the completion of the towers work is more than \$60 million. According to MHA, the project was awarded \$5.5 million in Federal Historic Tax Credits in 2017.

MHA says the project used \$41 million in four percent Low Income Housing Tax Credits and tax-exempt bonds through the Arkansas Development Finance Authority.

The \$41 million ADFA was allocated as follows among the properties:

- \$12 million for the Jesse Powell Tower;
- \$16 million for Fred Parris Towers; and
- \$13 million for the Cumberland Tower.



*Little Rock Towers, Arkansas*

Other capital sources were provided by Royal Bank of Canada Capital Markets, Freddie Mac (Walker & Dunlop), Fallbrook Credit Finance, ADFA NSP funds and MHA capital fund and the Affordable Housing Program of the Federal Home Loan Bank of San Francisco.

Renovations consisted of cosmetic and structural improvements, as well as updates to make the units safer and more environmentally friendly, according to MHA.

Improvements included:

- ADA-compliant switches and HVAC controls;
- New water-saving sink and shower faucets;
- New energy-efficient windows and exterior doors;
- New energy-saving appliances; and
- Generators for each of the towers.

The scope of the rehab was not as extensive as on some other projects that Heritage has been involved with. It included system and safety upgrades to heat, water and elevator equipment, updating finishes and doing bedroom and kitchen improvements. All the windows were replaced, since they were not originals and the newer ones weren't as good as the originals.

## Original Model

Heritage Vice President Rob Mawson agrees with Hamilton that the most challenging part of the project was getting the historic designation. He notes many senior towers of 50 years ago were patterned after Victoria Plaza in San Antonio, using a holistic approach, "not merely warehousing old people." These projects included amenities, like activities rooms, medical offices, education classes and fitness rooms, so elderly residents would not remain holed up in their rooms.

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The historic review can be challenging. "You can't just automatically replace old windows. You have to prove they're in poor condition and you have to find a closely matching replacement window. You can't always maximize the insulation." But, Hamilton says, "We've been able to work through the challenges."

Brian Swanton, president and CEO of developer/architect/general contractor Gorman, says the towers project is the firm's second historic preservation effort on public housing, with the first one having been done in Phoenix. Gorman is now working on a third in Cincinnati.

"Historic Tax Credits are a great resource not often thought about for public housing," he says.

The MHA took some heat from HUD during an audit of the project, over allegedly excessive predevelopment costs. The audit concluded "revisions and postponements of its RAD program conversion plans adversely affected rehabilitation costs by requiring the same or similar tasks to be amended, updated or reworked multiple times."

The project, though, went forward and has been successfully completed. Actual construction took about

a year and was completed in December of last year.

There is no doubt the towers are part of a historic district, the site of a significant breakthrough moment in American history: Mawson notes the buildings are located near the nationally historic structure, Central High School, site of forced integration of African American students in 1957, when large numbers of federal troops escorted nine students who had been denied entrance into the school in defiance of a Supreme Court ruling.

There's a different atmosphere in the neighborhood now. Racial politics never entered the picture at these integrated towers, Mawson says, "It's never something we encountered at any of these projects." **TCA**

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