

Landmark Issues in American Cities

by Jared Shlaes, C.R.E.

Controversies associated with landmark preservation are reaching the boiling point in more and more of America's towns and cities. Should the old town hall be razed to make room for a new municipal center, or the old church to make room for a parking lot? Are attractive old houses worth saving if they stand in the way of needed institutional expansion, or of high-rise apartment development? Can an old office building or theater be allowed to interfere with a major civic improvement scheme? When should a new hotel be allowed to disrupt the cornice line of a cherished old street? How much can taxpayers be asked to spend on the preservation of privately owned structures?

Questions like these are not always easily answered. The emotions they provoke can reach high levels of intensity, while the economic and social issues involved are not always easy to identify or to assess. We know how to handle the easy cases: Monticello, the Old North Church, Georgetown, Fort Ticonderoga, the Water Tower, Independence Hall. We have been less successful in dealing with the hard cases: Carnegie Hall, Villard Houses, Penn Station, Chicago's Old Stock Exchange. It is such cases that will be dealt with in this article. Our purpose is not to catalog all the issues, since new ones crop up every day in every important city, but rather to discuss in some depth a few cases with broad implications, in the hope that the issues raised and the analytical methods employed will improve our understanding of preservation problems and point toward new solutions.

The cases described here arise from conflicts among those who support and those who oppose specific preservation efforts. Each case is based upon a recent study done by the writer's firm, in most instances with financial assistance from the National Trust for Historic Preservation. The rapid evolution of public attitudes and of the legal framework within which preservation controversies must be resolved forces an examination of cases not yet closed, since yesterday's cases as often as not are too old to be useful.

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Shlaes: *Landmark Issues in American Cities*

The issues raised fall into interrelated categories:

The taking issue. As used by Bosselman and Callies in their famous study¹ this term is shorthand for the whole complex of legal and administrative questions raised by the increasing public involvement in private land use decisions. As government seeks to assert an increasing degree of control over the use of real property through its eminent domain, taxation,² and police powers—as it promulgates new devices³ to protect the natural and the built environments, to maintain and restore landmark buildings and districts, to compensate for private damages arising out of public improvements, to secure the tax base, to channel and limit growth, and to enhance the visual and functional aspects of urban life—the private interest sees its traditional rights eliminated or modified in new, unforeseen, and sometimes drastic ways. The right of a property owner to demolish, remodel, expand, or alter an existing structure or to build as he sees fit on land he owns has been drastically limited since colonial times. Have we gone too far? Is landmark designation an unwarranted intrusion on property rights and personal freedom? Do new zoning schemes calculated to preserve neighborhoods attack private rights unfairly? How deep is the economic damage arising out of these new public intrusions, and how is it to be measured? Questions of this nature have rightly preoccupied the courts, the government agencies concerned with land use control, and those private citizens who own, operate, use, finance, plan, and build upon real property. Few of them have been satisfactorily resolved. The uncertainty they provoke begins to constitute a problem of its own. Not having a firm understanding of their respective rights, both private owners and public agencies involved in landmark questions are often ill able to reach acceptable compromises.

Progress vs. preservation. Many American cities were built on the striving of their citizens for progress and growth. In any conflict between the old and the new, most people had little trouble reaching the right answer. Is the city to sacrifice its image as a progressive, dynamic urban center in order to preserve its monuments and older neighborhoods? In many places this question is still seen as a symbol of the struggle between the forces of reaction and those of progress. Whose side are you on? The answer is no longer clear.

Political philosophy. To what extent can the public assert its rights over private property without impairing those rights in fundamentally destructive ways? The libertarian⁴ will argue against public intrusion in all but the most obviously necessary areas; the social activist will argue for

1. Fred Bosselman, David Callies, and John Banta, *The Taking Issue* (Washington, D.C.: U.S. Government Printing Office, 1973).
2. See, for example, International Association of Assessing Officers, "Property Tax Incentives for Preservation," *Proceedings of the 1975 Property Tax Forum*.
3. See, for example, *Transfer of Development Rights*, ed. Jerome C. Rose (New Brunswick, N.J.: Rutgers University Center for Urban Policy Research, 1975).
4. See especially Friedrich A. Hayek's classic, *The Road to Serfdom* (Chicago: University of Chicago Press, 1944).

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complete public control over land use decisions. Which is right? How far may we compromise political principle for the sake of local planning concerns or loyalty to historic and architectural landmarks? To what extent will increased public involvement inhibit desirable future development by discouraging builders and entrepreneurs? How will property owners react to new legislation affecting their rights and privileges?

The tax base. What are we doing to ourselves when we halt major new real estate development to save a landmark? Will we shift development outside community boundaries and lose the associated tax revenue forever? How much does the landmark itself contribute to the economic value of the community or the neighborhood? Will its loss reduce tourism, or so impair civic pride that the community will decline?

Impact considerations. Will a new structure overload the community's schools, parks, transit facilities, streets, utility systems, or will it add needed students to an underpopulated school and needed riders to the transit system? Will it raise population densities above acceptable limits, or change the character of the population in undesirable ways? What will its visual impact be? Its economic impact? What will happen if the new development is blocked and the existing structure does not remain viable?

Costs and feasibility of preservation. Who will pay what it takes to acquire and maintain an obsolete landmark structure? Where is the money to be found for major restoration? What resources are available for preservation, and how much will they cost? Can private owners support the maintenance burden associated with landmark structures? Are public uses needed and available for obsolescent buildings that must be preserved? Is public ownership practicable? Is real estate tax abatement an available tool? What subsidies can be justified?⁵

Administrative and political concerns. Not every city or state has an active agency directly concerned with landmark preservation, nor is every such agency effective and adequately financed. Who will administer the necessary programs? Will they conflict with other existing and equally important programs? Is the political environment generally sympathetic to the agency's objectives? Can the agency's viability be assured over the relevant period of time? How effectively is it organized? Is it big enough to do the job? How well is it motivated? Can it muster strong support at times of crisis? To what extent must its decisions reflect the current political structure? How much experience has it had in conflict situations? What is its track record in preserving key monuments?

In many cities preservation objectives conflict with other public goals: the construction of a highway system, a rapid transit network, a renewal project; the administration of a zoning ordinance that does not take preservation concerns into account; the operation of a real estate tax assessment system that is firmly entrenched and generally perceived to be

5. See *Economic Benefits of Preserving Old Buildings* (Washington, D.C.: The Preservation Press for the National Trust for Historic Preservation, 1976).

fair but that makes no allowance for special treatment of landmark properties; the desire to minimize public outlays or public interference with property rights. How are these goals to be reconciled?

Cost/benefit issues. These involve a largely unscientific weighting of often incommensurable variables. Which is more important: preserving the valued local monument or adding the jobs and real estate tax revenue produced by a larger replacement structure? Conserving the integrity of a streetscape or adding needed housing and other facilities? Restoring a local landmark or providing a catalyst for further development in the area? Almost any landmark-related issue can be viewed in these terms. Constructive public discussion requires their use. The difficulty lies in selecting the issues, establishing appropriate units of comparison and allocating weights. Much will have to be learned before this process becomes anything other than the grossest kind of intuitive comparison, but the learning effort is both unavoidable and justified.

THE ALBEE THEATER

On July 24, 1972, the Albee Theater in Cincinnati, Ohio, was entered on the National Register of Historic Places with the statement that it "is one of the few surviving opulent cinema palaces in the United States and the only one in Cincinnati." The city of Cincinnati plans to demolish the Albee together with the vacant Sheraton-Gibson Hotel and other adjacent structures now occupying a site of approximately 83,000 square feet known as Fountain Square South. It is prepared to enter into agreements with a well-known developer requiring that the city construct at its expense a three-level substructure upon which the developers are to build an office tower of approximately 575,000 square feet and a 450-room luxury hotel, in addition to approximately 80,000 square feet of retail space and other public facilities.

The vacant and underutilized state of the existing buildings at Fountain Square South is viewed by local officials as detrimental to the well-being of Fountain Square Plaza, which adjoins to the north. Clearance of the entire half block upon which the Albee stands is viewed as essential. The local urban renewal authority is eager to encourage development of a luxury hotel on the site, apparently in the belief that Cincinnati's entire economy would benefit from the addition of such a facility to a city which at present lacks a world class hotel. The agency also appears to feel that the hotel should precede the new office building also contemplated for the site, or be built together with it, but should not follow the proposed office building in the development sequence.

The city expects to spend \$12.1 million on the acquisition and clearance of the site and on partial construction of the three-level substructure. An additional \$3 million will have to be added to the parking revenue bond indenture, and another \$2.5 million will be required to complete construction of a second-level walkway to extend utilities and to upgrade streets and sidewalks. Total municipal outlays will thus be in the order of \$17.6 million for the project. Annual revenues to be derived from Fountain Square South as redeveloped are estimated at \$1,514,216 by the municipality. This figure, judged adequate by local authorities, includes real estate taxes, ground rent, hotel room tax, and payroll

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tax. It does not allow for all revenues lost elsewhere due to shifts of business into the new project.

A local committee interested in saving the Albee questioned the rationale for this plan, which has the support of leading business and political interests in Cincinnati, and sought our assistance in evaluating its components. Upon investigation, we found that the hotel portion of the project was economically not feasible and that the projected office building was only marginally feasible and was made so only by the heavy public subsidy contemplated. Our analysis of revenue projections indicated that the city's estimates were overoptimistic and that only \$1,070,000 in annual revenue was likely even if the hotel were feasible. Applying a discount rate based upon the city's general obligation bond yield expectations and known parking revenue bond yields to the city's projected investment and returns, we found that for the 67-year period of the city investment the net present value to the city of the anticipated cash flows was *minus* \$4,647,000, indicating that the city's return on the investment was less than its bond interest costs. In effect the city would suffer a loss in total wealth of \$4,647,000 at the moment it undertook the project, a loss which would be significantly greater if current real estate taxes derived from the property were taken into account and if proper consideration were given to the non-feasibility of the hotel.

The Albee seats approximately 3,100 and has facilities which permit a wide variety of performing arts uses. It is reputed to have outstanding acoustical qualities as well as unimpeded sight lines from all levels. Made obsolete as a movie palace by industry trends, it would serve well as a supplementary facility to existing concert halls and auditoriums in the area if made available for such purposes. Theatrical and concert producers and booking agencies have indicated a willingness to rent the theater on terms which would provide a net income adequate to support the property, although some tax abatement or subsidy might be required. We estimated that total subsidies required including real estate tax concessions would cost the city substantially less than that portion of the Fountain Square South subsidy reasonably allocable to the Albee.

Our suggestion was that the city consider proceeding with the office portion of Fountain Square South on an adjacent site, deferring for the time being the clearance of remaining buildings, including the Albee, while further investigation was undertaken. The city's response has been to accelerate actions tending toward completion of its contractual arrangements with the developer and the demolition of the Albee. At this writing, the outcome is unknown.

Many conflicting interests are apparent in this case. The city is anxious for monumental new central business district development, specifically including a luxury hotel which on its face does not appear feasible but which if built would add prestige to Cincinnati and enhance its attractiveness as a tourist center. The developer has his own reasons for desiring to press on, particularly so since his contract offers him considerable freedom of movement. Property owners in the block are variously affected; some are anxious for the project to go ahead; others have their own development plans. Taxpayers would be adversely affected by the development, but industry and commerce might be expected to benefit if the development does indeed proceed. A cloud is cast over all

these questions by the uncertainties attaching to the project: Can the hotel indeed be built? Will it, if built, be economically viable? What will the addition of a new office building at this location do to occupancy rates elsewhere in downtown Cincinnati?

There appears to have been little opportunity for serious public discussion of these issues. Details of the proposed development contracts and of such feasibility studies as may have been prepared in support of the project were not made public, and indeed were refused to interested citizen groups. An important question here is the degree to which preservationists and citizens at large are entitled to knowledge of undertakings such as this: Can municipalities negotiate workable renewal agreements in public? Will preservationists behave reasonably? Can developers be persuaded to take preservation objectives into account? These questions must remain unanswered here, but should provide food for thought in other cities confronted by similar problems.

UNION STATION

Union Station in Denver, Colorado, constructed in several portions over the period 1880-1914, has a gross area of approximately 174,000 square feet, of which approximately 130,000 is usable. It is located in a preservation district west of the Skyline Project, on the fringes of downtown Denver, and beyond the active development area. Still used for railroad purposes, the building is threatened by proposed changes in Denver's transportation network as well as by its own functional and economic obsolescence.

We were asked by Historic Denver and by the Regional Transportation District to investigate the feasibility of retaining the station either as a multi-modal transit facility or as a nontransit facility devoted to other uses. We found that conversion to other uses was relatively unlikely for both structural and locational reasons, and that its adaptability for use as a multi-modal transit facility depended upon a network of interrelated decisions by a variety of public and private agencies for which the groundwork had not yet been laid. The Burlington Northern Railroad, a principal owner of the station, has announced an extensive new-town-in-town on a 550-acre site adjacent to the station and extending to the South Platte River in an area now used for mainline trackage and railroad sitings; we judged this development to be essentially impracticable for the foreseeable future. However, the railroad's planning apparently reflects the belief that the proposed new town will proceed in some form. Realignment of mainline trackage according to current Burlington Northern plans may hamper the desires of the city to utilize the banks of the Platte River for public purposes. Similarly, a proposed realignment of two traffic arteries through the adjacent preservation district would hamper restoration within the district, thus reducing the utility of Union Station for commercial and other nontransit uses. The Burlington's plans call for a consolidated transportation and utility corridor along the bank of the Platte River in a realignment which would require relocation of the railroad yards, reconstruction of several highway interchanges, and provision of a number of utility extensions and civic improvements including bridge, road, and viaduct relocations or eliminations. These in turn would require significant public outlays and the sacrifice of conflicting public objectives.

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The Regional Transportation District has proposed three different transit alignments to serve downtown Denver in the first phase of its rapid transit plan, which links communities to the north and south of Denver by way of the downtown area. These three schemes have varying impacts on Union Station and have varying chances of approval by the United States Urban Mass Transit Agency and by local authorities. Other transit considerations likely to have an impact on Union Station are two proposed street realignments, the possible elimination of two viaducts and bridges, the potential relocation of Amtrak trains to a new station nearby, the possibility of inducing two bus companies serving Denver to regroup near the Union Station, and the long-term prospect of satellite collector stations to serve Stapleton International Airport. All of these considerations have consequences for the continued use of Union Station which have not been fully analyzed.

It was apparent from our study that communication among the various agencies involved was poor and in some cases nonexistent. We accordingly recommended to the mayor of the city and county of Denver that he assume a leadership role in establishing the structures needed to coordinate the activities of those agencies in terms of the general desire to preserve Union Station. We further suggested that the Regional Transportation District focus its attention on a possible modification of its transit plans which would simplify the system, reduce costs, and enhance Union Station and its surroundings. A computer-assisted cost-benefit model was suggested to formulate the critical path required to attain specified planning goals, to quantify courses of action, and to test the financial implications of a variety of possible solutions.

The mayor evinced a willingness to assume a coordinating role but did not appear ready to take the strong lead which will be necessary if the conflicting interests of public and private agencies concerned are to be reconciled constructively. As in the previous case, the jury is still out.

ROBERT W. PATTERSON HOUSE

Originally built in 1892 to plans by Stanford White, the Patterson House is the only remaining structure in Chicago by that architect. A 1927 addition added enough space to permit its conversion in 1950 for the use of the Bateman School, a private institution which closed a few years ago, leaving the structure unoccupied.

The building occupies a corner site of 16,890 square feet zoned for high-density residential use on Astor Street in Chicago's Gold Coast area. It falls within the Astor Street District, designated a Chicago landmark by city ordinance in December 1975. Under this ordinance, new construction, additions, alterations, and total or partial demolition are subject to written approval of the Commission on Chicago Historical and Architectural Landmarks. The Bateman School had been seeking to sell or develop the property for some time prior to the enactment of the ordinance, and following enactment sought a permit to demolish the structure which was referred to the Commission, as were various proposals for the development of the property and its conversion into a condominium development and other adaptive uses.

We were retained by the Commission in connection with this matter and asked to investigate the economic feasibility of converting the property to condominium or other adaptive use. Our investigation of physical condition disclosed that the interior had been poorly maintained and clumsily remodelled for school purposes, but that the structure was sound and well adapted for restoration as a single-family dwelling or institutional headquarters. Its excellent location would justify purchase and renovation for such uses. We also found that condominium conversion would be at least marginally feasible, although unlikely to prove highly profitable, and that interested parties were available to undertake such conversion. Although the site is physically suited for high-rise apartment development and is located in a prime area, the condition of the apartment market in Chicago is such that no such development appears likely on this site for some time. High-rise development projects submitted by the owner were carefully examined and judged not feasible, but a number of proposals entailing conversion of the existing structure and the construction of a modest number of additional units on the site were judged at least marginally feasible. Other adaptive uses were examined and judged not feasible. The property was encumbered by at least two mortgages, one of which was in default, with legal proceedings aiming at foreclosure already underway. The property owner alleged that the financial condition of the property was at least partly the result of delays encountered because of landmark designation, and offered to sell the property to the city at a price significantly in excess of its market value.

We recommended that the financial condition of the property be continuously monitored, and that owners and lenders be urged to seek out a purchaser willing to retain the existing structure in substantially its present form. Developers now in view, including the property owner, were to be encouraged to refine their condominium conversion programs and carry them forward. The Commission was also advised to consider ways and means of funding the relatively small subsidy which might be required to encourage such conversion, and of funding the acquisition of the property on an interim basis if circumstances should so require.

Following completion of our report, the foreclosure sale was scheduled but was deferred when the owner filed for protection from creditors. At this writing the house remains vacant. The city has stood firm in its refusal to issue a demolition permit, triggering protests by the owner, even though it is by no means evident that the property would be worth more cleared than it is in its present form. The property has been tax exempt while in school use and is still not paying taxes.

Some of the issues raised in this case amounted to red herrings. The owner's claim that only landmark designation prevented the high-rise development of the property was false, and the owner's plans to develop the property were unrealistic. The interference by the public in the owner's rights was nonetheless quite real. The position of the lenders has not yet been spelled out with any clarity, and the outcome remains uncertain. There is, however, a general feeling that the city will acquire the property at its market value if no better way to save the building can be found, and that some write-down upon resale would be justified if the preservation of the building would be assured thereby.

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THE AUDITORIUM BUILDING

Designed by Adler and Sullivan at the peak of their powers, the Auditorium building is widely recognized as a structure of great historical and architectural importance. Originally built in 1887-1890 as a combined hotel, auditorium and office structure, the building occupies a half-block site at the corner of Michigan Avenue and Congress Parkway near the Conrad Hilton and other important Chicago hotels and near Orchestra Hall and the Art Institute of Chicago. It is owned and occupied by Roosevelt University, a commuter university which offers extensive adult education programs and graduate degrees in a variety of fields.

Before Roosevelt University acquired the property in 1946 it had been used in its original configuration until 1940 and as a servicemen's center during World War II. Roosevelt University, then a new institution, undertook extensive renovation and reconstruction for classroom and administrative use. During the 1950s the construction of the Congress Street (now Eisenhower) Expressway sliced sixteen feet off the south end of the first floor, replacing it with a recessed arcade. Renewal of the theater, a magnificent auditorium of some 4,200 seats, was undertaken in 1960 when the University created the Auditorium Theater Council, which in turn retained architect Harry Weese and raised funds for a rehabilitation costing \$1.75 million. Both theater and school portions of the structure are still intensively used.

The building is listed in the National Register of Historic Places, the Historic American Building Survey, and the Illinois Plan for Historic Preservation. In 1958 the Commission on Chicago Historical Landmarks, predecessor of the present Commission on Chicago Historical and Architectural Landmarks, designated the building under an ordinance now superseded. The United States Department of the Interior designated the building a national historic landmark in 1975. It had not, however, been designated a landmark under the current Chicago landmark ordinance. Trustees of the University felt that such a designation would unreasonably interfere with their freedom to use and remodel the space for University purposes and might also impair the mortgageability of the property, which was their principal asset.

The Commission retained us to study the impact of landmark designation under the Chicago ordinance on the Auditorium building. The ordinance itself was an important factor in any such assessment. A careful review of its language disclosed that from the viewpoint of the property owner, the ordinance imposes at a minimum the risk of delays and uncertainties in connection with any proposed construction, alteration, or demolition of the improvements on his property. Delays may add up to as much as 252 days from the time the permit application is filed, during which efforts at accommodation are made. At the expiration of the 252 days the owner will presumably have been granted his permit or have reached a suitable accommodation; if not, he will likely be considering litigation to force issuance of a permit. Throughout this period he will have been afflicted by the uncertainties associated with the review process and will find his freedom of action impaired. These delays and uncertainties may combine to inhibit the effective operation of the property as an economic

unit, to inhibit its free salability, and to cause the loss of opportunities to profit from offers to lease, to purchase, or to finance the property which might arise.

When the time period specified has expired, one of three situations will present itself: 1) the permit will be granted; 2) the permit will have been refused, leaving the owner no remedies except such as litigation might yield; or 3) some accommodation will have been reached. In the first two cases, no compensable damage appears to arise. In the third, the owner will presumably be satisfied with whatever accommodation has been reached and will, therefore, be entitled to no further damages.

If the owner's permit is rejected, he can look forward to problems in the area of rentability, operating efficiency, mortgageability, and salability. On the other hand, the fact of landmark designation may confer certain benefits on the property, including a reduction in its real estate tax assessment to reflect any loss in market value resulting from designation, an increase in prestige, and a stabilization of tenancy as a result of the greater security tenants will experience in a designated building.

Roosevelt University is a non-profit institution, so that the building and land are presently exempt from real estate taxes. The University itself is in reasonably good financial condition, although facing increasing competition from a state university campus located nearby. It is able to operate relatively well in the building, despite significant functional deficiencies and maintenance burdens. The building is thus not immediately endangered, although the city is interested in adding such additional protection as designation under the ordinance would confer.

Our investigation disclosed the building to be sturdy in construction and still in good structural condition, although some settling has occurred. It was reasonably useable as an educational facility and quite useable as a theater. Its neighborhood was good and well adapted for such uses, although the site is unlikely to be needed for new construction of either office or hotel space in the foreseeable future.

Alternate uses such as office, hotel, apartment, retail, and warehousing were considered and rejected as not feasible on both economic and physical grounds. The cost of demolishing the existing building was estimated at \$4,520,000, or approximately \$71/square foot of land area. Because in our judgment \$125/square foot represented the highest price which the land might bring under current conditions, maximum net realizable land value after demolition is approximately \$3,500,000 or \$55/square foot. Value added by the structure based on an analysis of replacement cost and depreciation was estimated at \$17,500,000. It thus seemed unreasonable to anticipate that the structure would be demolished for economic reasons, particularly in view of the high demolition costs. We accordingly concluded that the highest and best use of the property was its present educational and cultural use, and judged that even if both Roosevelt University and the Auditorium Theater Council were to discontinue operations, replacement tenants could be found at a price substantially in excess of net land value after demolition.

Applying the ordinance to the specific situation, we found that the uncertainties and delays possible as part of the administrative review process were un-

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important in terms of the existing use or in terms of the practices and policies of current or potential users. The Auditorium is not subject to many of the concerns which confront the owner of an operating office building, hotel, or apartment house. A delay of a few weeks or months in the implementation of some alteration program will not affect its economics significantly, nor is it likely that the building will lose acceptability in the marketplace by virtue of its old design. The property in question is not salable as a land speculation or for demolition and redevelopment, and it enjoys the advantage of real estate tax exemption, which both enhances the economic viability of the present uses and deters conversion to other profit-making uses. The present users are institutions inclined to move slowly and subject to their own administrative processes which appear to be fully as time-consuming and uncertain as those of the Commission, so that the red tape inherent in designation does not unduly constrict the owners of the property.

The owners are concerned about interference by the city with interior and structural changes routinely required in connection with their operation of the University. City practice in the past has not interfered with such operations, and it is considered unlikely that this policy will change; indeed, the Commission expressed a willingness to exempt interior remodeling of spaces without particular architectural significance from its review processes. In one area, however, the University's concern seemed more justified: its fear that designation might interfere with the free salability and mortgageability of the property. We found that designation would have no apparent effect on existing mortgage arrangements or on the salability of the property, which for practical purposes is so widely recognized as a landmark that any purchaser desiring to demolish it or to alter it destructively would meet a solid wall of public opposition. Future mortgageability, however, was a more serious problem. The trustees of the University and several of their friends appeared at public hearings to testify that designation would create real difficulties in this area.

We recognized that prospective mortgagees would tend to shy away from designated buildings in general and might urge resistance to the designation of the Auditorium building, but pointed out that they would also shy away from theater and campus loans in general, and particularly from theater and campus loans involving large, old structures of this nature, whether designated or not. The credit of the mortgagor would, of course, be of primary importance in any such financing and would not be affected directly by designation.

While freely acknowledging that the mortgageability and salability of many properties would be adversely affected by designation, we found that the Auditorium building, which had been devoted exclusively to tax-exempt educational and cultural uses since 1940, would not be so affected. The quality of the location and the value of the land were not sufficient to warrant demolition of the existing improvements, nor would the costs of converting the structure for office, hotel, apartment, or other use be justified. Loss of the real estate tax exemption which the property enjoys might well destroy its economic viability for any use, whether public or private. We were thus in the presence of a unique and special use which has value, as demonstrated by the present utilization of the property, but for which salability is a very minor concern.

The risk that Roosevelt University might move or disband was in our judgment offset by the possibility that another similar institution might be found to take over and continue the operation of the structure. Further, our analysis showed that the improvements add value to the land and that the property as improved would bring a higher price than could be justified if the property were to be sold for land value, bearing in mind the estimated costs of demolition.

An important factor in this judgment was the time likely to be required to find a buyer able and willing to pay market value. This we calculated to be at least one year, during which the owners could run through the 252 days required by the permit review process without any loss of marketing time. Any prospective mortgagee who looked carefully at the situation would recognize that demolition was economically and politically impracticable with or without landmark designation, so that even in the area of mortgageability no economic damage would be done by designation. We therefore concluded that apart from the noncompensable delays, uncertainties, risks and costs of the administrative and legal processes to which owners of designated landmarks are exposed, the Auditorium building was not damaged by landmark designation. While prospective mortgagees might tend to shy away from designated buildings in general, it was our judgment that no actual economic harm was worked upon the property and that the economic interests of prospective mortgagees would not be adversely affected.

Following our report, the City Council Finance Committee recommended designation. Action by the full City Council in this sense is expected shortly.

CONCLUSION

The buildings cited in these cases varied tremendously in size, quality, character, use, condition, age, and architectural significance. The problems they present, while highly diverse, by no means exhaust the range of issues outlined earlier in this article. If the cases disclose a common thread, it is the evident need of a fresh and open-minded approach to problems of this nature; old solutions are no longer sufficient. It is our hope that the examples given will stimulate new and useful answers to the many questions raised here and to others not yet formulated.

As a nation, we are moving toward a new equilibrium among public and private interests that is still only imperfectly visible. Perhaps the issues surrounding preservation will serve as a useful model in attacking this larger problem and moving toward a new level of reconciliation.

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