

Industrial Properties Rehabilitation Case Studies



Executive Summary

Innovative projects all across North Carolina are putting historic mill buildings "back to work" as positive parts of the economic and social fabric of their communities. Local initiative, creative developers, and a wide range of new uses characterize this movement. State and Federal preservation tax credits, the North Carolina Rehab Building code, and local support facilitate the transformation of vacant mill buildings into community assets.

Mill Buildings: Community Liability or Community Asset?

The Problem: Vacant Mills and Community Impact

For over a century, manufacturing plants operated as the economic engines of many North Carolina communities. Typically well-built with handsome brickwork and massive interior construction, factory buildings constructed in the late 19th and early 20th century were landmarks of their neighborhoods as well as social and employment centers.

In recent years, sweeping economic changes throughout the nation have closed hundreds of factories. North Carolina has seen the rapid loss of manufacturing operations and of thousands of jobs in the key industries of textile, tobacco, and wood and furniture production. Some factories closed to accommodate new production methods and inventory control. Many others closed because of the shift of manufacturing to overseas operations. The two trends result in many factory buildings being vacated, leaving innumerable towns and cities with large, empty buildings in their midst.

In addition to the obvious loss of factory jobs, these closings reduce support for ancillary goods and services--grocery stores, retail stores, restaurants, manufacturing suppliers, etc.--multiplying the effect on surrounding neighborhoods and the community. The economic impact appears quickly, as neighborhoods decline, homes and yards are less well maintained, foreclosure notices appear, and more buildings are left vacant and neglected. Beyond the economic impact, the social impact is equally real. Often the factories defined the neighborhood, providing identity as well as jobs--and their closing leaves a void in community identity.

Few communities can afford to let these large buildings stand derelict for long. Issues of safety, crime, and community image, as well as economic use of the land all come into play. As a result, every vacant mill faces the constant threat of demolition--and thereby the loss of community identity and history and of huge economic potential for reuse, recycling, and rehabilitation.

Solutions: Reuse and Redevelopment of Mills Benefit the Community

Developers and community leaders throughout the state have successfully transformed vacant mills from eyesores and liabilities into vibrant, attractive, and functioning community assets. Case studies show the wide range of approaches that have used reinvestment and redevelopment of vacant factories to renew local economic and social energy. Preservation North Carolina surveyed 10 projects to sample strategies, costs, and benefits in mills with diverse sizes, locations, challenges, and new uses. The detailed accounts of each show the many approaches that can work. A few general patterns emerge.

Cost of Reuse

In every case studied, square foot cost of rehabilitation for reuse is comparable less than or equal to new construction. Contrary to some opinions, rehabilitation of these historic buildings is not any more expensive than building new. The projects studied encompasses per square foot costs of from \$30 to \$125 per square foot, depending on the condition of the building--from sound to nearly ruinous--and the requirements of the new use. These costs, however, do not take into account the costs of demolition required for new construction. In addition, substantial benefits including preservation tax credits markedly reduce the cost of investment, making rehabilitation and reuse an even more economical approach. Another benefit of rehabilitation can be seen in the labor costs versus material costs of a project. New construction typically costs more for materials, while rehabilitation costs are often higher on the labor side. Money spent on labor is often reinvested in the community when laborers spend money at local grocery stores, restaurants, etc. Other considerations in evaluating costs must include the environmental benefit of reusing existing building materials rather than consigning them to landfills, and the savings of natural resources that makes preservation a "greener" alternative and "the ultimate in recycling."

Quality of Construction

Historic mills typically employed materials and craftsmanship of very high quality, often better than new materials obtainable today. Excellent brick and brickwork characterizes both textile mills and tobacco factories. Thick, solid plank floors and very heavy timber columns are standard features of late 19th and some early 20th century industrial construction. Some early 20th century industrial buildings incorporate high quality reinforced concrete and structural steel. Thus, while there are costs in repairing damage from neglect, and in upfitting for present-day needs, the result is a building of impressive and substantial character and quality.

Neighborhood Impact

The broad and positive impact of each mill reuse on its community is probably the most striking result the study shows. In every case study, the multiplier or "domino" effect brought dramatic benefits to the neighborhood and community. The immediate benefit of putting a single building back into profitable and active use is only one component of a much larger story. The large-scale reuse of textile manufacturing buildings at Atherton made a formerly depressed sector of Charlotte into one of the city's top attractions for retail and mixed use activity. Redevelopment of a relatively small factory in Morganton transformed an area perceived as dangerous into a lively and welcoming part of town, where other businesses and at least one church gained a new lease on life. Less quantifiable than the economic impact but of great importance is the renewed--and often surprised--sense of community pride in the reclaiming of a long neglected landmark.

Diverse Approaches

The study shows clearly that there is no single formula for a successful project. The design of the project is best driven by local needs and the local market. In some cases, a public use such as a library or a community college suited the vacant industrial buildings and met local needs. In another, the initial concept called for residential and mixed use, but the developer realized that the building was best suited to a combination of small manufacturing, office, and medical uses.

Local Participation

In each case, support of the local governing body added to the likelihood of success. Some projects, as noted, were accomplished by and for municipalities to house essential services along with saving a community landmark. Others, accomplished by private developers, gained financial, logistical, and political support from the locality that facilitated the project. Working with local governments is essential, both to share a vision of community potential and to obtain the help of various departments from zoning to street construction to inspections in a project that may lie outside the familiar type.

Preservation Tools/Financing

Different project made various uses of available preservation tools. Key to the success of several was the Preservation Tax Credits that can provide a source of equity for financing projects of this type. Other projects proceeded without using these tax credits. (While not used by any of our case studies, Preservation Tax credits can be twinned with other use-related tax credits such as New Market and Affordable Housing credits.) Some projects received grants from agencies that fund specific community needs; others gained local funding; others depended only on private investors. Several projects made use of the "Green Sheet," a form designed to certify buildings as historic for purposes of applying the North Carolina Building Code. Its successful use depends on working with the local building inspector to negotiate how the code will be applied with regard to historic elements of the building. Other projects were completed under the North Carolina Rehab Building Code, a code that will apply to the entire state beginning January 1, 2006.

Conclusion: It works!

The real-life, concrete accomplishments of Preservation North Carolina's 10 Case Studies demonstrate that rehabilitation and reuse of historic mills bring substantial benefits to North Carolina communities. The costs of rehabilitation for reuse are comparable to--and often less than---costs of new construction. Each project must be designed to fit local needs and the local market. New uses are as diverse as the communities themselves. Funding sources are likewise diverse and often creative. Most projects show the importance of good local government support and the use of preservation tools such as the North Carolina Rehab Building Code and, for many, Historic Preservation Tax Credits. In every case, the positive multiplier effect on the local economy and identity extends far past the single project into the community. Mill reuse works for North Carolina.

The Challenge

Today scores of mills are being abandoned. Many have been demolished or are facing the wrecking ball in the near future. The challenge for North Carolina community leaders and developers is to grasp the opportunity to reuse these historic buildings now, before their history and their economic potential is lost forever. The buildings are there, the tools are there, the case studies show it can work. Now is the time to act.