

Preservation  
Case Studies



Chateau Clare,  
Woonsocket, Rhode Island  
Rodman Candleworks,  
New Bedford, Massachusetts

*Rehabilitation Through  
Federal Assistance*

by Floy A. Brown

Heritage Conservation and Recreation Service  
Technical Preservation Services Division

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*Introduction*

Until recently, the common fate of underutilized older buildings lay in the crushing blows of the wrecking ball. But now, partly as a result of new Federal tax incentives, the rehabilitation of old and historic buildings has become, in a growing number of cases, a viable alternative to demolition. Under the tax incentive program, many older structures such as mills, breweries, offices, schools, railroad stations, warehouses, and industrial buildings are being adapted to new uses while preserving significant historical and architectural features.

The Federal tax incentives for rehabilitating historic buildings were created by Congress to encourage private investment in the revitalization of older buildings and urban neighborhoods. As a result, section 2124 of the Tax Reform Act of 1976 and sections 701(f) and 315 of the Revenue Act of 1978 provide three favorable tax treatments for property owners of commercial or income-producing properties who undertake rehabilitation: 1) an owner may amortize the costs of a rehabilitation project over a five-year period, even if the useful life of the improvements exceeds this time span; 2) an owner who substantially rehabilitates an historic building may take accelerated depreciation on the adjusted basis of the property; and 3) an owner may elect an investment tax credit up to 10 percent for rehabilitation expenses on commercial properties, to be taken separately or in combination with the accelerated depreciation provision. The investment tax credit, however, cannot be used with the five-year writeoff.

These tax treatments create several financial advantages for rehabilitation. The five year writeoff of

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*Federal Assistance for  
Rehabilitating Historic  
Buildings*

Section 2124 of the Tax Reform Act of 1976 offers important tax incentives for the rehabilitation of historic buildings. Owners of eligible depreciable structures may amortize qualified rehabilitation expenses over a five year period or take accelerated depreciation on the value of the rehabilitated property. A third incentive, an investment tax credit for rehabilitation, is available under section 315 of the Revenue Act of 1978.

Historic Preservation Grants-in-Aid are issued on a matching basis to States, the District of Columbia, Territories, and the National Trust. Funds may be used for surveys of the State for historic properties, preparation of historic preservation plans, preparation of nominations to the National Register,

rehabilitation expenses can be sold by a real estate syndicator to limited partner investors. The investors agree to make equity payments over the five year period, in exchange for a proportionate share of the tax loss. By anticipating a three to one ratio of tax benefit to investment dollar or higher in some cases, developers are able to attract a higher quality of investor who may be seeking a tax shelter. This tax benefit may be taken by property owners and long-term lessees, and may be passed from one property owner to another, provided the structure has not been placed in service at the time of transfer.

The second option of accelerated depreciation improves the cash flow in the early years following rehabilitation and, depending on the tax situation of the investor, can provide substantial tax relief for many years subsequently. The allowance for accelerated depreciation permits tax treatments that previously had been available only for new construction: rehabilitated rental properties may take 200 percent declining balance depreciation; commercial properties may take 150 percent. The amortization and accelerated depreciation tax treatments apply to rehabilitation work undertaken between June, 1976 and June, 1981.

The investment tax credit, which has no expiration date, applies to all commercial or industrial buildings that are 20 years old or more, including historic structures. The tax credit is figured as up to 10 percent of rehabilitation expenses made after October, 1978, and it may be used with the accelerated depreciation provision for certified historic structures. Unlike the five-year writeoff and the accelerated depreciation provisions which are deductions from gross income, the investment tax credit is subtracted directly from taxes owed by the taxpayer. It provides a dollar-for-dollar credit against tax liability up to \$25,000. Taxes owed in excess of \$25,000 can be reduced on a percentage basis (60 percent in excess of \$25,000 in 1979; 70 percent in 1980; 80 percent in 1981; 90 percent in 1982). If the credit more than offsets all of the Federal income tax owed in the initial year, it may be carried back for three years and forward up to seven years.

and acquisition and preservation of properties listed in the Register. Funds may be transferred by the State Historic Preservation Officers (SHPOs) to private organizations, individuals, or governmental subdivisions. Administered by Heritage Conservation and Recreation Service (HCERS), U.S. Department of the Interior

Section 8 Housing Rehabilitation Assistance provides a rent subsidy to assist low and moderate income families in obtaining housing in the private market. Funds are provided directly to the owner of the rehabilitated dwelling on behalf of the eligible occupant. The subsidy is designed to make up the difference between what a lower income household can afford and the contract rent established for the unit. No eligible tenant need pay more than 25 percent of their adjusted income toward rent, and rents for

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The Tax Reform Act of 1976 also provides that an owner or lessee of a certified historic structure cannot use the advantageous tax treatments normally available for any expenditures incurred or loss sustained on account of its demolition. Furthermore, the law provides that any building or other structure located in a "registered historic district" will be treated, for the purposes of this demolition provision alone, as a certified historic structure unless the Secretary of the Interior has certified, prior to the demolition of the structure, that it is not of historic significance to the district. "Registered historic district" has been defined to include districts either listed in the National Register of Historic Places or those designated under certified State or local statutes that substantially meet National Register criteria.

For tax purposes, demolition costs or losses sustained as a result of demolition of a certified historic structure must be capitalized, i.e., added to the cost of the land. The law also prohibits accelerated depreciation for any property in whole or in part constructed, reconstructed, erected or used on a site that was occupied by a certified historic structure that has been demolished or substantially altered other than by a certified rehabilitation. The intended effect of these provisions is to discourage the demolition of historic properties.

Responsibility for administering the rehabilitation tax provisions is shared by the Heritage Conservation and Recreation Service (HCERS), U.S. Department of the Interior, and the Internal Revenue Service (IRS), U.S. Department of Treasury. HCERS' role is to ensure that only historic buildings benefit from the provisions and that only rehabilitation work which retains the character of the buildings qualifies for the tax breaks.

The law defines a certified historic structure as any structure, subject to depreciation, that is 1) individually listed in the National Register of Historic Places; or 2) located in a National Register historic district and certified as contributing to the historic significance of the district; or



assisted units must fall within the range of fair market rents determined by HUD. Nonprofit and profit-motivated developers, alone or together with public housing agencies, can submit proposals for Section 8 rehabilitation projects in response to invitations from HUD, or they can apply to their State housing finance agency directly.

Community Development Block Grants (CDBG) provide Federal funds directly to communities for projects that will improve urban living conditions through housing and environmental changes. Individual projects must benefit low or moderate income persons, aid in the prevention or elimination of slums and blight, or meet urgent community development needs. Funds awarded annually by HUD to municipalities.

3) located in and certified as contributing to the significance of a State or locally designated historic district, provided that the statute for the district has been certified by HCRS and the district has been found to substantially meet National Register criteria.

To qualify for the tax breaks, the owner of an eligible historic property submits an application describing the historic significance of the structure and the nature of the rehabilitation work. The application is reviewed first by the State Historic Preservation Officer (SHPO) and, with this official's recommendations, then is forwarded to HCRS. The two-part application is reviewed by two offices in HCRS: the National Register Division determines the significance of the structure on the basis of Part 1 of the application. Technical Preservation Services Division reviews the proposed, ongoing, or completed rehabilitation work described in Part 2. Review and certification generally take between 45 and 90 days.

Review of the rehabilitation work on eligible historic structures by State and Federal staffs is based on the Secretary of the Interior's "Standards for Rehabilitation." These ten standards are broadly worded to guide the rehabilitation of any historic structure. In order to encourage contemporary, viable reuse of historic structures, the standards are *rehabilitation*-oriented rather than *restoration*-oriented. Rehabilitation is defined as the process of returning a property to a state of utility, through repair or alteration, while preserving the significant historic and architectural features; restoration, in contrast, involves accurately returning a building to the appearance it had at a particular point in history.

While HCRS determines which structures are eligible for the tax benefits, IRS determines allowable costs and specific tax treatments. On August 30, 1978, proposed rules for the five-year writeoff of rehabilitation expenses were published in the "Federal Register" (26 CFR Parts 1 and 7). Eligible costs include most rehabilitation expenses within the four walls of a structure. Modern plumbing, electrical wiring and fixtures, heating and air con-

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National Preservation Revolving Fund, sponsored by the National Trust for Historic Preservation, provides low interest loans to non-profit or public member organizations to establish revolving funds for improving historically or architecturally significant properties. The National Trust generally does not assist single site projects. Currently loans average between \$25,000 and \$50,000.

ditioning, elevators and escalators, and other improvements required by local building or fire codes are allowable. Also included in this category are architectural and engineering fees, real estate commissions, and insurance premiums. Those expenses that cannot be included in the amortizable basis include new construction in the form of new additions, added stories, attached parking garages, or site improvements such as landscaping. Additional exclusions are the costs of carpeting, office equipment, furniture and other nonpermanent improvements.

The scope of rehabilitation projects approved by HCRS is broad, ranging from modest improvements costing several thousand dollars to multi-million dollar projects involving acres of buildings and phased development. Financing for the larger projects often poses a challenge, and a number of developers have received Federal and State funds to assist in rehabilitation or to underwrite permanent financing for a project. HCRS has prepared a guide, "Sources of Preservation Funding," which identifies those Federal funding programs that can be directed to historic preservation projects. Federal funds for housing rehabilitation, urban development, and economic revitalization increasingly can be channeled to preservation projects which generate more jobs and improved property in depressed urban areas. A closer look at two representative projects illustrates how the Federal tax incentives, public funds, and private financing create a healthy climate for revitalizing older buildings.

Both projects are prime examples of how the Federal tax provisions may be leveraged with other Federal and State funds to rehabilitate historic buildings. To date, 14 percent of the projects approved by HCRS have involved some form of public funding. The examples clearly show how Federal assistance can spur private investment in rehabilitation and help to bring about community revitalization through continued and adaptive use of the country's cultural heritage.

Chateau Clare  
Project Data

*Dates of Construction:*  
1889 and 1920

*Dates of Rehabilitation:*  
February 1976-January 1978

*New Use:* 88 apartment units  
for elderly and handicapped

*Old Use:* school and convent

*Type of Construction:*  
Loadbearing brick masonry  
with timber framed floor  
and roof system

*Gross Building Area:*  
76,600 square feet

*Net Rentable Area:*  
57,450 square feet

*Total Costs:*  
267,500 Acquisition  
\$2,338,442 Rehabilitation  
expenses (direct  
and indirect)  
\$2,605,942

*Construction Financing:*  
\$2,400,000 loan for 18  
months at 9 percent interest  
from Rhode Island Hospital  
Trust Co.

*Permanent Financing:*  
\$2,344,500 mortgage for 40  
years at 7½ percent interest  
from Government National  
Mortgage Association (GNMA)  
Federal insurance for full  
amount of mortgage obtained  
from FHA

Federal subsidy of rental  
payments to owner under  
Section 8 of the National  
Housing Act

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CHATEAU CLARE  
61 PARK AVENUE  
WOONSOCKET, RHODE ISLAND

*Project Description*

In response to the changing population within the city of Woonsocket, Rhode Island, an abandoned parochial school and convent complex has been converted to 88 apartments for elderly residents. Economic feasibility for the \$2.3 million project hinged on the availability of HUD Section 8 rental subsidies and favorable Federal income tax treatments for rehabilitation expenses. Dating from 1889, the St. Clare High School and Convent were traditionally the pivotal educational structions in the Catholic parish of "L'Eglise du Precieux Sang," the first French national church in Rhode Island. As declining enrollments forced the school to close in the late 1960s, the community lost a stable institution and an occupant for the massive Gothic Revival brick buildings. Following one thwarted attempt at re-development, a proposal to recycle the complex for elderly housing emerged as the most economically and socially acceptable solution to renewed use. Completed in January, 1978, Chateau Clare has a current waiting list of over 600 names, and generates annual rental income of \$370,000. With certification from HCRS, investors are able to write off the \$2.3 million in rehabilitation expenses over a five year period. At the same time, Woonsocket can boast improved housing for elderly citizens and an increased tax base as a result of the project.

*Building History and Architectural Significance*

The following description of the history and significance of the complex was prepared by the Rhode Island Historical Preservation Commission and is part of the certification application reviewed by HCRS.

"Formerly a large parochial school and convent, 61 Park Avenue is a key element in the proposed "L'Eglise du Precieux Sang" Parish complex recommended for nomination to the National Register of Historic Places. Rhode Island is, historically, the nation's most "ethnic" and



*Tax Treatments:*

Five year amortization of qualified rehabilitation expenses under section 191 of the Internal Revenue Service Code

125 percent declining balance depreciation of adjusted basis of building over the useful life

*Owner/Developer:*

Chateau Clare Company  
(Morton Myerson and John Allen, general partners)  
c/o Myerson/Allen  
and Company  
306 Dartmouth Street  
Boston, Massachusetts

*Architects:*

C.E. Maguire, Inc.  
31 Canal Street  
Providence, Rhode Island

Ira Rakatansky  
and Associates  
15 Meeting Street  
Providence, Rhode Island

*Contractor:*

Cayer Construction Company  
Woonsocket, Rhode Island

Roman Catholic State, with unusually large proportions of its populace being of Irish, Italian or French-Canadian ancestry. Woonsocket is the State's most heavily French-Canadian community, and that city's Precious Blood Parish, established in 1872, was Rhode Island's first French national church. Visually, the district focuses on Precious Blood Church itself: a sandstone trimmed brick, High Victorian Gothic pile with a very fine polychromed stencilled interior. But the life of the parish, and its importance to the ethnic community it served, is perhaps more apparent in the ancillary buildings surrounding the church edifice--notably the parish offices and priests' residence, convent, and school. The school played a particularly important part in the life of any French-Canadian parish in the United States, for it was here that the intensely ethnocentric French Canadians counted on having "La Langue et Le Foi" transmitted to succeeding generations."



*Jesus-Marie Convent and Academy, historic photo (courtesy Rhode Island Historical Preservation Commission)*

"Architecturally, too, the massive 2½- to 4-story building plays a role in creating the special visual quality of this complex. Located kitty-

corner from the Church edifice, its picturesque, pseudo-gothic massing and polychrome brickwork make it a fitting complement to the church. The oldest section dates from 1889 and, like the church, was probably designed by Walter Fontaine, Woonsocket's leading architect. Subsequent early twentieth century additions...were most surely also by Fontaine's firm."

### *Project History*

Planning for the rehabilitation of the St. Clare High School and Convent began in 1975, when a group of investors considered purchasing the property out of bankruptcy and redeveloping it for elderly housing. A critical factor in their plan was the availability of HUD Section 8 rental subsidy to provide a guaranteed income for the project upon completion. Following a preliminary site inspection by the HUD service office in Providence, a feasibility analysis was prepared by the prospective developer. Chateau Clare Company, a limited partnership, surveyed the need for elderly housing in Woonsocket and hired an architect to prepare drawings and cost estimates for the project. Based on the results of the feasibility analysis, the Rhode Island Housing and Mortgage Finance Corporation, which administers all Section 8 subsidies in the State, offered the developer a commitment to cover all 88 units for up to 40 years. The HUD Washington office offered a 40-year mortgage through the Government National Mortgage Association (GNMA) to the Rhode Island Hospital Trust Company, the name mortgagee. An FHA mortgage guarantee for the full 40 years was provided by the HUD service office in Providence. The developer closed with HUD and purchased the buildings in February, 1976.

A second factor in the decision to rehabilitate the old school for elderly housing was the Federal tax incentive for rehabilitation expenses incurred on low and moderate income rental housing (section 167(k), IRC). Under this provision, qualified rehabilitation expenses can be written off over a five year period, with a ceiling of \$20,000 on the deductible costs per housing unit. Under the terms of a limited partnership, a developer can syndicate the project, selling shares in the tax writeoff to



investors in exchange for equity capital. Chateau Clare Company pre-sold shares in the syndicated limited partnership prior to initial closing on the permanent financing, bringing in equity payments during the construction phase. With the construction phase well underway, the developer became aware of the new tax provisions contained in section 2124 of the Tax Reform Act of 1976 related to rehabilitation expenses incurred on income-producing historic structures, including rental residential properties. One of the provisions (section 191, IRC) allows a five-year writeoff with no restrictions on deductible costs per unit, yielding a potentially larger writeoff for investors. Realizing that the Chateau Clare property might qualify for the preservation tax writeoff to cover those expenses incurred after June, 1976, the developer decided to pursue certification by HCRS. If the project were certified, the developer planned to amend the terms of the limited partnership from 167(k) to 191 to allow investors the more substantial tax writeoff. Initial contact with the Rhode Island Historical Preservation Commission, the State Historic Preservation Office, was made in January, 1978, to determine if and how to proceed.

Staff at the Commission advised Chateau Clare Company that the St. Clare High School and Convent had been identified in a Statewide historic preservation planning survey conducted in 1970; at that time, the Rhode Island Historical Preservation Commission had recommended that the "L'Eglise du Precieux Sang" complex be nominated to the National Register of Historic Places. Under the work plan of the Commission, the complex will be included in a multiple resource nomination for the City of Woonsocket which is scheduled for 1980. A multiple resource nomination is one which includes all or a defined portion of the historic resources identified in a specified geographical area which might be a rural area, a county, a small town, a large town or city, or a section of a town or city.

In the meantime, the developer was advised that the State and HCRS could make a preliminary determination on the significance of the property based on the written information and photographs included

in Part 1 of the Historic Preservation Certification Application. With a favorable recommendation from the SHPO, HCRS issued a preliminary determination recognizing the significance of the complex. When the multiple resource nomination is listed in the National Register, Chateau Clare automatically will become a certified historic structure. (IRS proposed regulations for the five-year writeoff require certification within 30 months of beginning the schedule of deductions).

The SHPO staff made an onsite inspection of the nearly completed project at the end of January, 1978, to advise the developer on preparing Part 2 of the Historic Preservation Certification Application, focusing on the scope and quality of rehabilitation work. The Secretary of the Interior's "Standards for Rehabilitation" were reviewed with the attorney and supervising architect in terms of the Chateau Clare project. On the basis of the on-site inspection, the developer decided to submit the application to obtain a certified rehabilitation. Photographs, plans, and a written description of the buildings before and after rehabilitation were prepared for submission to the State which reviewed the application and sent it with recommendations to HCRS for the final decision based on completed work.

The Chateau Clare application was submitted to the SHPO on March 7, 1978, and was forwarded to Washington with a favorable recommendation on Parts 1 and 2 on March 24. As mentioned above, HCRS made a preliminary determination that the buildings contributed to the significance of the proposed multiple resource area on April 15; the completed rehabilitation work was approved on April 27.

*Chateau Clare*  
*Time Line*

September 11, 1975	Application to HUD service office for feasibility processing; \$2.3 million mortgage requested
September 25, 1975	Feasibility letter released from HUD office encouraging further analysis of project
December 22, 1975	Application submitted to HUD for conditional and firm commitment processing
December 24, 1975	Firm commitment letter from HUD; maximum mortgage of \$1,867,000 offered
December 31, 1975	Early start of construction
February 20, 1976	Initial endorsement (actual transfer of title); firm commitment from Rhode Island Housing and Mortgage Finance Corporation; effective date of HUD funds
July 14, 1977	Date of substantial completion of construction; begin leasing
January, 1978	Initial contact with Rhode Island Historical Preservation Commission (SHPO); on-site visit to project
March 7, 1978	Submission of Historic Preservation Certification Application to Rhode Island Historical Preservation Commission (SHPO)
March 24, 1978	Parts 1 and 2 of application sent to HCRS in Washington with favorable recommendation by SHPO
April 15, 1978	HCRS preliminary determination on Part 1 recognizing significance of Chateau Clare complex
April 27, 1978	HCRS approval of completed rehabilitation work based on Part 2 of application
May, 1978	Mortgage restored to full \$2.3 million originally requested, reflecting actual rehabilitation costs
July 28, 1978	Final endorsement of the project by HUD; GNMA mortgage and FHA insurance confirmed; buildings fully occupied by Section 8 tenants
mid-1980	Anticipated listing of Woonsocket multiple resource nomination in the National Register of Historic Places; Chateau Clare becomes a certified historic structure with a certified rehabilitation for tax purposes

*Rehabilitation Work*

In a letter to the SHPO on behalf of the Chateau Clare Company, attorney John G. Coffey states:

"We are proud of the fact that, while our plans for the restoration of this lovely complex were begun prior to the Tax Reform Act of 1976, the building's restoration approximates the high standards called for by your Commission. ...Our intent has always been to preserve and restore the exterior to the appearance of the time of original con-



struction of the wings of the building. We have attempted to retain and preserve the most significant historical features of the interior while meeting contemporary needs and safety regulations."

This statement reflects the approach to rehabilitation initially adopted by the developer and his design architect, C.E. Maguire of Providence, in preparing the material for submission to HUD in 1975. When later reviewed by State and Federal preservation offices against the Secretary of the Interior's "Standards for Rehabilitation," many aspects of the work were considered exemplary; other aspects represented acceptable solutions to difficult problems. Alterations made to the building by the previous developer in converting to luxury condominiums were not reviewed as part of the Chateau Clare Company project. Prior alterations of questionable merit included partitioning the former chapel into housing units and constructing an elevator tower in a prominent location. These unfortunate changes do not meet the standards for preserving architecturally distinctive features and for designing compatible new construction.

The scope of rehabilitation work performed by Chateau Clare Company included exterior and interior renovations to the existing structure, and site improvements through trash removal and landscaping.

On the brick exterior walls, the mortar joints were repointed in selected areas and damaged bricks replaced where necessary to restore the facade to the original color and condition. Wood trim around doors and windows was repaired and repainted; window sash were replaced where broken to replicate the originals, and all windows recaulked. New exterior storm windows for energy conservation were installed and painted brown to be unobtrusive. The copper cornice and iron cresting on the roof were repaired, and missing slate replaced. An additional elevator tower was constructed within an existing stairwell to meet code requirements for elderly and handicapped access.



*Chateau Clare, Housing for the Elderly,  
reoriented entrance  
(courtesy C. E. Maguire, Inc.)*

The principle entrance to the building had been reoriented by the previous developer to a courtyard away from the street, adjacent to parking for 30 cars. Chateau Clare Company retained the recently constructed barrel vaulted entrance at this location; however, original doors and entryways on principal street facades remain useful as fire exits.

On the interior, a new floor plan was developed to increase the number of housing units from 53 to 88, according to the HUD Section 8 contract. Additional units were located primarily in the former dormitory wing of the school; 8 units were customized for handicapped residents. Although the chapel's elegant interior space previously had been partitioned into housing units, decorative elements in the ceiling and the finely crafted stained glass windows were retained and preserved. Original hardwood floors were refinished, and fire doors were added where required to meet building codes. Interior finishes in most units are contemporary.

The architect states that the building was in sound condition to begin with and required no major structural repairs. Work was planned to be cost-efficient



*Chateau Clare, Housing for the Elderly,  
typical floor plan  
(courtesy C.E. Maguire, Inc.)*

in terms of labor and materials, resulting in the retention of many existing features and decorative elements. Construction was substantially completed according to schedule over an 18 month period, with costs running to \$30 per gross square foot. HUD was satisfied that the resulting housing units were of good quality and in keeping with code requirements.

According to the Executive Director of the Rhode Island Housing and Mortgage Finance Corporation, the organization which administers the HUD Section 8 rental subsidy, although rehabilitation tends to be between 15 and 20 percent more expensive than new construction, the end result is worth the expense for several reasons: rehabilitation of existing buildings revitalizes neighborhoods; creates subsidized housing in dense urban areas; and provides good quality housing for elderly and low income residents.



Chateau Clare  
Pro Forma

Rental Income

8 efficiency units	500 square feet @ \$250 per month
61 one bedroom units	620 square feet @ \$335 per month
19 two bedroom units	750 square feet @ \$450 per month
88 units	56,070 square feet

Tenant payments	\$100,800
HUD Section 8 subsidy	269,600
<b>TOTAL POTENTIAL RENTAL INCOME</b>	<b>\$370,400</b>
Manager's unit	-4,500
<b>TOTAL RENTAL INCOME</b>	<b>\$365,900</b>
Service/financial income	2,600
<b>TOTAL INCOME</b>	<b>\$368,500</b>

Expenses

Administrative	\$21,700
Operating	66,600
Maintenance	17,100
Property taxes	23,327
Insurance	7,773
<b>TOTAL EXPENSES</b>	<b>\$136,500</b>
<b>NET INCOME BEFORE DEBT SERVICE</b>	<b>\$232,000</b>
Debt service	216,500
<b>CASH FLOW BEFORE TAXES</b>	<b>\$ 15,500*</b>

\*The financial implications of the five-year income tax writeoff are evident in the cash flow statement of The Chateau Clare Company, a Rhode Island limited partnership. Each year the limited partners pay several hundred thousand dollars to the general partners, an exchange of capital which is sheltered from Federal income tax by the overriding deduction for the limited partnership of approximately \$550,000 (\$2.3 million divided by 5 years). Tax implications of the deduction for individual limited partners were not made available. The equity payments are used by the general partners to repay debts incurred during the construction phase, with the excess representing the developer's profit.

Project Costs

Acquisition cost	\$ 267,500
Construction costs - Direct (materials, contractors)	\$2,029,968
Indirect	
Architect's fees	\$ 59,636
Insurance	25,071
Legal and accounting expenses	50,495
Financing fees	60,678
Miscellaneous	19,460
Project management	78,134
Contingency	15,000
<b>TOTAL PROJECT COST</b>	<b>\$2,605,942</b>

Construction Financing

\$2.4 million loan for 18 months at 9 percent interest from Rhode Island Hospital Trust Company

Permanent Financing

\$2,344,500 mortgage for 40 years at 7 1/2 percent from Government National Mortgage Association (GNMA)

FHA insurance for full amount of mortgage

*Tax Implications*

The original syndication of the project under 167(k) of the Internal Revenue Code in 1975 brought in \$450,000 in equity to be paid to the general partners by the limited partner investors over a five-year period. The amount of equity raised through syndication depended upon the dollar value of the rehabilitation expenses which formed the basis for the tax writeoff ( $\$20,000 \times 88 \text{ units} = \$1.6 \text{ million}$ ), plus other factors in the investors' interest such as the cash flow and the potential for appreciation in the property value over the course of time. When the complex was determined to qualify for the five-year writeoff under section 191 of the Internal Revenue Code, the syndicator passed along the increased tax writeoff to limited partner investors (the writeoff then could cover the full \$26,573 per unit), which raised an additional \$80,000 in equity for the project. Investors received better than a 3.5 to 1 ratio of tax loss to investment dollar; the completed rehabilitation project has an improved cash flow in the early years of operation, a critical time to establish financial stability.



*Chateau Clare, apartment in  
former chapel  
(photo courtesy of Susan  
Dynes)*

### *Project Benefits*

Rehabilitation of the St. Clare High School and Convent has brought numerous benefits to Woonsocket, an older city suffering from economic depression in recent years. During the course of construction, over 40 jobs were created by the project. The City's tax base has been increased by \$23,000 in property taxes initially, and will profit annually from the adaptive reuse of a formerly nontaxable building. Eighty-eight new housing units are available to elderly residents of the community; 8 units are specially designed for handicapped occupants. With the support from Section 8 of the National Housing Act administered by HUD, all 88 units receive rental subsidy covering 75 percent of monthly payments. Of great importance to the community, a property of significant historic and architectural value has been retained and recycled for beneficial new use. The school and convent, once a focal point in meeting the religious and educational needs of Woonsocket's immigrant population during early years of industrial growth, now has been placed in a new and compatible role in the contemporary community. The tax advantages for rehabilitating the historic complex have brought in additional private dollars to accomplish broad-spanning public goals.



Rodman Candleworks Building  
Project Data

*Date of Construction:*  
1810

*Dates of Rehabilitation:*  
January 1978–September  
1979 (estimated)

*New Use:* Branch bank,  
professional offices,  
restaurant

*Old Use:* Maritime industry

*Type of Construction:*  
Granite rubble walls with  
timber framed floor and  
roof system

*Gross Building Area:*  
15,200 square feet

*Net Rentable Area:*  
11,400 square feet

*Total Costs:*  
53,500  
\$601,088 Rehabilitation  
expenses (direct  
and indirect)

*Total Costs:*  
53,500 Acquisition (by  
City; sold to  
developers for \$1)  
\$601,088 Rehabilitation  
expenses (direct  
and indirect)  

---

\$654,588

*Construction Financing:*  
Phase I - Building  
Stabilization  
\$220,000 City of New Bed-  
ford (CDBG and  
loan)  
31,300 ACT-WHALE

*RODMAN CANDLEWORKS BUILDING*  
*72 NORTH WATER STREET*  
*NEW BEDFORD, MASSACHUSETTS*

*Project Description*

A cooperative preservation effort between the City of New Bedford, the Massachusetts Historical Commission, two nonprofit organizations and a local bank has transformed a derelict industrial building into a branch bank, prime office space, and a new downtown restaurant. Located at a focal position within the Waterfront Historic District, the Rodman Candleworks Building stood unoccupied and vandalized over a 12 year period prior to a \$601,088 rehabilitation facelift. Built in 1810 for the production of spermacetti candles from raw whale oil, the Federal style stucco-over-granite building had deteriorated so extensively that private redevelopment seemed unlikely. Recognizing the importance of the Candleworks Building to the overall revitalization of the historic district, the mayor of New Bedford offered financial assistance to prospective developers through the HUD Community Development Block Grant (CDBG) program. \$220,000 was awarded to a joint venture between Architectural Conservation Trust (ACT) for Massachusetts and the Waterfront Historic Area League (WHALE) of New Bedford. The Massachusetts Historical Commission allocated \$94,000 through the Historic Preservation Grant-in-Aid program (HCPS). The historic preservation tax incentive allowing a five-year tax writeoff of rehabilitation expenses is providing a critical tool to raise equity for the project in the early years of operation. The rehabilitated Candleworks Building now generates \$20,000 annually in property taxes for the City and is serving as a catalyst for further rehabilitation of buildings in the Waterfront Historic District.

*Building History and Architectural Significance*

The Rodman Candleworks was built in 1810 by Samuel Rodman for the production of spermacetti candles from raw whale oil. New Bedford was quickly becoming the whaling center of the world, and spermacetti candles were a major product of the industry.

Phase II - Property  
Development

\$ 52,094	WHALE investment
27,000	ACT management time
25,094	Historic Preservation Grant-in-Aid to ACT revolving fund
50,000	National Trust for Historic Preservation loan (4% for 1 year)
171,000	Construction loan (10% for 4 months), First National Bank of New Bedford
<u>\$576,488</u>	Total Construction financing

*Permanent Financing:*

\$220,000	City of New Bedford
85,488	ACT and WHALE
94,000	Historic Preservation Grant-in-Aid
255,100	First mortgage (9½% for 20 years), New Bedford Five Cents Savings Bank
<u>\$654,588</u>	

*Tax Treatments:* Five-year amortization of qualified rehabilitation expenses under section 191 of the Internal Revenue Service Code

Straightline depreciation of adjusted basis less qualified rehabilitation expenses

Samuel Rodman was a leading entrepreneur in New Bedford, and the Candleworks was one of his many whaling industry ventures.

Because of its identity with the whaling industry, the Rodman Candleworks contributes to the historic significance of the New Bedford Waterfront Historic District. This National Landmark Historic District encompasses the core of the waterfront area developed during the whaling era, and is comprised primarily of buildings from the major whaling years.

The Candleworks also is significant as an early example of New Bedford's Federal architecture. In addition, because it visually helps to define the northeast edge of the Waterfront Historic District, the building is an important element in the architectural fabric of the district, contributing in terms of its location, design, setting, workmanship, feeling and association. It relates to other buildings constructed in the seaport in the first half of the 19th century due to its size, scale, and construction materials. The stuccoed stone walls and elaborate quoins compare with the more architecturally sophisticated structures in the district.

The boundaries of the 1966 National Landmark Historic District did not include the Candleworks. However, the boundaries were later expanded to incorporate the property because of its obvious relation to the significance of the district. The revised boundaries parallel those of a local statute historic district established in 1971.

*Project History*

A critical determinant predating the rehabilitation of the Rodman Candleworks Building occurred in 1976, when the City of New Bedford targeted the Waterfront Historic District for economic revitalization through historic preservation. HUD Community Development Block Grant (CDBG) funds were set aside to make street improvements and to provide assistance to private developers committed to rehabilitating buildings in the district. Selecting the Candleworks Building as a key structure, the mayor requested a

*Owner/Developer:*

Candleworks Associates  
13 Centre Street  
New Bedford, Massachusetts  
02740

*Architects:*

Gelardin, Bruner, Cott, Inc.  
543 A Green Street  
Cambridge, Massachusetts  
02138

*Contractor:*

John H. Fellouris, Inc.  
New Bedford, Massachusetts

feasibility study be prepared exploring rehabilitation and reuse. A developer was tentatively identified: Architectural Conservation Trust (ACT) for Massachusetts, a nonprofit, statewide revolving fund for historic preservation with offices in Boston and experience in historic rehabilitation projects throughout the State. ACT completed the feasibility study in a three-month period between March and June, 1977. The feasibility study forecast the marketing potential for the building and outlined how renovations could be financed. Critical factors to an economically viable rehabilitation project for the Candleworks Building included CDBG subsidy and early commitment of a prime tenant to ensure a stable rental income for the building. The New Bedford Five Cents Savings Bank was contacted as the prospective anchor tenant.

Based on the results of the study, a joint venture was formed between ACT and the Waterfront Historic Area League (WHALE), a nonprofit historic preservation group in New Bedford focusing on the Waterfront Historic District. ACT became the managing partner; WHALE represented local interests and provided equity. The joint venture agreement foresaw merging into a limited partnership before completion of construction, to allow syndication of the rehabilitation tax writeoff. ACT and WHALE then would be able to regain their equity investment in the early years following completion of the rehabilitation project, recycling equity into their revolving funds for future rehabilitation projects.

The City offered \$200,000 (later increased to \$220,000) in CDBG funds, of which \$53,500 represented cost of purchase from the Redevelopment Authority. The City agreed to sell the building to the developers for \$1. In June, 1978, the Massachusetts Historical Commission, the State Historic Preservation Office, awarded a \$94,000 Historic Preservation Grant-in-Aid to be applied to the costs of rehabilitating the building, payable in installments upon completion of portions of the work. Terms of the grant include a covenant for the owner to maintain the building's historic integrity for at least 15 years following the grant period. Further construction financing came as short term loans from the City, the National Trust



for Historic Preservation, and a commercial bank in New Bedford. New Bedford Five Cents Savings Bank agreed to provide a permanent mortgage upon substantial completion of the rehabilitation.

The Cambridge architectural firm of Gelardin, Bruner, and Cott, contracted with the developers and began drawing plans for the project during the feasibility study. The Society for Preservation of New England Antiquities (SPNEA) also was involved in the project at an early stage: a SPNEA building conservator prepared a report evaluating which building elements were original and determining what preservation treatments would be necessary to restore the building exterior to a historically accurate appearance. In negotiating for an HCRS grant from the Massachusetts Historical Commission, the developers submitted architectural plans and specifications for assurance that proposed work would meet the Secretary of the Interior's "Standards for Rehabilitation." The developers understood that the same standards govern grant-in-aid projects and tax certification projects, although application processes are separate. With plans set for interior and exterior renovations, a local contractor was selected, and construction on Phase I began in January, 1978.

To ensure that the Candleworks Building would qualify as a "certified historic structure" for income tax purposes, the developers submitted Part 1 of the Historic Preservation Certification Application to the Massachusetts Historical Commission on December 19, 1977. On January 3, 1978, the State Historic Preservation Officer forwarded a recommendation to HCRS, stating that the building contributed to the historic significance of the Waterfront Historic District. Upon reviewing the photographs and written descriptions included in Part 1 of the application, HCRS certified the significance of the Rodman Candleworks Building on January 27, 1978.

In the months of planning preceding construction, the developers formalized the lease commitment with New Bedford Five Cents Savings Bank to occupy two floors for a ten year period, with an option to buy the building or to continue leasing for up to 30

years. The Bank plans to use the 10 percent investment tax credit for \$70,000 in expenses incurred in finishing office construction in their space. Plans for the ground floor and basement level were geared to a restaurant, and a potential tenant was lined up by November, 1977. Occupants for the top floor professional offices were not confirmed until construction was nearly completed, although negotiations with a legal firm began early on.

In May, 1978, with Phase II construction underway, prospective tenants lined up, and a permanent mortgage secured, ACT and WHALE decided to merge their joint venture into a limited partnership. Instead of taking title to the Rodman Candleworks in the name of the joint venture, it was decided that ownership of the building would be syndicated and title to the building acquired by the Candleworks Associates, a Massachusetts limited partnership. Under this arrangement, the tax writeoff for rehabilitation expenses could be sold to limited partner investors in return for payments of equity to the general partners, namely ACT and WHALE. Gaudreau & Associates of Providence, Rhode Island, were selected to handle the syndication.

With the rehabilitation project nearly completed, the developer prepared Part 2 of the Historic Preservation Certification Application, required by Department of the Interior regulations to obtain a "certified rehabilitation" for Federal tax purposes. Submitted to the Massachusetts Historical Commission on January 2, 1979, the application was reviewed and sent to HCRS with a favorable recommendation by the State Historic Preservation Officer on January 19. Because the entire project had been reviewed at the time a grant-in-aid had been approved, HCRS confirmed that the ongoing rehabilitation project met the "Standards for Rehabilitation" and that the project could be certified upon completion of work. The cost of the application totalled \$800.

Opening ceremonies at the Rodman Candleworks Building were held on March 20, 1979, with the Massachusetts

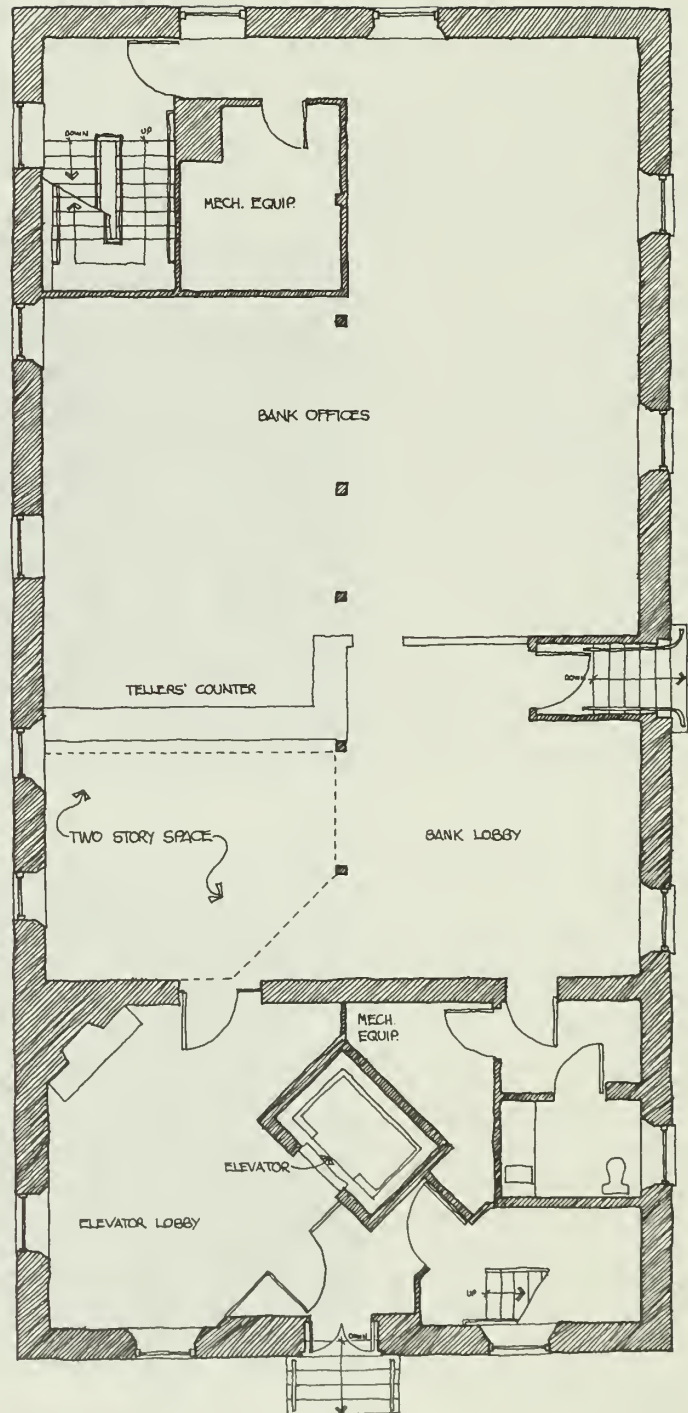
Secretary of State applauding the substantial completion of the complex adaptive reuse project and its potential impact on revitalization of the entire Waterfront Historic District. The developer anticipates completing work on the restaurant area by the end of September, 1979, and receiving final certification from HCRS shortly thereafter.



*Rodman Candleworks before rehabilitation, July, 1977  
(photo courtesy of ACT)*



*Rodman Candleworks after rehabilitation, May, 1978  
(photo courtesy of ACT)*



*First Floor Plan for Rodman Candleworks  
(George Siekkinen; drawn after plans by  
Gelardin, Bruner, Cott, Inc.)*



Rodman Candleworks  
Time Line

1963	New Bedford Redevelopment Authority purchased building
1969	Waterfront Historic District listed in National Register
1970	Rodman Candleworks added; district boundaries expanded
1976	District targeted by City for economic revitalization through historic preservation; Community Development Block Grant (CDBG) funds committed for public improvements
March, 1977	Mayor of New Bedford designates ACT to conduct a feasibility study for reuse of Candleworks Building
June, 1977	Study completed; ACT-WHALE joint venture formed; City commits up to \$200,000 CDBG funds
June, 1977	Tentative commitment of New Bedford Five Cents Savings Bank as prime tenant occupying two floors
July, 1977	Massachusetts Historical Commission (SHPO) contacted to initiate application process for Historic Preservation grant-in-aid (HCRS)
September, 1977	Architectural drawings and specifications approved by ACT-WHALE and SHPO for Phase I
October, 1977	Decision by ACT-WHALE to excavate basement for restaurant facility
November, 1977	Firm commitment on 10-year lease from New Bedford Five Cents Savings Bank
December 19, 1977	Submitted Part 1 of Historic Preservation Certification Application to SHPO
January 3, 1978	SHPO recommendation to HCRS to certify significance of Candleworks Building
January 27, 1978	HCRS certified significance of Rodman Candleworks Building based on Part 1 and SHPO recommendation
January, 1978	National Trust for Historic Preservation loan commitment for \$50,000 for one year
January, 1978	Phase I construction began
March, 1978	Phase II architectural drawings and specifications approved by ACT-WHALE and SHPO
May 25, 1978	ACT-WHALE merge joint venture into limited partnership in anticipation of syndicating rehabilitation tax writeoff; transfer of title by City
May, 1978	\$171,000 construction loan @ 10 percent for 4 months from the First National Bank of New Bedford
May, 1978	Phase II construction began
June, 1978	Firm commitment on \$94,000 Historic Preservation Grant-in-Aid (HCRS) through SHPO; project approved by SHPO for consistency with the Secretary of the Interior's "Standards for Rehabilitation."
December, 1978	Candleworks Restaurant signed a 10-year lease
December, 1978	Karns & Fairbanks, attorneys, signed a lease for third floor offices
January 2, 1979	Part 2 of Historic Preservation Certification Application submitted to SHPO
January 19, 1979	Part 2 sent to HCRS with favorable recommendation by SHPO
March 6, 1979	HCRS approved ongoing rehabilitation work; assured certification of completed work
March 20, 1979	Opening ceremonies at Candleworks Building; occupancy of branch bank and law firm
September, 1979	Completion of restaurant and Phase III; final certification from HCRS to be requested

*Rehabilitation Work*

Initial planning for the rehabilitation of the Candleworks Building anticipated a restorative treatment on the exterior and renovation of two floors on the interior to accommodate the branch bank. Only two floors were included out of a possible five, because the developers wanted to keep costs to a minimum. However, the bank, as prime tenant and permanent lender for the project, encouraged the developers to rehabilitate all available space in order to maximize rental income in the rehabilitated building. The bank also required installation of a modern elevator and heating and ventilating system to ensure maximum convenience and utility.

"Our willingness to commit to a long-term mortgage loan is based upon our value attributable to this property derived through an income approach; and that economic approach is based upon a projected continued income stream generated by the property, and is predicated upon the completion of modern office space served by an elevator," states Richard Marchisio, Senior Vice President and Treasurer of the New Bedford Five Cents Savings Bank. Expanding the project to include five floors thus provoked the difficult questions of how most sensitively to install modern mechanical systems and how to satisfy requirements for increased light on the top floor of the building.

The architectural firm of Gelardin, Bruner, and Cott developed a series of design alternatives for each problem, which were presented to the Massachusetts Historical Commission for their consideration. After examining all alternatives, a decision was reached to install a small, hydraulic Otis elevator with a protrusion through the roof to accommodate the elevator shaft. To solve the light requirement for the uppermost floor, new window openings were cut on the north and east elevations, facing away from the street.

On the exterior, an effort was made to match the color, texture, and composition of the original stucco, which was too badly deteriorated to be repaired. Lines to imitate granite blocks were

etched on the south and west facades to match the original design. The granite was repointed to match existing, using a compatible mortar. A mild chemical wash was applied to remove accumulated dirt and stains. New 12-over-12 wooden frame windows were installed as original, and new exterior doors milled to match the equivalent of the period. The existing roof was removed, wood decking repaired, 2 inches of insulation added, and a laid tar paper and hot tar roof applied. Copper flashing and wooden gutters were replaced as original.

On the interior, the building had little of historic value due to years of neglect and deterioration. Fire-damaged partitions and interior plaster were largely removed; two new enclosed stairs were constructed at opposite ends of the building. A light sandblasting was used on the rubble walls and on selected areas of ceiling and floor beams badly charred by fires. An abrasive cleaning treatment was approved in this particular case because the masonry surfaces did not have significant design, detailing, or finishes and the wooden architectural features were already charred. Three floors of the building retain a predominantly open space plan, with rubble walls and hewn beams open to view. A modern electrical system was installed with concealed conduits. The heating system has a gas-fired boiler with forced hot water through baseboard units; one air conditioning unit was installed on each floor.

Rehabilitation was substantially accomplished in a 15 month period, with costs estimated at \$37 per gross square foot, excluding site improvements. The resulting transformation of a derelict industrial building into viable contemporary use has retained the historic character and significant architectural features distinctive to the Rodman Candleworks Building.

Rodman Candleworks  
Pro Forma

<u>Rental Income</u>				Approx.
Floor	Gross Sq. Ft.	Rentable Sq. Ft.	Use	Annual Rent
Ground & Basement	5689	4,400	restaurant	\$16,500
First	3300	2,200	bank	\$15,400
Second	3300	2,600	bank	\$18,200
Third	3300	2,400	offices	\$14,100
	15,580	11,600	ANNUAL GROSS INCOME	\$64,200

Expenses

Cleaning	\$1,500	
Heat & Electric	800	
Insurance	2,500	
Legal	1,000	
Maintenance	2,000	
Management	3,800	
Property taxes	19,200	
	<u>TOTAL EXPENSES</u>	\$30,800
	NET INCOME	\$33,400
	Debt service	28,037
	CASH FLOW BEFORE TAX	\$ 5,363

Project Costs

Acquisition cost (City)	\$53,500
Construction costs	
Phase I - Exterior renovation (City)	\$166,500
Phase I - Exterior renovation (ACT-WHALE)	31,300
Phase II- Interior work (ACT-WHALE)	283,341
Phase III Landscape/parking (Candleworks)	32,000
	<u>TOTAL CONSTRUCTION COSTS</u>
Architect's fee	\$513,141
Insurance	31,000
Legal expenses	1,975
Interest	16,750
Accounting	8,322
Promotion	500
Project Management	1,900
Contingency	27,000
	500
	<u>TOTAL ACQUISITION &amp; DEVELOPMENT</u>
	\$654,588

Construction Financing

Phase I Building Stabilization	
Donation of land and building	\$ 53,500
Community Development Grant (CDBG)	166,500
Loan from City, repaid by ACT-WHALE	31,300
	<u>\$251,300</u>
Phase II Property Development Funding	
WHALE investment	\$ 52,094
ACT management time	27,000
HCRS grant from Mass. Historical Commission	
for ACT revolving fund	25,094
National Trust loan	50,000
Construction loan from First National Bank of	
New Bedford	171,000
	<u>\$325,188</u>
	<u>TOTAL CONSTRUCTION FINANCING</u>
	\$576,488



Permanent Financing

Phase I Building Stabilization	
Donation of land and building (City)	\$ 53,500
CDBG (City)	166,500
WHALE/ACT	<u>31,300</u>
	\$251,300
Phase II Property Development	
WHALE investment	\$52,094
ACT investment	52,094
HCRS grant from Mass. Historical Commission to Candleworks Associates	44,000
First mortgage from New Bedford Five Cents Savings	<u>255,100</u>
	\$395,374
TOTAL PROJECT FINANCING	
	\$654,588

Tax Implications

Under the terms of a Massachusetts limited partnership, Candleworks Associates consists of two parties: 1) Rodman Candleworks, Inc., co-owned by ACT and WHALE on a 50-50 basis, which is managing general partner of the property and owns 1 percent of Candleworks Associates; and 2) limited partner investors, obtained through syndication, who own a 99 percent interest and contribute equity in exchange for a proportionate share of the tax writeoff. Limited partners are liable only to the extent of their financial participation in the project and have no responsibilities for management. According to project syndicator Robert Gaudreau, rehabilitation expenses allowable for the five year writeoff total \$452,000. Taking into consideration the relatively small cash flow for the project, the likely potential for appreciation of the value of the property over a period of time, and other aspects of income flow and tax projections, Gaudreau offered ACT \$130,000 in exchange for the syndication of tax losses. This means that investors will receive a 3.5 to 1 ratio of tax loss to equity investment (\$452,000 divided by \$130,000). According to the current market, this is an acceptable ratio to attract a high quality of investor who has excessive unearned income to shelter. The equity payments brought in by the preservation tax writeoff help to stabilize the finances of the project in the first years of operation, making historic rehabilitation a more viable alternative than in years past.

*Project Benefits*

Like the Chateau Clare project, rehabilitation of the Rodman Candleworks Building has clearly demonstrated the strength of public and private partnership in preservation. The willingness of the City of New Bedford to offer financial assistance through the CDBG program, the ingenuity and resourcefulness of the ACT-WHALE partnership, the social commitment of the New Bedford Five Cents Savings Bank to help stabilize the Waterfront Historic District, and the financial incentive provided by the Massachusetts Historical Commission through grant-in-aid funds--all were determining factors in the successful completion of this complex rehabilitation project. In addition to residents of the City of New Bedford, developers estimate that up to 5.7 million people will visit the restored structure in the next five years, as the New Bedford Waterfront Historic District becomes an increasingly popular tourist attraction in southeastern Massachusetts. For the City, the rehabilitation will bring \$20,000 yearly in new property taxes and will prove an important catalyst to further rehabilitation in the historic district. By syndicating the tax writeoff for eligible rehabilitation expenses, the ACT-WHALE partnership will regain \$130,000 in equity over the next five years, which will be reinvested on a continuing basis in additional historic rehabilitation projects in New Bedford and around the State.

### *Acknowledgments*

This case study was written by Floy A. Brown, Education Specialist, Technical Preservation Services Division, Heritage Conservation and Recreation Service (HCRS). Assistance in the preparation of this study was provided by Susan Dynes, Rhode Island Historical Preservation Commission; Peter Morrison, A.I.A., C.E. Maguire, Inc.; Ed Paxson, A.I.A., Ira Rakatansky, Inc.; John Allen, Myerson/Allen, Co.; Charles Peloquin, Peloquin Management Co.; Coffey, McGovern, Noel, and Novogroski, Attorneys at Law; Robert Gaudreau & Associates; Laventhol & Horwath, C.P.A.; Mr. Pari, Executive Director, Rhode Island Housing and Mortgage Finance Corporation; Gene Corsini, Deputy Supervisor of Development, HUD Providence service office; Andrew Burnes, ACT project manager; John Bullard, agent for WHALE; and the professional staff of Technical Preservation Services Division and the National Register Division of HCRS. The financial data on Chateau Clare and the Rodman Candleworks Building was provided by the respective developers. An in-depth case study on the Rodman Candleworks project can be found in The Revolving Fund Manual, available from Architectural Conservation Trust, Old City Hall, 45 School Street, Boston Massachusetts 02108.

This publication has been prepared pursuant to section 2124 of the Tax Reform Act of 1976 and Executive Order 11593, "Protection and Enhancement of the Cultural Environment," which directs the Secretary of the Interior to "develop and make available to Federal agencies and State and local governments information concerning professional methods and techniques for preserving, improving, restoring and maintaining historic properties." Comments and suggestions are welcome.

*Cover: Rodman Candleworks, west elevation  
(George Siekkinen; drawn after plans by  
Gelardin, Bruner, Cott, Inc.)*

As the Nation's principal conservation agency, the Department of the Interior has basic responsibilities to protect and conserve our land and water, energy and minerals, fish and wildlife, parks and recreation areas, and to insure the wise use of all these resources. The Department also has major responsibility for American Indian reservation communities and for people who live in Island Territories under U.S. administration.

The Heritage Conservation and Recreation Service, a non-land managing agency within the Department, is responsible for assuring the identification, protection, and beneficial use of our important cultural, natural, and recreational resources. The Service offers grant assistance, technical information, and guidance to those in the public and private sectors involved in conservation or recreation projects.

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