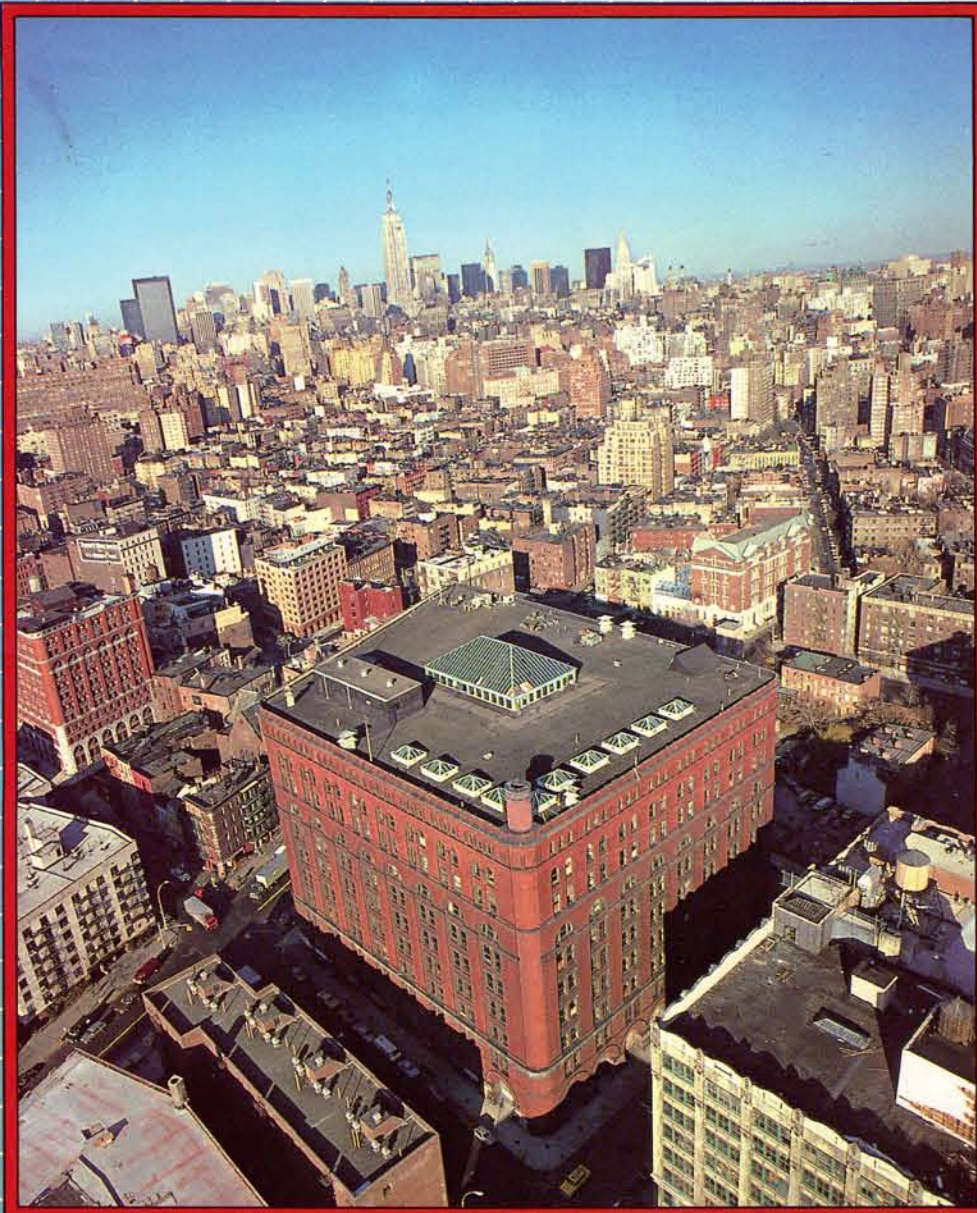


FINANCING • HISTORIC • REHABILITATION



Albert C. Piazza



Many real estate developers and investors have begun to discover the opportunities afforded by rehabilitating historic properties. Helping to generate much of this interest is the 25 percent investment tax credit (ITC) available under the Economic Recovery Tax Act of 1981 (ERTA). Aside from the all-important financial aspects of historic rehabs, however, working in this area poses its own set of problems and difficulties. A devel-

oper, for example, must be prepared to deal with the many governmental agencies that oversee and regulate the landmark designation process. Also, there's the reality that many formerly routine design decisions affecting a building's appearance now become significant choices that can make or break one's ITC eligibility.

Teitelbaum Holdings, Ltd. recently structured two major rehab projects in New York City that not only illustrate the kinds of challenges a developer faces when attempting to finance historic properties but also provide some insights into the workings of both the landmarking process and the historic rehab credit.

The Federal Archives Building

One of these projects concerns the planned redevelopment of the Federal Archives Building, a landmark located in New York's Greenwich Village. The 10-story, 670,000 square-foot structure was built between 1892 and 1899. In 1976 it was declared sur-

continued



Albert C. Piazza is chief financial officer of Teitelbaum Holdings, Ltd., New York City, where he oversees all financial matters of the company and the properties managed by it. Before joining Teitelbaum, he was vice president and controller for Bond Industries, an investment holding company mainly engaged in real estate investment and development. Before that he was an audit supervisor with Ernst and Whinney.

This article is based on a speech made by the author at Laventhol & Horwath's 1982 National Real Estate Conference held in both Los Angeles and New York City.