

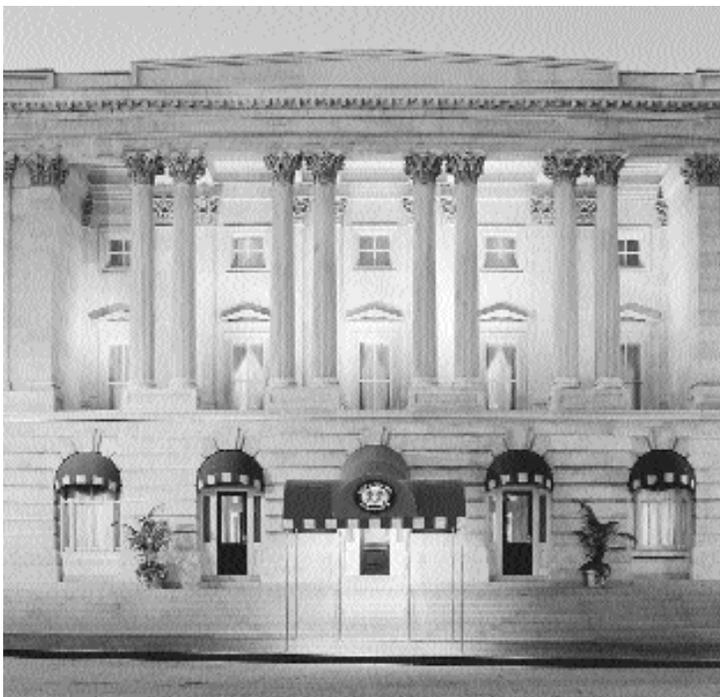
Faded Landmark to First Class Hotel

Hotel Monaco a Preservation Success Story

After decades of decline, many American cities are experiencing comebacks. A variety of factors are bringing people back downtown to live, work, shop, and play. In many cases, the most inviting incentives for this urban migration are the places that for years served as symbols of urban decay. Old buildings are being reborn and bringing new life to city centers around the Nation.

One tool that makes this possible is the Federal Historic Rehabilitation Tax Credits program administered by the National Park Service, the network of State Historic Preservation Offices, and the Internal Revenue Service. Extraordinary, as well as ordinary, historic buildings in urban centers and elsewhere are being reused sensibly and sensitively. Preservation tax credits can't make bad balance sheets work, but they can give good projects the extra financial margin needed to retain the character that makes a building special.

Exterior view of the F Street NW elevation, now the main entrance to the hotel.



The tax credits program is true public-private partnership that involves local, State, and Federal officials working closely with private property owners and developers. The tax credits help to save historic buildings and streetscapes, revitalize neighborhoods, provide affordable housing, raise property values, generate State and local revenues, and minimize sprawl. This win-win arrangement also helps to prove historic preservation makes good economic sense.

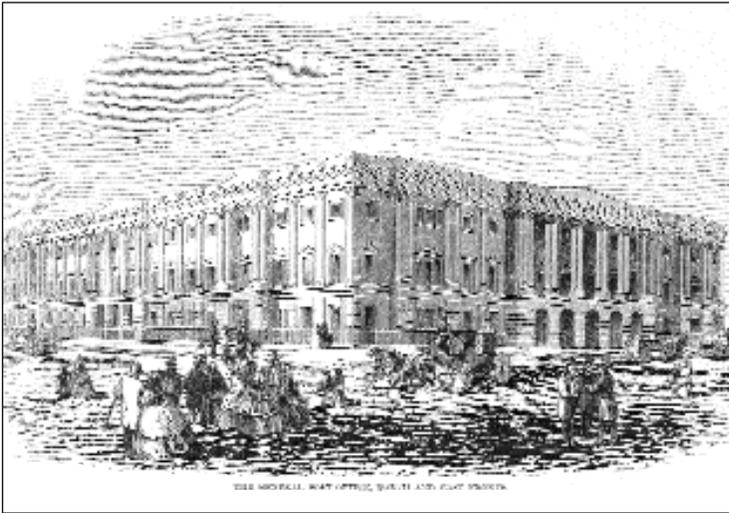
This article highlights one such partnership — an excellent example of how a team of dedicated individuals from multiple organizations combined public dollars with private investment to save a national treasure.

General Post Office

In July 2002, the former General Post Office Building (also known as the Tariff Commission Building) in Washington, DC, reopened its doors as the luxury Monaco Hotel, operated by the Kimpton Group of San Francisco, CA. The General Post Office Building has always been federally owned and the General Services Administration (GSA), its current landlord, signed a 60-year lease with the Kimpton Group for the property. The new use as a hotel required only minimal changes to the building's historic architectural fabric and retained substantial public access to its interior.

The General Post Office Building, occupying an entire city block between E, F, 7th, and 8th Streets NW, was designated a National Historic Landmark in 1971. It was designed in two phases by two pre-eminent 19th-century architects: Robert Mills, also known for the Washington Monument and the Treasury Building, was responsible for the first phase between 1839 and 1844; Thomas U. Walter, architect of the dome and wings of the U.S. Capitol, completed the second phase between 1855 and 1866.¹

The General Post Office is one of this Nation's very first Federal buildings—where the United States Postal Service became a national



HABS photocopy of U.S. General Post Office, from Harpers, vol 20, 1859.

institution, where the Pony Express was conceived, and where the first public telegraph office was located. The building housed a hospital during the Civil War, and General Pershing's office at the end of World War I.

The General Post Office's architectural design is masterful. To quote its nomination to the National Register of Historic Places, "this beautifully scaled and finely detailed building is a tour de force of restrained neo-classical design and an outstanding example of civil architecture in this country."² It was the first marble building constructed in Washington after Mills proved to Congress that marble would weather better than the Aquia Sandstone used on the White House and the Capitol. It was also one of the first public buildings in the United States to introduce the Italianate architectural style with a plan that reflects a Renaissance palace with its long vaulted corridors.³

Both phases of the General Post Office's construction are noteworthy for their technical achievements. Mills used a vaulted-masonry structural system of marble veneer on a brick

substrate. These materials were chosen so the building would be as fireproof as possible. The brick was set in hydraulic cement that dried rapidly and allowed construction to proceed more quickly than usual. Walters employed wrought iron I-beams resting on brick piers that were then covered with plaster, a structural system that is significantly lighter than the first phase's solid masonry. The General Post Office may also have been the first building in Washington to be illuminated with gas.⁴

Finding the Right Tenant

Vacant since 1988 and only minimally occupied for years before that, the building's massive construction and rigid architectural plan proved too costly and inflexible for contemporary office use by the Federal Government. Its distance from other Federal enclaves in the city also diminished its chances for occupancy. As a result, agency after agency refused to reuse the space and the building's fortunes and fabric continued to decline.

In the late 1990s, through a provision in Section 111 of the National Historic Preservation Act of 1966,⁵ GSA sought to "outlease" the building to private developers.⁶ GSA had little experience with this process and the path to finding the right tenant was long and arduous. GSA had many partners, however, to help it through this exercise, including the District of Columbia Office of



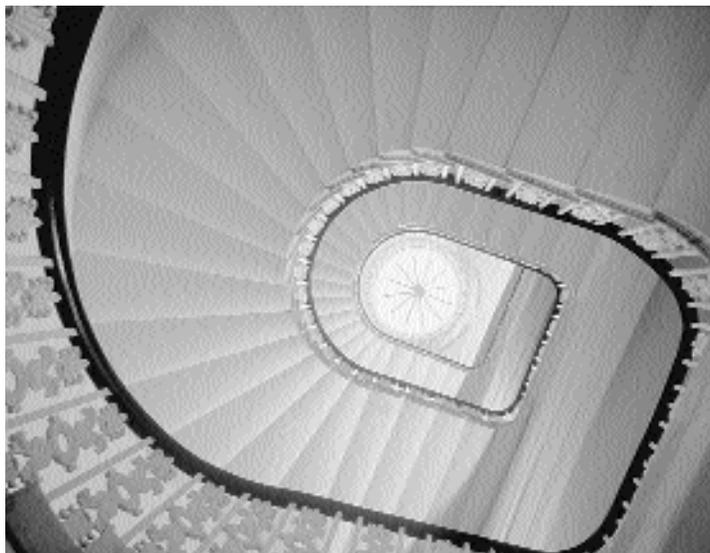
Library space before and after rehabilitation.



The rehabilitation of The Monaco preserved elegant features of the original design like this spiral staircase.

Historic Preservation, which sought for years to protect this important resource. The National Park Service was involved in part because it manages the National Historic Landmarks program. The community, including local businesses, was also invited to comment.

The surrounding neighborhood, called the Pennsylvania Quarter, is at the eastern end of downtown Washington, DC. Over the last 5 years it has experienced a profound physical and economic transformation. In



Preservation Tax Credits Box Score

Since the program began in 1977:^a

- More than 29,000 historic buildings rehabilitated
- More than \$25 billion in private funds invested
- More than 60,000 units of low- and moderate-income housing created

In fiscal year 2001:^b

- A record setting \$2.7 billion in projects
- Nearly 46,000 local jobs created
- Top 10 States by *value* of projects —
 - California – \$258 million
 - Ohio – \$236 million
 - Maryland – \$206 million
 - Florida – \$187 million
 - Missouri – \$175 million
 - Illinois – \$165 million
 - Massachusetts – \$124 million
 - Pennsylvania – \$102 million
 - New York – \$102 million
 - Indiana – \$94 million
- Top 10 States by *number* of projects —
 - Virginia – 76
 - Georgia – 61
 - Louisiana – 59
 - Ohio – 53
 - Pennsylvania – 50
 - North Carolina – 40
 - New York – 34
 - Missouri – 32
 - Florida – 31
 - Indiana – 28

1997, the MCI Center opened across the street from the General Post Office bringing a new sports and entertainment venue that draws hundreds of thousands of people to the neighborhood annually. A block away, the International Spy Museum opened in summer 2002. The Smithsonian's National Portrait Gallery (closed for rehabilitation until 2004-2005), formerly the Patent Office Building and also designed by Robert Mills, is directly across the street. A few blocks north, the new 2.3 million square foot Convention Center will open in spring 2003.

In June 1997, GSA issued a "Request for Developers Qualifications and Adaptive Reuse Concepts"⁷ to determine how best to use the building. In April 1998, GSA selected the Kimpton Group's proposal to turn the General Post Office into a hotel over other finalists who presented schemes for housing and retail. GSA saw a "good fit" in transforming former office spaces lining grand marble corridors into 184 individual guestrooms and keeping the more formal spaces, such as the library and the "dead-letter" room, undivided for meetings and social gatherings.

Hotel Monaco

After selection, the Kimpton Group still faced many challenges. To quote a recent article in the Washington Post Magazine, "No one said it would be easy opening a trendy hotel in a 160-year-old abandoned government office building."⁸ The biggest obstacle was the leasing process, which was unprecedented for all parties involved. It is a credit to the patience and persistence of all of the participants that they remained

committed to the project throughout the nearly 2 years it took to negotiate and sign the lease.⁹

Kimpton also had to satisfy local and Federal preservation reviews. Because the building is Federal property and Federal funds were used, Section 106 of the National Historic Preservation Act applied, thus involving the Advisory Council on Historic Preservation. The expenditure of Federal funds came as part of the leasing package in which GSA agreed to pay for

the work primarily on the exterior of the building, including restoring the masonry, repairing the original windows, and making the building accessible. These expenditures will be recouped through a profit-sharing arrangement with the lessee. In addition, the approval of the Commission of Fine Arts, an independent agency that oversees the “appearance of the nation’s capitol,”¹⁰ was needed for the exterior changes, even though they were repair-oriented and minimal.

Kimpton applied for Federal preservation tax credits that, if approved, would provide a 20 percent tax credit for the rehabilitation of the General Post Office. The process started with an application to the District of Columbia Office of Historic Preservation; State Historic Preservation Offices are always the first points of contact for tax credit program applicants. The credits were a very important part of Kimpton’s overall funding package, allowing them to undertake a higher level of preservation work than might otherwise be possible — something this exemplary building truly deserved. The District of Columbia office reviewed the application and then forwarded it, with comment, to the National Park Service for final review and approval. Both offices reviewed the application to assure the intended treatments met “The Secretary of the Interior’s Standards for the Treatment of Historic Properties.” These Standards, created and maintained by the National Park Service, are the central document of preservation practice today.¹¹

In addition to meeting the Secretary’s Standards, to be eligible for the credits a building must meet several other requirements. For starters, a building must be “historic”, which generally means that it is 50 years or older and has architectural integrity and/or historic significance. It must also be listed, or be eligible for listing, in the National Park Service’s National Register of Historic Places, which is “this nation’s official list of cultural resources worthy of preservation.”¹² Because the program is for investment tax credits, a building must be income producing, as opposed to an owner-occupied private residence. Finally, dollars spent on rehabilitation must also meet certain financial criteria set by the IRS, and construction must be completed within a certain time frame.

Unique Challenges

Because the Secretary’s Standards require the retention of distinctive spaces, features, and finishes on both the interior and exterior of his-



Typical guest-room corridor (on the Walter side of the building) before and after rehabilitation.



toric buildings, the General Post Office had several critical issues to resolve. For example, to keep the vaulted ceilings exposed in the guestrooms, bathrooms were constructed as rooms-within-rooms so the ceilings above remained uncovered.

A particular challenge was the installation of new wiring, cables, and other systems throughout a building with walls that were not aligned and were constructed of solid masonry up to 3-foot thick. Eventually engineers placed utilities below the first floor ceiling and connected vertically at discreet locations into the rooms above. In the guestrooms, mechanical equipment was tucked above the bathrooms.

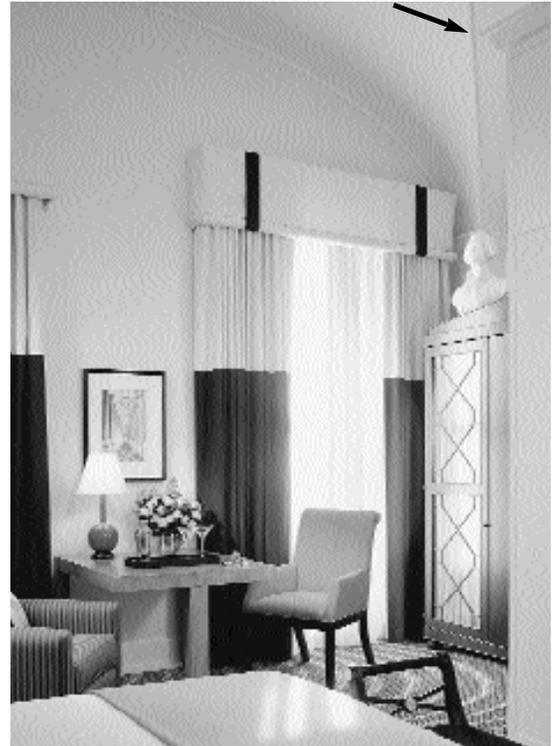
The only new construction is in the interior courtyard where an addition houses the restaurant, a crucial profit center for the hotel. The courtyard is not visible from the main public thoroughfares, is small in scale, and is both clearly differentiated from, and compatible with, the original building.

This noteworthy project involved numerous public agencies and private entities, and the use of the Federal tax credits helped make it possible. Kimpton and its team of consultants have successfully completed other tax credit projects in San Francisco, New Orleans, and Salt Lake City. Although the rehabilitation of the General Post Office was perhaps their most challenging project, the rehabilitation is a true preservation success story and testimony to creative business practices.

The Federal Historic Rehabilitation Tax Credit program is proven as an effective way to promote the revitalization of communities and encourage private investment in historic rehabilitation. The National Park Service continues to look at ways to improve the program, including better access to information – online at < www.2.cr.nps.gov>, in seminars and technical publications, and through the State Historic Preservation Offices and other partners – and streamlined Federal requirements to make the tax credits more consistent with other Federal investment programs.

Notes

¹ “Proceedings of the Round Table and Public Forum, General Post Office, Washington, District



of Columbia: Report of the Roundtable,” prepared for the U. S. General Services Administration, GSA Portfolio Management, National Capital Region, prepared by the National Building Museum and Marcia Axtmann Smith, Design/Communication, Alexandria, VA (September 1997), 5.

² National Register of Historic Places Inventory – Nomination Form (6900311 NHL): Tariff Commission Building/General Post Office, under Statement of Significance, March 8, 1970.

³ Pamela Scott and Antoinette J. Lee, *Buildings of the District of Columbia* (Oxford University Press, 1993), 191-193.

⁴ <w3.gsa.gov/web/p/interaia.nsf>.

⁵ 36 U.S.C. 470.

⁶ “Proceedings of the Round Table and Public Forum, General Post Office, Washington, District of Columbia: Report of the Roundtable,” op. cit.

Typical guest-room before and after rehabilitation. Note installation of bathroom where the groin-vaulted ceiling remains exposed.

- 7 Ibid.
8 Steven Pearlstein, "Heartburn Hotel," *Washington Post Magazine*, August 25, 2002, p.15.
9 <<http://www.heritage-consulting.com/tariff.htm>>
10 <www.cfa.gov>
11 Information on the Federal Tax Incentives Program is available at <www2.cr.nps.gov/tps/tax/index.htm>
12 <www.cr.nps.gov/nr/>

- ^a *Federal Tax Incentives for Rehabilitating Historic Buildings: Twenty-fifth Anniversary Report*, U.S. Department of the Interior, National Park Service, National Center for Cultural Resources, Heritage Preservation Services, Technical Preservation Services Branch (Washington, DC, November 2001), 2-3.
^b *Federal Tax Incentives for Rehabilitating Historic Buildings: Statistical Report and Analysis for Fiscal*

Year 2001, National Park Service, U.S. Department of the Interior, National Center for Cultural Resources, Heritage Preservation Services Division, Technical Preservation Services Branch (Washington, DC), 1

Audrey T. Tepper is a historical architect with the National Park Service's Technical Preservation Services Branch in Washington, DC, providing technical assistance and review for preservation tax credit projects for the District of Columbia, as well Minnesota, New Jersey, Vermont, and Virginia.

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Partners and Project Profile

The Hotel Monaco

701 E Street NW, Washington, DC 20004
202-628-7177
www.monaco-dc.com/

Project Costs*:

GSA: \$5 million.
Kimpton: \$40 million
Federal Tax Credit: \$8 million.

*(These figures are approximate)

General Services Administration: www.gsa.gov

Assistant Regional Administrator, Public Building Service: Anthony Costa; Restoration Architect: Andrea Mones; Legal Counsel: Jeffery Domber; Project Executive: Jag Bharagava; Preservation Architect: Mary Oehrlein, Oehrlein and Associates, Washington, DC (also served as the preservation architect for the Kimpton Group)

Kimpton Group: www.kimptongroup.com

Chief Executive Officer: Tom LeTour; Vice President Acquisitions and Development: Richard Walker; Project Supervisor: Ron Shelton; Director of Construction: Don Trainer; Preservation Consultant: John Tess, Heritage Consulting Group, Portland, OR; Project Architect: Michael Stanton Architecture, San Francisco, CA; Restaurant Architects: Adamstein and Demetiou, Washington, DC

General Contractor:

J. A. Jones/Tompkins Builders, Washington, DC

District of Columbia Historic Preservation Office (Office of Planning)

Acting Manager, Historic Preservation Office: David Maloney

Advisory Council on Historic Preservation: www.achp.gov

Assistant to the Executive Director: Ralston Cox