

# Preservation Revolving Funds: Whole Places, New Possibilities

## [Preservation Leadership Forum](#)

For two and a half days last June, in the retreat-like setting of the Wesley Theological Seminary in Washington, D.C., managers of preservation revolving funds from across the country traded experiences and listened to presentations on complex real estate issues. Prior to this occasion it had been nearly ten years since the National Trust for Historic Preservation hosted the first national gathering of revolving funds and twenty years since the National Trust launched its own fund. This second national conference provided a much-needed forum for exchanging information and ideas. Former National Trust President J. Jackson Walter observed that this conference was unique in that the participants and the "experts" were interchangeable.

Although revolving funds are not new, they have increasingly taken on the role of entrepreneur, facilitator, and deal maker. The size of the available "box of tools" is constantly growing. The conference and companion reference notebook were designed to enhance understanding of these tools by revolving-fund managers. Although the focus was on revolving funds, most of the topics were of interest to any nonprofit organization engaged in real estate activities.

Several themes echoed throughout the conference. First, there was general agreement that the revolving fund movement is optimally local in character. Local organizations are in the best position to evaluate investments know the players, and act innovatively and quickly. According to Historic Boston's executive director, Stanley Smith, they can best combat the bureaucratic and political threats to successful projects, which are often more intransigent than the economic challenges. They can exert effective project control because, in the words of National Trust trustee and Historic Landmarks Foundation of Indiana Chairman Randy Shepard, they can drive to the project and be home for dinner.

Second, revolving funds must be risktakers if they are to protect properties that are of real significance to their communities, a point appropriately addressed by Myrick Howard, the longtime director of the Historic Preservation Foundation of North Carolina. The objective is to save buildings that won't be saved by anyone else. But taking risks does not mean blind acceptance of liabilities. Instead, risks are buffered by good preservation planning and by educated judgments based on an understanding of techniques in today's complex real estate market. Taking reasonable risks also means planning on a long-term basis for the economic survival of the fund so that it can afford to lose money on an important project, have the wherewithal to stick with a project for the often unbearably long time it

will take to find a permanent solution, and be around to police the projects it has assisted. It means, as Grace Gary, the director of Preservation Pennsylvania, emphasized, having the flexibility to change with a changing environment and to strike the difficult balance between reevaluating the fund's mission on a regular basis and simply ensuring that someone is there to answer the phone. After all, said Randy Shepard, the best revolving fund is one that exists.

From these themes emerged a clearer definition of the appropriate role in the revolving-fund movement for regional, statewide, and national organizations. Regional and state funds are critical to guard resources in areas where no local fund exists or where a project is too big for a local fund to handle alone. National organizations in general, and the National Trust in particular, can play a similar role, especially in instances in which nationally significant landmarks are threatened.

But the most critical role for national organizations is to help improve the usefulness of the real estate and financial tools available to the local funds and to assure that information about these tools is disseminated appropriately. For example, the National Trust is best equipped to spearhead legislative attempts to make the rehabilitation tax credits more useful or to persuade the Resolution Trust Corporation to accept Section 106 responsibilities. Creativity and sophistication in using the federal and private-sector tools are demanded, particularly in today's economic climate in which the public sector cannot be counted on to provide any substantial funds. Partnerships with environmental groups, neighborhood organizations, school boards, and the private sector provide new opportunities for saving historic resources. Experiences can be replicated; for example, Clark Schoettle's Providence Preservation Society Revolving Fund demonstrated how revolving funds can become actors in a larger context by injecting preservation goals into comprehensive community strategies.

Sometimes, according to Stanley Smith, the ability to commit both funds and expertise can be as effective as the actual expenditure of dollars in saving a building. The availability of funds gets preservationists to the negotiating table where specific knowledge can help "buy" a preservation solution. Hands-on intervention is critical, and revolving funds that have built a wealth of expertise as well as capital are ideally suited to influence the outcome of a preservation problem.

Grass-roots revolving funds may work best, but without a broader network through which to share information and experience and to help build capacity at the local level successes are often isolated and limited. Conferences such as last June's are one possible way to build this network.

The National Trust's Office of Financial Services is exploring other means by which to carry out the conference's mandate for national organizations. It was clear from the reaction of conference attendees that the session on the environmental liabilities of preservation organizations provided new and much-

needed information. Additionally, we are exploring the possibility of co-hosting (with a local or statewide organization) a third national conference on revolving funds in 1993 or 1994. Finally, because the 1991 conference attendees agreed that, despite many successes, preservation revolving funds have not proliferated in recent years, the National Trust is seeking ideas on how best to use the resources of its loan program to encourage the establishment and expansion of local revolving funds. Please write or call us with your thoughts on these activities.

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