Mercado de Fort Worth: Issues and Opportunities

A Report to the Mercado de Fort Worth Property Owners

Center for Economic Development and Research
Center for Public Service
University of North Texas

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Appendix A

Appendix B
Executive Summary

The following summarizes the findings of a study to provide property owners in Mercado de Fort Worth with information to aid their decision making for building renovations and business investment. The study reviews several mercado-style projects in other cities, provides information on business assistance resources in the Fort Worth area, looks at ongoing plans targeted to the surrounding community, and provides details regarding qualifications for “historic” designations.

- The study reviews successful, and not so successful, mercado-style development projects in San Antonio, Houston, Phoenix, Minneapolis, Oakland (CA), and Fruitvale (CA). Although none of these examples exactly match the circumstances of Mercado de Fort Worth, they provide valuable insights into opportunities and challenges facing this type of development project.

- The experience of these other projects suggests that no matter how enthusiastic property owners, developers, and tenants may be about the prospects for a neighborhood mercado, basic economic and site location principles still matter. Prevailing economic conditions, planned/ongoing economic activity and site location factors such as accessibility, existing traffic flows, and competition in the local market area will play significant roles in the project’s success or failure. Linking the Mercado to the Northside revitalization area should help with business development in the Mercado area.

- With the exception of San Antonio, mercado projects do not appear to become destinations in and of themselves. The Houston project has been considered a failure in the context of planned/organized economic development activity; however, the planned construction of a new downtown sports stadium near the mercado has reinvigorated developers and business owners in Houston’s mercado.

- The availability of government subsidies, low-interest loans, and other financial inducements are no guarantees of success. Property owners and business investors must exhibit a high degree of caution when risking capital on a project deemed too risky for conventional financing.

- Including community centers and offices for social services can enhance certain commercial business opportunities. However, a project needs to make choices between primarily serving the local community and being a destination for tourists and other non-local visitors.

- A common element of the successful projects is an excellent property manager who coordinates development and marketing efforts among property owners and tenants. This appears to be particularly true when compared to projects where property owners and tenants show little cooperation or coordination of efforts.

- Property owners and potential tenants have access to a broad range of business assistance programs in the Fort Worth area that can greatly enhance opportunities for success. We
strongly encourage any property owner or potential tenant of Mercado de Fort Worth to utilize these services if they choose to proceed with the project.

- Although a couple of projects are currently considering the idea, none of the projects reviewed in this analysis have chosen, on a broad scale, to apply for historic designation. Developers and property owners are wary of the restrictions placed on the renovation and repair of structures with historic designations.
Section 1: Introduction

Mercado de Fort Worth is a commercial area located in the 1400 block of North Main Street in Fort Worth, about halfway between the Stockyards and downtown. Property owners in the Mercado area are being encouraged to redevelop their properties as part of a cultural, ethnic marketplace – a “Mercado.” Many of the owners are grappling with the decision to lease or to invest in businesses themselves to support economic and community development efforts in this traditionally Hispanic neighborhood. In an effort to aid Mercado-area property owners in their investment-decision making, the Center for Economic Development and Research at the University of North Texas (UNT) undertook this study to

- present an overview of other mercado-style neighborhood projects;
- review sources of business training and assistance available to local Mercado property owners;
- review program requirements for acquiring historic designation for their properties; and
- outline ongoing plans for Northside community and the context of the Mercado in these plans.

The study was funded through a grant awarded by the U.S. Department of Housing and Urban Development to the Center for Public Service at UNT to provide a variety of community development efforts to local communities in the Dallas/Fort Worth region.

Section 2 of the report provides economic and demographic information about the Mercado area. In addition, this section reports the findings of interviews with several Mercado property owners and identifies their concerns and information needs for evaluating their redevelopment options.

Section 3 reviews several mercado-style development projects. These projects are located in Texas, Arizona, California, Minnesota, and other states and represent both successes and failures. By examining contemporary news articles and, where possible,
interviews with principal players in each development, the reviews seek to highlight those characteristics, challenges, and opportunities that will provide Mercado de Fort Worth owners with insights that will enhance their investment decisions. A summary of what we believe to be the most important lessons that can be learned from the experience of property owners, developers, and tenants at these other mercado projects is at the end of this section.

Section 4 reviews sources of business training, technical assistance, and other aide to small and start-up businesses in the Dallas/Fort Worth region. This section describes the nature of assistance available from each organization and provides contact information.

Section 5 highlights some ongoing plans for the Northside community. Awareness of ongoing activity is critical for property owners, as it strengthens the economic outlook for the Mercado.

Finally, Appendices A and B summarize the requirements for obtaining a Historic District/Structure designation and provide necessary application forms. These designations could qualify Mercado property owners for property tax incentives and subsidized loan programs for building renovation.
Section 2: The Mercado de Fort Worth

The Mercado de Fort Worth is a series of historic commercial structures adjacent to residential properties extending along the 1400 block of North Main Street. The Mercado is situated in a culturally Mexican-American community located between downtown and the Stockyards in the City of Fort Worth. The community is roughly bounded on the east by Jacksboro Highway, on the north by Northeast 28th Street, on the south by Northside Drive, and on the west along the North Main Street corridor by Business 287 west of IH-35W. The Mercado-area population (zip code 76106) was estimated to be 47,780 in 1997. The population is primarily Hispanic (71.65%), with sizeable white as well as other racial and ethnic populations. Residents of the area surrounding Mercado de Fort Worth are also relatively young, with nearly half of the local population (48%) being 24 years of age or younger. Almost 69 percent are between the ages of 15 and 65, which is generally considered to be “working age.”

The 13,300 area households have a median income of $26,780, compared with the median income of $39,138 for households located within a 10 miles radius from downtown. Education attainment of area residents is also lower than the city average, with fewer than 15 percent having attended college at some level. About 21 percent of area residents graduated from high school, but more than 40 percent have not gone beyond elementary education.

There are 1,148 employers located in zip code area 76106. Local employment is concentrated in just a few industries including: eating and drinking establishments (20.49%), elementary and secondary schools (14.04%), groceries and related products (17.4%), automotive repair shops (6.8%), and commercial printing (6.73%).
The City of Fort Worth has received a number of federal funding sources targeted to invest in revitalizing the Mercado. The U.S. Department of Housing and Urban Development (HUD) awarded a $1 million grant and $5 million in loan guarantees to the City of Fort Worth to assist in developing the Mexican-style market. The city secured additional funding under the Economic Development Administration. Results of the funding are evident – a rear pedestrian walkway with Spanish-style architecture and a parking lot directly adjacent to the Mercado on the northern end. The Marine Theater, now owned by the city, is targeted for restoration. Under the HUD program, the city is offering property owners a 15-year, below market-rate loan program. Property owners may also apply for certain tax exemptions if the owners build according to historic guidelines. However, while some owners have pursued the historic designation, in general, the private property owners in the block have been slow to take advantage of the city’s loan program.

In talking with several property owners, we identified concerns that are potentially influencing investment and property disposition decisions. Generally, property owners feel that many potential customers to Mercado restaurants and shops perceive safety problems. These safety concerns are based on poor street lighting and low police visibility. These owners believe that it is very important to increase security in the area with higher police visibility and improved street lighting.

Several property owners are skeptical of the area’s ability to attract crowds like downtown or the Stockyards. Many have taken a “wait and see” attitude before deciding whether to sell or rent their properties or to open their own businesses.

Some of the owners stated that they are planning to use private financing for the development activities, even if the loans’ interest rates are higher than those offered through
the city or other government-sponsored programs. By and large, this decision appears to be based on the owners not wishing to be held to government-mandated restrictions on building restoration or hiring requirements that are triggered by the use of the government subsidized loans.

Some individuals think that the Mercado concept has been over promoted too quickly before the owners decide what they are going to do with their properties. Owners who want to sell do not care about the historic district designation. On the other hand, others worry about restrictions and potential higher costs associated with a historic district designation. Several owners are unsure of the changes they would be forced to make to their properties to qualify under a historic district.

Several of the owners are interested in business assistance services in the areas of marketing, managerial support, accounting, and technical support.

In general, the owners that we interviewed think that the area is getting better because they have seen buses stopping in the parking lot located at the north street, close to their blocks. In fact they think that after opening businesses in the block, more people will come to this area. Other property owners are more independent minded.

As might be expected, property owners have a broad range of feelings regarding the project. Although there are different ideas of what owners want to do with their properties, some agree with the idea of collectively promoting their businesses as a “Mercado” project. Ideas being considered for businesses in the Mercado include a gallery, restaurants, and specialty stores offering goods from Central and South America.
Section 3: Review of Other Mercado Projects

Market Square – San Antonio, Texas

Market Square is located between Dolorosa, Santa Rosa, and Commerce streets with IH-35 serving as its western boundary. There are a variety of shops, restaurants, and pedestrian plazas within the square block. Along the pedestrian walkways, Market Square features a large indoor area with 32 shops called El Mercado, which offer visitors places to drink, eat, listen to music, and visit shops offering a variety of goods including piñatas, Mexican dresses, and authentic Mexican baked goods.

At one time there was a farmers’ market in the Market Square offering fresh produce and similar items. However, because of the growth of the Market Square as a tourist attraction, the demand for farmers’ products decreased, and in 1994 the area was renovated to accommodate 20 kiosks, six food court spaces, five specialty truck spaces, 22 pushcarts, and ten in-line stores. The renovated space also includes the Market Square Arts Center, a restored two-story building that serves as a venue for conferences, civic and social functions, dance and drama presentations, and more.¹

The Market Square is located just ten blocks from the Alamo and is easily found from any downtown location, including major hotels. The trolley bus and horse-drawn carriage are just two of the ways to get there.

The current Market Square can trace its roots back to the 1920s’ “Centro de Artes,” which came to be known as El Mercado. El Mercado enjoyed success until 1950 when a

¹ Information package (a) received from the director of “El Mercado” in San Antonio, Mr. Robert Tagle.
modern Terminal Market was established on the city’s west side. The period from 1950 to 1976 proved to be a very difficult time for business persons in this area.

In the 1970s, private investors, the San Antonio Chamber of Commerce, the City of San Antonio, and the Urban Renewal Agency, through efforts of community leaders such as Pete Cortez and Daniel San Miguel, joined forces to bring back the Market Square. They agreed upon a plan of action and saw it through to completion. The construction of the present Farmers Market with rooftop parking at the west extremity of Market Square, the renovation of the Market House, and the development of pedestrian plazas on Row and Concho street were all a part of the plan. Centro de Artes del Mercado was also initiated as a part of this Urban Renewal project. This new Market Square was completed in 1976 with completion of the Centro de Artes renovation following in 1978.2

The City of San Antonio owns three of the buildings in the Market Square and the common area. The remaining buildings are privately owned. Several of the property owners received loans during the 1970s from the Urban Renewal Agency to support building acquisition and renovation. Property owners and tenants were also eligible for training and other business development support from the Urban Development Agency. While redevelopment efforts have conserved the buildings’ historic appearance, designation as a historic site has not previously been sought. However, efforts are currently underway to seek historical designation.3

One challenge facing Market Square vendors is a dispute between outdoor vendors, who rent space from the city with little or no rules governing displays and selling tables, and

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2 Information package received from the director of “El Mercado” in San Antonio, Mr. Robert Tagle.
3 Information package received from Mr. Jesse Moreno, Special Activities Coordinator of “El Mercado.”
vendors along The River Walk, who are subjected to a variety of restrictions regarding facilities appearance. Despite that situation, shop owners, property owners, and tenants are working together to resolve the conflict. Because of that and according to local officials, 60 percent of the tenants exercise leadership roles in managing the Market Square, while the remaining tenants financially support projects that they consider best for their business.4

There are three tenant organizations working to enhance advertising buying power of their members by jointly purchasing advertising brochures and newspaper and television ads. Tenants also cooperate with Market Square management to host art and theater festivals and other special events throughout the year.

About 80 percent of Market Square’s 3 million annual visitors are from outside the San Antonio metropolitan area. Local merchants are seeking ways to attract an even larger proportion of San Antonio’s 7 million annual visitors, as well as enhancing local interest in Market Square shopping, dining, and entertainment.

According to the information package received from Mr. Robert Tagle, director of “El Mercado,” there are several important facts to remember when discussing the “El Mercado” in Market Square:

1. Market Square is the historic heart of Hispanic cultural activity in San Antonio.
2. Market Square is the biggest Mexican market in the U.S.A. and is just a 50-cent streetcar ride away from San Antonio’s largest tourist attraction – The Alamo.
3. Market Square is also accessible from the Alamo by foot along the 10-block Alamo-to-Market Square Historic Walk.
4. You can drive to Market Square and park inexpensively by following road signs that say “Downtown” or “Market Square.”

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4Information given by Mr. Robert Tagle
5. At Market Square, both tourists and San Antonians can experience the Hispanic heritage that, for more than 200 years, has been a part of the lives of all Texans.

6. Market Square is a place in which to have fun – to enjoy a continuous presentation of Hispanic celebrations, music, art, dancing, costumes, crafts, ethnic shops, clothing, gifts, restaurants, fresh-baked pastries, fresh fruits, vegetables, plants and flowers – to feel the spirit of the Mexican-American appreciation of life that helps give San Antonio its unique atmosphere.

7. Along with the Alamo, the River Walk, and the Missions, Market Square is one of the four most popular places to visit in San Antonio. It is “really something to see,” a “sight not to be missed” when visiting San Antonio.

8. Market Square is a place to visit frequently, because of its ever-changing events, month to month. It is a neighborhood of shopkeepers, as safe and secure as any shopping mall in San Antonio.

9. Market Square – along with Cattlemans’ Square and the planned University of Texas-San Antonio downtown campus – is part of the increasingly interdependent business and entertainment network on the western edge of the downtown shopping area.

10. El Mercado in Market Square is the direct descendent of the first marketplace of San Antonio in the 1700s, when food, clothing and tools were bartered. By 1830, it became a thriving city market in Military Plaza. It was moved to its present location nearby when City Hall was built in 1892. It is the original home of the “chili Queens,” where chili con carne first came to the World’s attention.

11. Refurbished in 1976, Market Square is visited by thousands of people each week in the spring and summer.

For city-owned properties, the city manager or his designee is authorized to lease space at the Market Square. The demand for rental space in Market Square, as well as the overall level of business enjoyed by tenants, has led city officials to consider the possibility of increasing rental rates.5

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5Information sent by Mr. Jesse Moreno
The Houston Mercado Project

El Mercado del Sol, a $13 million Mexican-theme shopping center on the city’s east side was opened in May 1985 and was the first stage of a major neighborhood redevelopment project. It is located five minutes from downtown near the intersection of Navigation, Canal, and Jensen streets. The project centered on a rehabilitated 400,000-square-foot, six-floor warehouse complex.

Funding for the redevelopment project involved federal, city, and private money targeted to redevelop a portion of the low-income, largely Hispanic east side. The city of Houston used a community development block grant to fund a $500,000 below-market interest rate (6%) seven-year loan. Main Savings Association, a private savings institution, provided a $12.5 million loan for the remaining redevelopment expenses. In addition, the City of Houston also arranged for a $2.7 million community development block grant to acquire land and build El Mercado Park next to the shopping center. The center was developed and managed by Arnold Development Company. It was projected that the project would attract 450 new jobs to the area.6

The center was projected to include “numerous restaurants, shops, a produce market, an expansive atrium, and office space and meeting rooms in an architectural environment reminiscent of a Mexican open-air market.”7 The first level of the mall was designated for vendors that would sell South American and Mexican arts and crafts, leather goods, jewelry, clothing, and more. The second floor featured regular retail stores in a community shopping

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6 Houston Post, May 5, 1985
7 Houston Post, May 5, 1985
center atmosphere. The middle floors were supposed to hold offices and more formal business and meeting rooms, while the sixth floor was earmarked for a 16,000-square-foot nightclub. The very imposing quality of the six-story red brick structure was softened considerably by the expanse of open land around it.\textsuperscript{8} Though the building is considered by some to be historic, the developers sought no formal designation.

By the middle of September 1985, city planners, developers, and the few tenants began expressing serious concerns about the project. In other words, the development failed to attract vendors and shop owners as envisioned. City personnel actively tried to promote the mercado by drawing attention to the project and even by steering business that way. However, in August 1986, El Mercado Ltd., owner of El Mercado del Sol, filed a petition for liquidation under Chapter 7 of the U.S. Bankruptcy Code.\textsuperscript{9} Tenants at the Mercado del Sol were blaming El Mercado Ltd., for inadequate advertisement and poor management.

During the bankruptcy proceedings, El Mercado del Sol was sold to a new ownership group. However, under terms of the bankruptcy proceeding, the City of Houston was not able to recover the money they had invested in the project. The project continued to flounder under new ownership with tenants blaming city officials for failure to monitor spending on the shopping center.\textsuperscript{10} The tenants also expressed anger with the new owners for what they believed were inconsistent assessments of rents.

The Mercado owners defaulted on the $12 million from Mainland Savings Association, which had failed during the Texas savings and loan crisis. The property was taken over by the

\textsuperscript{8} Houston Post, September 6, 1985
\textsuperscript{9} Houston Post, August 7, 1986
\textsuperscript{10} Houston Post, January 9, 1987
Federal Savings and Loan Insurance Corporation (FSLIC) when it became the receiver for the failed Mainland Savings Association.\textsuperscript{11}

In 1987 the El Mercado del Sol was sold by FSLIC to Mercado Partners II, a joint venture composed of Equity Fund Advisers, Inc., and Josephine Abercrombie Interests, Inc. The City of Houston financed a $5 million bailout of the El Mercado del Sol shopping center, so tenants could remain in business. In November 1987, a group of tenants filed a multimillion-dollar ($45 million) lawsuit against the city, the city planning director, the FSLIC, the property developer and three of the developer’s other companies, and the new owners of the shopping mall accusing them of fraud and harassment.\textsuperscript{12} The Mercado Partners II, the new owners, were subsequently dropped from the tenants’ lawsuit.

Mr. Ed Wulfe, a developer of several commercial properties in Houston, said that he did not believe that the merchants at the El Mercado shopping center would have a chance of succeeding until the mall acquired a major anchor store to generate shopping traffic for the other tenants. Mr. Bill Rowell, executive vice president and head of the retail division for the Henry S. Miller firm, said in a 1988 newspaper article that “the right approach or the correct theme for the (mercado) project hasn’t been found.”\textsuperscript{13} He also noted that the timing of the mercado’s opening was the developer’s biggest error: The center was opened at the height of the oil bust when the Houston economy was in a severe recession.

Political climate and ambitions may have equally been a driving force in the timing of the development of the project. It has been suggested that the city’s support of El Mercado

\textsuperscript{11} Houston Post, January 9, 1987
\textsuperscript{12} Houston Post, February 2, 1988
\textsuperscript{13} Houston Post, February 2, 1988
del Sol had more to do with then-mayor Kathy Whitmire, who was in a reelection campaign, wanting to back a project that would garner political support.\textsuperscript{14}

In July 1990, the Hispanic shopping center was closed and the city foreclosed on the property. By this time, the shopping center had become seriously deteriorated due to vandalism and neglect, with repairs costing taxpayers $300,000. In 1992 city officials floated the idea that a state agency could use El Mercado del Sol as office space for up to 1,500 state employees. However, an evaluation of the building’s structure concluded that it would cost more than $30 million to renovate to facility sufficiently to be ready for government service, and the idea was dropped.\textsuperscript{15}

According to newspaper accounts, for many people in Houston “El Mercado symbolizes a hopeful idea that went sour, the millions of dollars that went down the sewer, the job-generator that produced no jobs at all, the investment in a Hispanic area that became the public/private project from hell.”\textsuperscript{16}

In 1994 there was a proposal made by the city’s housing director to the Houston City Council to demolish El Mercado del Sol. However, the council never took action of the proposal. In 1996 the city council decided to sell the warehouse building. In May 1997, the City of Houston opened sealed bids; the highest offer was $610,000 from Transamerica Group.

Transamerica submitted a proposal in which they would preserve the existing structure, but they were seeking approval for a privately financed, $20 million rehabilitation of

\textsuperscript{14} Houston Post, February 14, 1988
\textsuperscript{15} Houston Post, October 6, 1992
\textsuperscript{16} Houston post, August 14, 1994
the former marketplace. The rehabilitation plan would convert the facility into a privately financed international trade and community center, with offices for consulates, local banks, travel agencies, and other businesses. According to Mr. Alan Atkinson, managing director of Transamerica Group, he would not be doing this project if it were not for the [new downtown] ballpark that would act as an economic engine. He also said the he could take advantage of the fact that people now have confidence in this area.18

There are different feelings regarding the sale of the El Mercado del Sol. City officials have expressed relief at the prospect of unloading El Mercado. Others, however, view the sale as a sad sort of closure.19

Today the situation is more promising for this latest redevelopment effort. The Houston economy has been growing for several years, downtown office occupancy rates have risen to 98 percent, and the new ballpark’s influence on the area is already evident. Vacant land in the near-downtown area is considered a good investment, and residential projects are springing up in the area. One can only wonder what the fate of El Mercado del Sol would have been under current market conditions.

17 Houston Chronicle, May 6,1997
18 Houston Chronicle, August 2 1998
19 Houston Chronicle, May 15,1997
The Phoenix Mercado

The original idea regarding this project was to provide the city of Phoenix with “the most authentic, exciting, and economically feasible Mercado possible.” The development team of Chicanos Por La Causa, Inc., The Symington Company, and Evans Development Company made the proposal to Mr. James Forsberg, Director of the Central Phoenix Redevelopment Agency in 1985. The project was hoped to be an expression of “Hispanic culture and a financially feasible development program.”

The Mercado was located on the periphery of downtown Phoenix with excellent access from the freeway network via Seventh Street and Van Buren Street. Development plans called for an 82,000 square foot retail center, a 35,000 square foot space for offices, and a 10,000 square foot Hispanic Cultural and Community Center. The site is located close to the Civic Plaza Convention Center, Symphony Hall, and downtown hotels creating an ideal access to the convention and visitor markets.20

It was believed that the combination of the Civic Plaza and the Mercado would bring nightlife and shopping activity to the downtown area of Phoenix. The project was expected to compliment other existing retail projects. The plaza level of the Mercado would combine different looks, such as Southwestern theme, Hispanic environment, and a weekend farmers’ market along the Monroe Street frontage.

The retail area of the Mercado was formed by restaurants, a central food court, a grocery market, artisans’ market, farmers’ market, and a shopping plaza. The second major

20 Development Proposal submitted by The President, Chief Executive Officer of Chicanos Por La Causa, Inc., Mr. Pete Garcia, to the Director of Central Phoenix Redevelopment Agency, Mr. James Forsberg, in September 1985.
element of the project was the Hispanic Cultural and Community Center. This 10,000 square foot facility was designed for three specific uses:

1. One area was to house exhibitions of Hispanic art and cultural items;
2. One area was to serve as a community center for Phoenix’s Hispanic residents; and
3. One area was to have a cultural exchange center with a selected Mexican city.

The third element of the project included approximately a 35,000 square foot area of office space on the second level of the Mercado, including space for Hispanic businesses and ethnic organizations.

The location of the Mercado was an untested retail market. The development plan submitted by the consortium identified the following conditions that would lead to success of the project:21

Critical Mass: The critical mass necessary is 80,000 to 100,000 square feet. The Mercado must be big enough to offer enough excitement, variety, and retail mass to attract a regional market.

Exposure: The Mercado must be highly visible to automotive and pedestrian traffic and must “read retail” by making a strong visual imprint as a unique and exciting place for shopping, dining, and entertainment.

Parking: Adequate above-ground parking must be provided, as research revealed that the vast majority of Mercado visitors would drive directly to the site.

Synergy: The Mercado needs to be part of a highly interactive place. The interaction between the retail, museum, and cultural elements must be maximized by carefully planned pedestrian circulation, an open space network, view corridors, and architectural compatibility.

Phasing: The Mercado project should precede the museums by as much as five to ten years. As such, the Mercado must be designed, leased, and marketed to succeed on its own strengths. It cannot rely on

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21 Development Proposal submitted by The President, Chief Executive Officer of Chicanos Por La Causa, Inc., Mr. Pete Garcia. September 1985.
the other elements to create traffic, and it should be viewed as a building block for things to come.

Affordability: The total occupancy costs (minimum rents plus extra charges) must be priced where the shops and restaurants of the Mercado can enjoy a stable, profitable existence.

A summary of the history of the Phoenix Mercado can be found in an article written by John Dougherty in October 5, 1995.\textsuperscript{22}

As with the Houston project, economic conditions at the time the project was initiated played a role in the project’s failure. According to Pete Garcia, Chief Executive Officer of Chicanos Por La Causa, in addition to a depressed Phoenix economy, the Mercado project had no other nearby facilities to attract shoppers to the area. (The downtown Phoenix area now boasts a basketball arena and residential developments.) Garcia also cited inflexibility by pension fund managers once it became obvious that the project was in trouble. Furthermore, the project suffered from failure by project managers to properly advertise and market the retail area.

Mr. Garcia commented that it is very important for a project of this kind to have a diverse tenant base. In other words, a project such as this must offer a variety of shopping and entertainment venues as well as allow for the possibility of office space. More importantly, the project should be designed with flexibility to adapt to prevailing market conditions and community needs.

\textsuperscript{22} Phoenixnewtimes.com, October 5, 1995
Fruitvale, California, Redevelopment Project

The community redevelopment project in Fruitvale, California, has been described as “[e]thnically and culturally diverse groups of people working together responding to a regional Latino-oriented market. A thriving, bustling shopping area that is safe, clean and green, inviting, and attractive.” This community, near Oakland, has been facing challenges similar in many ways to other Hispanic communities during the past ten years of failed businesses and declining employment opportunities. The community has been described as a “low-income Latino neighborhood with sizeable African-American and Asian communities.”

In 1991, the University of Oakland Metropolitan Forum prepared a study for the community of Fruitvale paying special attention to the East 14th Street commercial district. The study solicited input from community leaders and residents and found the 14th Street commercial district to be a “primary community development opportunity.” One of the study’s findings suggested a better integration of the adjacent Bay Area Rapid Transit (BART) station and the commercial district with the construction of a multi-level parking facility. However, community leaders expressed concerns about how the parking facility would fit in with broader community needs, as well as public safety considerations that might accompany the construction of a large parking facility.

The Spanish Speaking Unity Council (SSUC) took the lead, along with BART, to plan a project that would best benefit the Fruitvale community including housing, commercial activities, and neighborhood access to social services. In January 1992, the city of Oakland

23 See Spanish Speaking Unity Council (a).
24 Olson, Laura. STPP Grassroots Coordinator (a) Fruitvale BART Community Redevelopment Project.
25 Olson, Laura. STPP Grassroots Coordinator (b) Fruitvale BART Community Redevelopment Project.
announced the availability of $1 million in Community Development Block Grants (CDBG) for the project. The City of Fruitvale asked the SSUC to submit a proposal presenting itself as a player for the long-term in order to secure the development funds. The SSUC started a redevelopment planning process for the neighborhood including some ideas about the parking lot in cooperation with BART officials. The proposal included the creation of a pedestrian plaza that would connect the BART station and the East 14<sup>th</sup> Street business district. By February, the SSUC sent its $500,000 proposal to the city. At the same time, SSUC asked residents of the neighborhood to increase their involvement by helping to identify and design potential development and improvement projects.26

The city awarded SSUC $185,000 for planning the redevelopment and rehabilitation of the BART project. This money began a commitment to redevelopment projects in that community. A task force made up of community leaders, SSUC, city staff, and BART announced plans for a design symposium. The goal of this symposium was to give interested parties in the neighborhood an opportunity to submit opinions and ideas regarding the project. The task force found architects who agreed to work with the community at relatively low prices. The architects heard what the community wanted, and they prepared the designs according with community wishes. At the symposium, the task force gave a general presentation of the project, and the architects presented the final design plan to the people showing how the east 14<sup>th</sup> Street commercial district and the BART station would connect.

After this presentation, a panel was formed to review the proposed plans. This panel consisted of a resident, a BART board member, a banker, a local business owner, a city council member, and a city staffer. The panel had a fixed amount of time to express ideas.

26 Olson, Laura. STPP Grassroots Coordinator (c) Fruitvale BART Community Redevelopment Project.
concerns, merits, and problems. After selection of the panel, everyone at the symposium had
the chance to express his or her concerns and ideas. The initial design proposed by the
architects during the symposium was rejected. However, the task force and the architects
identified the major desires and concerns of the community, which are set out in Table 1.

**Table 1**

**Desires and Concerns of Fruitvale Community**

<table>
<thead>
<tr>
<th>Concern</th>
<th>Reason for Concern</th>
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<tbody>
<tr>
<td>Landscape</td>
<td>Attractive and well-designed landscaping is necessary to draw people to the area.</td>
</tr>
<tr>
<td>Housing density and type</td>
<td>There was great concern and debate about the impact of subsidized low-income housing and also about what types of housing would qualify for special financing in the area.</td>
</tr>
<tr>
<td>Parking</td>
<td>Concerns arose about having ample parking, while not overwhelming the area with parking spaces.</td>
</tr>
<tr>
<td>Traffic flow</td>
<td>Many were concerned about traffic jams if the street were blocked off.</td>
</tr>
<tr>
<td>Safety</td>
<td>Participants raised questions about how the design might affect safety and security in the community.</td>
</tr>
<tr>
<td>Potential new businesses</td>
<td>Many participants questioned the ability of non-profit organizations to serve as an ample anchor for the area, even though it was agreed that little new retail could be expected.</td>
</tr>
</tbody>
</table>

Despite the rejection of the initial plans, the symposium was considered the first successful
step in the development of this project because it brought together all of the interested parties
and brought about the formation of the community design principles.

Following the initial symposium, discussions continued among the SSUC, the task
force, and other interested parties. A sense of trust was developed allowing visualization of
the best possible plan for the redevelopment of the Fruitvale district. The parties agreed that
their vision of revitalization of the Fruitvale district would include:
- an attractive pedestrian plaza connecting the BART station with the East 14th Street commercial district;
- new commercial space on the plaza;
- new and expanded space on the plaza for non-profit agencies and social services, such as a new Clinica de la Raza, a child development center, and a senior citizen multi-purpose center;
- an expansion of the Latin American Library on the plaza;
- new affordable and moderately priced housing above the commercial and social services facilities; and
- façade and street improvements on the East 14th Street commercial district.

In addition to the physical changes, the redevelopment also visualized expanding job opportunities in this area. The connection between BART and the commercial district serves both purposes. Participants believed that this final project design offered a “unique, community-based, integrated approach to commercial revitalization and economic development.”

The SSUC secured funds or pursued funds from a variety of sources for the Fruitvale Redevelopment Project. The sources and purposes of funds that Fruitvale actually secured are set out in Table 2. Table 3 lists sources and purposes of other funds pursued by Fruitvale.

### Table 2

#### Funding Secured by Fruitvale

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Purpose of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Transit Administration</td>
<td>station design planning</td>
</tr>
<tr>
<td>City of Oakland Community Development Block Grant</td>
<td>support staff, façade improvements, and expansion of the child care center</td>
</tr>
<tr>
<td>Other private foundations</td>
<td>predevelopment activities</td>
</tr>
</tbody>
</table>

27 Olson, Laura. STPP Grassroots Coordinator (d) Fruitvale BART Community Redevelopment Project.
Table 3
Funding Pursued by Fruitvale

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Purpose of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Highway Administration</td>
<td>landscaping and bus transfer facility through ISTEA</td>
</tr>
<tr>
<td>State of California</td>
<td>construction of pedestrian plaza</td>
</tr>
<tr>
<td>Economic Development Administration of the Department of Commerce</td>
<td>infrastructure improvements</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>help finance the housing and commercial development</td>
</tr>
</tbody>
</table>

The resulting Fruitvale Main Street initiative focused on four main points:

1. **Neighborhood Crime & Prevention Council:** “Enhance the Public Safety and Cleanliness of the Fruitvale Main Street area.”\(^{28}\) There is an excellent relationship between the community and the police. The crime rate has been reduced, the city has added more trash receptacles, and there is a good relationship with other city departments.

2. **Promotion:** “Market the commercial district creating retail activities for Fruitvale residents and special events for the Greater East Bay.”\(^{29}\)

3. **Design:** “Encourage the improvement of the physical appearance of the Fruitvale Main Street area.”\(^{30}\) Those improvements are related to the façade and street improvements, design education, and historical building restoration.

4. **Economic Restructuring:** “Strengthen and broaden the economic base of the neighborhood commercial district.”\(^{31}\) The economic restructuring focuses on market analysis, business recruitment and retention, and training.

This project is still being developed. A member of the SSUC works along with the community in every aspect in which they need help.

\(^{28}\) See Spanish Speaking Unity Council (b)
\(^{29}\) See Spanish Speaking Unity Council (c)
\(^{30}\) See Spanish Speaking Unity Council (d)
\(^{31}\) See Spanish Speaking Unity Council (e)
Hispanic Mercado, Minneapolis, MN

The Neighborhood Development Center (NDC) affiliate of St. Paul’s Western Bank, is contributing to improve the Lake Street business area of St. Paul, MN. The NDC helps low-income communities in this area that want to start or expand businesses by providing training, technical assistant, and small loans to the communities. The NDC is currently involved with the Pride in Living project, the Whittier Community Development Corporation, a church coalition, and Interfaith Action to launch a Hispanic Mercado. The NDC will provide the community with business training in Spanish and English and a micro-loan program for potential mercado businesses. According to Ms. Rachel Dolan, who is one of the NDC loan officers, this project is currently in its initial phase and is driven, in part, by large growth in the area’s Hispanic population. Interfaith Action is providing a 16-week training program for potential business owners with the major objective being the creation of a business plan by project participants.

The building complex earmarked for the Mercado is undergoing substantial renovation. It was noted that there have been delays in the construction schedule. Since the potential tenants do not own the building, these delays, along with a lack of control over the building renovation contractors, have proven to be a source of frustration. It is currently expected that the mercado will be open by June of this year.

The tenants formed a cooperative with a board of directors that will be in charge of defining the hours of operation, deciding how the mercado will function, and hiring a manager for the mercado. The project organizers are hopeful that the mercado will serve as a business incubator in their relatively low-income neighborhood.
Barrio Logan Project, San Diego, CA

In 1991, the City of San Diego approved a redevelopment project in the Barrio Logan, a large Mexican-American neighborhood. The redevelopment area is bounded by 16th Street, Interstate 5, Evans Street, and San Diego Unified Port District tidelands. One of the goals of the project was to provide perceived separation of industrial, commercial, and residential components of the area.

The Mercado del Barrio, a 120,000 square-foot development project that includes retail, office, and residential projects was proposed for a location beneath the Coronado Bridge. The proposal was submitted by Rich Juarez, a former city council member, and by Hopkins Development of Newport Beach. The proposal called for a two-year, $40 million development project that would be financed through a tax increment-financing program. The city would issue bonds to fund the project, which would be paid off using the increased property tax receipts the city would enjoy as the mercado developed. However, this proposal was not approved.32

In June 1994 a residential project was completed in the area with the help of funding from HUD. In April 1995, HUD awarded $7.2 million to fund the development of a 100,000 square-foot commercial project in the neighborhood to be anchored by a supermarket and include video rental outlets, clothing shops, and a Mexican-themed community center.33 However, by 1996, the project had failed to attract an anchor tenant. Mr. Juarez, who at the time was community development department director for the Metropolitan Area

32 The San Diego Union-Tribune, May 09, 1991
33 The San Diego Union-Tribune, April 20, 1995
Advisory Committee project, made public claims of racism on the part of supermarket chains that refused to locate in the development. Officials with supermarket chains countered that poor accessibility to the site, for both customers and supply trucks, as well as nearby existing competition, were the major factors in their decision not to locate in the development.34

Mr. Juarez has since proposed that the project be developed as originally envisioned – as a mercado area that would rent 500 square-foot (or smaller) booths to 30 or 40 vendors selling produce, fish, and other goods. In 1998, the San Diego City Council voted to fund a $10 million shopping plaza. The potential developers of this project, San Diego Mercado Associates and Landgrant Development, have claimed to have tentative agreements with potential tenants including La Bodega Supermarket, Family Bargain Center, Payless Shoes, and Neighborhood National Bank. The proposed development also includes a Mexican museum and cultural center, professional and medical offices, and a child care center. However, at this time no final decision has been made on approving the development plans.35

34 The San Diego Union-Tribune, April 01, 1996
35 The San Diego Union-Tribune, June 10, 1998
Other recent projects similar to the Mercado de Fort Worth project.

Limited information was available on the following two projects:

*Plaza Mercado, Chicago, Illinois*

The developer, Bickerdike Redevelopment Corp., well known for affordable housing development, envisioned a commercial project to promote community development in the Humboldt Park area of Chicago. This Plaza Mercado was located in an old supermarket building at 2701 W. North.

The developers and proponents of the project believed that the market’s location would be attractive for retail shopping. However, the Plaza Mercado opened in November 1992 with only about one-third of its space rented, and it subsequently failed to attract additional tenants. Indications of strained relations among property owners, tenants, and property managers were quickly evident. The director of Bickerdike, Mr. Bob Brehm, believes that mistakes were made by all involved parties. The development failed in 1993 and has not been redeveloped.36

*El Mercado del Norte, Greely, Colorado*

This project is meant to boost Hispanic neighborhoods by attracting new housing and business, by building cultural pride, and by giving residents the power to chart their neighborhood’s future. The project is a redevelopment effort targeted in north Greeley, a suburb of Denver. The Northern Colorado Latino Chamber of Commerce is serving as the project’s facilitator.

The Chamber is moving its offices close to the proposed project in order to serve as an example of renewal. The Chamber is also holding community meetings to encourage ideas and community participation in the redevelopment effort. It has been proposed that a special development district be formed that would include a local cultural center and a children’s clinic. Local residents have recently (1999) formed a board to set development parameters for the district, including architectural standards. The plan calls for Spanish or southwestern architectural standards to give the building a unique look. It is much too early to gauge this project’s chances for success.\footnote{\textit{Source: “Greeley Group promotes Latino Quarter.”} By Coleman Cornelius, Denver Post March 22, 1999.}
Summary of Reviewed Cases

Although none of these projects are exactly like the circumstances facing Mercado de Fort Worth property owners, there are several lessons and ideas that can be observed. First, no matter how enthusiastic property owners, developers, and tenants may be, the project cannot overcome basic economic and site location principles. If the economy of the area is distressed because of a regional or national recession, commercial enterprises will be hard pressed to survive. This was clearly illustrated in the early years of the Houston and Phoenix projects. Moreover, issues of accessibility, existing traffic flow, and competition in the market must be considered prior to committing funds to a project. If you build it, they may come – but not necessarily. Basic site location issues seem to be one of the primary challenges that have plagued the San Diego project.

With the exception of the rejuvenation of the historically grounded San Antonio market, these mercados do not become, in and of themselves, destinations. The mercados seem to generate more investment when they are coupled with existing entertainment and/or shopping venues. This is clearly demonstrated by the more recent success of the Phoenix project since other downtown entertainment venues have opened. And, in the case of the Houston mercado’s reinvigoration, this could be extended to include planned entertainment venues since plans were finalized for a nearby professional sports stadium.

The availability of government subsidies, low-interest loans, and other financial inducements are no guarantee of success. Property owners and business investors must exhibit a high degree of caution when risking capital on projects that are deemed too risky for conventional financing.
Although a couple of projects are currently considering the idea, none of the projects reviewed in this analysis have chosen, on a broad scale, to apply for historic designation. Developers and property owners are wary of the restrictions placed on the renovation and repair of structures with historic designations.

The Fruitvale, California, project demonstrates that including non-profit agencies, community centers, and offices for social services can enhance certain commercial business opportunities. However, when dealing with a comparatively small project, we believe that a clear choice must be made between focusing development efforts on businesses and organizations primarily serving local residents and those serving tourists.

The projects that are perceived as successful have another common element – good management. An excellent property manager who coordinates development efforts, business advertising, and other cooperative activities between property owners and tenants can greatly enhance a project’s chances for success. This appears to be particularly true when compared to projects where property owners and tenants show little cooperation or coordination of efforts.

Another point for consideration is the limited amount of assistance, by way of training, mentoring, and guidance available to (or at least taken advantage of by) mercado business owners for most of these projects. Mercado de Fort Worth property owners and business tenants have access to a variety of business assistance programs. A description of some of these programs is provided in the following section.
Section 4: Business Assistance Program Opportunities

In this section we review sources of information and assistance available to potential business operators in Mercado de Fort Worth.

Fort Worth Hispanic Chamber of Commerce
1327 North Main
Fort Worth, Texas 76106
Phone: (817) 625-4331
Contact: Ms. Martha Rangel

The Fort Worth Hispanic Chamber (FWHCC) can provide property owners and business operators assistance with zoning issues and permit requirements in addition to providing help with general government and city issues. Also, FWHCC provides assistance in developing business proposals and marketing for the Main Street Corridor, and it can help property owners identify sources of funding.

Business Assistance Center
100 East 15th Street, Suite 400
Fort Worth, Texas 76102
Phone: (817) 871-6006
Contact: Deborah McVean

The Business Assistance Center (BAC) facilities place hundreds of thousands of dollars in equipment and business technology at the fingertips of entrepreneurs. This technical support is coupled with expert advice from professional business assistance organizations located at the BAC, local chambers of commerce, and lending institutions. The vast majority of BAC services are free of charge.
The Fort Worth Women’s Business Center provides programs designed to enhance the success of women entrepreneurs in business start-ups or expansion. This Center was created by the BAC through funding received from the U.S. Small Business Administration’ Office of Women’s Business.

The Minority Business Development Center (MBDC) provides one-on-one client-specific business development services to minority firms and individuals interested in entering, expanding, or improving their efforts in the competitive marketplace.

The Service Corps of Retired Executives (SCORE) gives free professional one-on-one counseling for people considering starting their own business. Counseling is available Monday through Friday.
The Small Business Development Center (SBDC) offers professional, one-on-one, confidential counseling to business owners on issues such as marketing, management, accounting, etc. They also help with the SBA loan application preparation.

The William Mann, Jr. Community Development Corporation (WMCDC) provides debt/equity financing in conjunction with its investor banks for small, minority, and women-owned business located in specific areas of Fort Worth.

The Texas Manufacturing Assistance Center (TMAC) was designed to improve the competitiveness of small to midsize manufacturing firms. Along with the University of Texas at Arlington’s Automation & Robotics Research Institute, the TMAC engineers provide assistance to firms that are looking to upgrade operations.
Fort Worth Economic Development Corporation
100 East 15th Street, Suite 400
Fort Worth, Texas 76102
Phone: (817) 336-6420
Contact: Larry McNatt
By appointment

Fort Worth Economic Development Corporation (FWEDC) provides financial assistance to small businesses. The corporation will also administer the Mercado Loan Program. Its SBA 504-loan program was designed to help healthy, expanding business in the acquisition of land, buildings, and any other kind of capital assets.

Small Business Administration - Business Information Center
100 East 15th Street, Suite 400
Fort Worth, Texas 76102
Phone: (817) 871-6007
Contact: Adrienne Hudson

The Business Information Center (BIC), which is located at the BAC, received equipment from the U.S. Small Business Administration including Macintosh computers, pentium PC’s, and the latest interactive software. This equipment is available for people considering business start-ups or expansions.

Dallas/Fort Worth Electronic Commerce Resource Center
100 East 15th Street, Suite 400
Fort Worth, Texas 76102
Phone: (817) 871-6004 / (214) 599-2500
Contact: Henry Vincent
By appointment Only

Computer training is offered through the BAC from representatives of the Electronic Commerce Resource Center. These representatives help people with technical specifications for specific types of computer hardware and software.
The Mayor’s Committee on Persons with Disabilities helps property owners and business operators to become familiar with the requirements of the Americans with Disabilities Act (ADA). City of Fort Worth staff can inform business owners of their obligations regarding equal access and employment of individuals with disabilities.

The John C. Ford Program, Inc.
400 North St. Paul, Suite 200
Dallas, Texas 75201-6804
Phone: (214) 871-5065 Ext. 201
Contact: Jacqueline Varma
By appointment

The John C. Ford program is a private, charitable organization dedicated to enhancing the knowledge and economic skills of small businesses and residents in low-to-moderate income areas of the community. In that order of ideas, the Ford Program offers free basic business and consumer education, money-management training, expert legal and accounting assistance, and two-year follow up services to small business owners and residents in the inner-cities. The following are some of the services that the program offers:

1. **Basic Business and Consumer Education**: This is offered in churches and community centers to teach business skills.

2. **On-Site Business Consultant Teams of Experts**: Specialists in marketing, business, law, accountants, and student interns help the small business owners to revitalize operations in the inner cities.
3. **10-week People’s Business College Education Program**: This service was designed for small business owners and consumers in the inner-cities in a collaborative effort of The Ford Program with UNT, UTD, major accounting firms, law firms, and the Dallas Urban league. This service is currently taught at the following locations in the Dallas area:

   - The Martin Luther King, Jr. Community Center
   - Parks at Wynnewood
   - Wesley-ranking Community Center (bilingual classes)
   - Santa Clara Church (bilingual classes)
   - St. Luke’s United Community Methodist Church
   - Irving Public Library
   - Wal-Mart/Carrollton

4. **Legal and Tax assistance.**

5. **Two-year Follow up Services.**

6. **Legal and Other Professional Assistance For Nonprofit Organizations.**
Section 5: Other Development Initiatives in the Area

There are a number of local initiatives, which may provide opportunities for the property owners of the Mercado to participate in shaping the future of the Mercado. The owners are encouraged to collaborate and work on various initiatives, such as the following:

1. A grant has been awarded by the State of Texas to plan for making application to designate the Mercado as a historic district. Carolyn Tames of the City of Fort Worth met with Mercado business owners to explain this process. For further information contact Ms. Tames at (817) 871-8012.

2. North Main Street Corridor Project. The City plans to award a consultant and contract for design of North Main Street corridor, extending from Tarrant County Courthouse to NE 28th Street. Street improvements, street-scape design, and lighting/security issues will all be factors for consideration in this project. Once approved by city council, the contract will involve working with various community groups. Also, the City of Fort Worth is submitting an application to the North Central Texas Council of Governments under the TEA-21 funding to design the trolley system along North Main, which could potentially serve the Mercado area. A funding decision is anticipated later this year. For further information, contact Fernando Costa, Director of Planning at the City of Fort Worth, at (817) 871-8000.

3. The City of Fort Worth’s Department of Transportation and Public Works (TPW) is considering applying for funding under the Texas Department of Transportation to develop a pedestrian walkway/corridor linking the Mercado area with the Historic Stockyards. TPW is currently analyzing making the project an interpretive walkway, highlighting the history of the area with markers along the route. For more information, contact Shara Marks, Senior Transportation Planner at TPW, at (817) 871-7658.

4. Fort Worth Hispanic Chamber Relocation: The Hispanic Chamber of Commerce currently is moving its offices to this area. The Hispanic Chamber of Commerce purchased a 4,000 square foot building in the Mercado area. This action is directed to affect positively the economic development of the Mercado area. The Hispanic Chamber of Commerce will act as an engine for the business development in this area.
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Appendix A
Issues and Strategies for Consideration

In response to questions raised by some Mercado de Fort Worth property owners, we have included information about historic designation for buildings and tax incentives available to property owners. First, this section reviews the criteria and exclusions used to evaluate buildings for historical designation by the National Register of Historic Places and by the National Historic Landmarks Program. Second, we review information about tax incentives available to property owners of buildings that receive a historical designation.38

National Register for Historic Places

The National Register’s standards for evaluating the significance of properties were developed to recognize the accomplishments of all peoples who have made a significant contribution to our country’s history and heritage. The criteria are designed to guide state and local governments, federal agencies, and others in evaluating potential entries in the National Register. Information on documentation of properties and use of the criteria for evaluation may be obtained by writing to the National Register of Historic Places, National Park Service, U.S. Department of the Interior, P.O. Box 37127, Washington, D.C. 20013-7127.

National Register Criteria for Evaluation

The National Register of Historic Places’ evaluation is based on the significance in American history, architecture, archeology, engineering, and culture that is present in districts, sites, buildings, structures, and objects. Also considered are whether these places possess

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38 While the National Park Service sponsors other grant and incentive programs for historic preservation, these programs are under such strict requirements and limitations that it is unlikely that the property owners in the Mercado de Fort Worth area would benefit materially from them.
integrity of location, design, setting, materials, workmanship, feeling, and association. Other criteria includes:

1. places that are associated with events that have made a significant contribution to the broad patterns of our history
2. places that are associated with the lives of significant persons in our past
3. places that embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction
4. places that have yielded or may be likely to yield, information important in history or prehistory

National Register Exclusions from Eligibility

The National Register normally excludes the following property types from eligibility:

- cemeteries
- birthplaces
- graves of historical figures
- properties owned by religious institutions or used for religious purposes,
- structures that have been moved from their original locations
- reconstructed historic buildings
- properties primarily commemorative in nature
- properties that have achieved significance within the past 50 years

However, such properties will qualify if they are integral parts of districts that do meet the criteria or if they fall within one of the following categories:

1. a religious property deriving primary significance from architectural or artistic distinction or historical importance
2. a building or structure removed from its original location but which is primarily significant for architectural value, or which is the surviving structure most importantly associated with a historic person or event
3. A birthplace or grave of a historical figure of outstanding importance if there is no appropriate site or building associated with his or her productive life
4. a cemetery that derives its primary importance from graves of persons of transcendent importance, from age, from distinctive design features, or from association with historic events

5. a reconstructed building when accurately executed in a suitable environment and presented in a dignified manner as part of a restoration master plan, and when no other building or structure with the same association has survived

6. a property primarily commemorative in intent if design, age, tradition, or symbolic value has invested it with its own exceptional significance

7. a property achieving significance within the past 50 years if it is of exceptional importance

**National Historic Landmarks Program**

A property being nominated to the National Register may also merit consideration for potential designation as a National Historic Landmark. Such consideration depends upon the strict application of the criteria found in the Code of Federal Regulations, Title 36, Part 65. When evaluating properties at the national level for designation as a National Historic Landmark, please refer to the National Historic Landmarks outline, History and Prehistory in the National Park System and the National Historic Landmarks Program, 1987. For more information about the National Historic Landmarks program, please write to Department of the Interior, National Park Service, History Division, 1849 C St. NW, Washington, DC 20240.

**National Historic Landmarks Criteria for Evaluation**

The quality of national significance is ascribed to districts, sites, buildings, structures, and objects that possess exceptional value or quality in illustrating or interpreting the heritage of the United States in history, architecture, archeology, engineering, and culture and that possess a high degree of integrity of location, design, setting, materials, workmanship, feeling, and association. Other criteria include:
1. places that are associated with events that have made a significant contribution to, and are identified with, or that outstandingly represent, the broad national patterns of United States history and from which an understanding and appreciation of those patterns may be gained

2. places that are associated importantly with the lives of persons nationally significant in the history of the United States

3. places that represent some great idea or ideal of the American people

4. places that embody the distinguishing characteristics of an architectural type specimen exceptionally valuable for a study of a period, style or method of construction, or that represent a significant, distinctive and exceptional entity whose components may lack individual distinction

5. places that are composed of integral parts of the environment not sufficiently significant by reason of historical association or artistic merit to warrant individual recognition but collectively compose an entity of exceptional historical or artistic significance, or outstandingly commemorate or illustrate a way of life or culture

6. places that have yielded or may be likely to yield information of major scientific importance by revealing new cultures, or by shedding light upon periods of occupation over large areas of the United States. Such sites are those which have yielded, or which may reasonably be expected to yield, data affecting theories, concepts and ideas to a major degree

**National Historic Landmarks Exclusions from Eligibility**

The National Historic Landmark Program normally excludes the following property types from eligibility:

- cemeteries
- birthplaces
- graves of historical figures
- properties owned by religious institutions or used for religious purposes
- structures that have been moved from their original locations
- reconstructed historic buildings
- properties that have achieved significance within the past fifty years

However, if such properties fall within one of the following categories, they may be found to qualify:
1. a religious property deriving its primary national significance from architectural or artistic distinction or historical importance

2. a building or structure removed from its original location but which is nationally significant primarily for its architectural merit, or for association with persons or events of transcendent importance in the nation’s history and the association consequential

3. a site of a building or structure no longer standing but the person or event associated with it is of transcendent importance in the nation’s history and the association consequential

4. a birthplace, grave or burial if it is of a historical figure of transcendent national significance and no other appropriate site, building, or structure directly associated with the productive life of that person exists

5. a cemetery that derives its primary national significance from graves of persons of transcendent importance, or from an exceptionally distinctive design or an exceptionally significant event

6. a reconstructed building or ensemble of buildings of extraordinary national significance when accurately executed in a suitable environment and presented in a dignified manner as part of a restoration master plan, and when no other buildings or structures with the same association have survived

7. a property primarily commemorative in intent if design, age, tradition, or symbolic value has invested it with its own national historical significance

8. a property achieving national significance within the past 50 years if it is of extraordinary national importance

**Tax Incentives**

Current tax incentives for preservation of historic buildings are established by the Tax Reform Act of 1986 (PL 99-514; Internal Revenue Code Section 47 [formerly Section 48(g)]) and include:

- a 20 percent tax credit for the certified rehabilitation of certified historic structures; and

- a 10 percent tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936.
A tax credit differs from an income tax deduction. An income tax deduction lowers the amount of income subject to taxation. A tax credit lowers the amount of tax owed. In general, a dollar of tax credit reduces the amount of income tax owed by one dollar. For example,

- The 20 percent rehabilitation tax credit equals 20 percent of the amount spent in a certified rehabilitation of a certified historic structure.
- The 10 percent rehabilitation tax credit equals 10 percent of the amount spent to rehabilitate a non-historic building built before 1936.

For purposes of the Mercado de Fort Worth project, the remainder of this section will focus on the 20 percent rehabilitation tax credit.

The 20 Percent Rehabilitation Tax Credit

The 20 percent rehabilitation tax credit applies to any project that the Secretary of the Interior designates a certified rehabilitation of a certified historic structure. The 20 percent credit is available for properties rehabilitated for commercial, industrial, agricultural, or rental residential purposes, but it is not available for properties used exclusively as the owner’s private residence.

Certified Historic Structures

A certified historic structure is a building that is listed individually in the National Register of Historic Places —OR— a building that is located in a registered historic district and certified by the National Park Service (NPS) as contributing to the historic significance of that district. To obtain certification as a historic structure, owners of buildings within historic districts must complete Part 1 of the Historic Preservation Certification Application –
Evaluation of Significance. The NPS bases its decision on the Secretary of the Interior’s “Standards for Evaluating Significance within Registered Historic Districts.” The Historic Preservation Certification Application and instructions are attached as Appendix B.

Certified Rehabilitation

A certified rehabilitation is a rehabilitation of a certified historic structure that is approved by the NPS as being consistent with the historic character of the property and, where applicable, the district in which it is located. The NPS must approve, or “certify,” all rehabilitation projects seeking the 20 percent rehabilitation tax credit. The NPS assumes that some alteration of the historic building will occur to provide for an efficient use. However, the project must not damage, destroy, or cover materials or features, whether interior or exterior, that help define the building’s historic character. Owners seeking certification of rehabilitation work must complete Part 2 of the Historic Preservation Certification Application – Description of Rehabilitation. (See Appendix B for the complete application and instructions.)

The Secretary of the Interior’s Standards for Rehabilitation

Rehabilitation projects must meet the following Standards for Rehabilitation, as interpreted by the NPS, to qualify as “certified rehabilitations” eligible for the 20 percent rehabilitation tax credit. These standards are applied to projects in a reasonable manner, taking into consideration economic and technical feasibility. The Standards for Rehabilitation (36 CFR Part 67) apply to historic buildings of all periods, styles, types, materials, and sizes. They apply to both the exterior and the interior of historic buildings and encompass related
landscape features and the building’s site and environment as well as attached, adjacent, or related new construction.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.

3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.

6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

*Fees for Applying for Historical Designation*

The NPS charges a fee for reviewing applications, except where the total rehabilitation cost is under $20,000. Fees are charged according to a two-tiered system: a preliminary fee and a final fee. The preliminary fee is $250. It covers NPS review of proposed rehabilitation work. The final fee covers NPS review of completed projects. The final fee amount depends on the cost of the rehabilitation, according to the fee schedule shown in Table 4 below. The preliminary fee is deducted from the final fee. Payment should not be sent until requested by the NPS. The NPS will not issue a certification decision until payment has been received.

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<th>Table 4</th>
<th>Final Fees for Applying for Historical Designation</th>
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<tr>
<td>Fee</td>
<td>Cost of Rehabilitation</td>
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<tr>
<td>$500</td>
<td>$20,000 to $99,000</td>
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<tr>
<td>$2,500</td>
<td>$1,000,000 or more</td>
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*IRS Requirements*

To be eligible for the 20 percent rehabilitation tax credit, a project must also meet the following basic tax requirements of the Internal Revenue Code:

- The building must be depreciable. That is, it must be used in a trade or business or held for the production of income. It may be used for offices, for commercial, industrial or agricultural enterprises, or for rental housing. It may not serve exclusively as the owner’s private residence.

- The rehabilitation must be substantial. That is, during a 24-month period selected by the taxpayer, rehabilitation expenditures must exceed the greater of $5,000 or the adjusted basis of the building and its structural components. The adjusted basis
is generally the purchase price, minus the cost of land, plus improvements already made, minus depreciation already taken. Once the substantial rehabilitation test is met, all qualified expenditures, including those incurred outside of the measuring period, qualify for the credit.

- If the rehabilitation is completed in phases, the same rules apply, except that a 60-month measuring period applies. This phase rule is available only if: (1) there is a set of architectural plans and specifications for all phases of the rehabilitation, and (2) it can reasonably be expected that all phases of the rehabilitation will be completed.

- The property must be placed in service (that is, returned to use). The rehabilitation tax credit is generally allowed in the taxable year the rehabilitated property is placed in service.

- The building must be a certified historic structure when it is placed in service; if it is not yet a certified historic structure when it is placed in service, the owner must have requested on or before the date that the building was placed in service a determination from the NPS that the building is a certified historic structure, and have a reasonable expectation that the determination will be granted. (This means, generally, for buildings not individually listed in the National Register of Historic Places, that Part 1 of the Historic Preservation Certification Application must have been filed before the building was placed in service.)

- Qualified rehabilitation expenditures include costs associated with the work undertaken on the historic building, as well as architectural and engineering fees, site survey fees, legal expenses, development fees, and other construction-related costs, if such costs are added to the basis of the property and are determined to be reasonable and related to the services performed. They do not include costs of acquiring or furnishing the building, new additions that expand the existing building, new building construction, or parking lots, sidewalks, landscaping, or other facilities related to the building.

*Other Tax Provisions Affecting Use of Preservation Tax Incentives*

A number of provisions in the Internal Revenue Code affect the way in which real estate investments are treated generally. Among these provisions, Mercado de Fort Worth property owners should be aware of the general passive loss rule, which states that:

Taxpayers with incomes less than $100,000 (generally, adjusted gross income with certain modifications) may take up to $25,000 in losses annually from rental properties. This $25,000 annual limit on losses is reduced for individuals
with incomes between $100,000 and $150,000 and eliminated for individuals with incomes over $150,000.

Property owners should seek professional advice concerning the personal financial implications of all provisions affecting real estate investment.

Contacts for Additional Information about Tax Incentives

For more information on tax incentives for historic preservation, contact the NPS, the IRS, or the State Historic Preservation Officer listed below.

Mr. Curtis Tunnell
Executive Director
Texas Historical Commission
P.O. Box 12276, Capitol Station
Austin, Texas 78711
Phone: (512) 463-6100
Internet: www.thc.state.tx.us

Other preservation organizations

Preservation Tax Incentives, Technical Preservation Services
National Park Service
Room NC200
1849 C Street, NW
Washington, DC 20240
Phone: (202) 243-9578

National Trust for Historic Preservation
Mr. Richard Moe, President
1785 Massachusetts Avenue NW.
Washington, D.C. 20036
Phone: (202) 588-6000

National Conference State Historic Preservation Officers
Mr. Eric Hertfelder, Executive Director
Hall of the States
444 North Capitol Street, NW, Suite 332
Washington, D.C. 20001
Phone: (202) 624-5465
Historic Fort Worth  
Ms. Libby Willis, Executive Director  
1110 Penn Street  
Fort Worth, TX 76201  
Phone (817) 323-5831

City of Fort Worth  
Ms. Carolyn Tames, Planner/historic Preservation  
Planning and Growth Management Department  
Community Development  
1000 Throckmorton Street  
Fort Worth, TX 76102  
Phone (817) 871-8012

Advisory Council on Historic Preservation  
Mr. John Fowler, Acting Executive Director  
The Old Post Office Building  
1100 Pennsylvania Avenue NW, Suite 809  
Washington, D.C. 20004  
Phone: (202) 606-8503

Advisory Council on Historic Preservation  
Office of Education and Preservation  
Mr. Ronald D. Anzalone, Director  
Old Post Office Building  
1100 Pennsylvania Avenue NW, Suite 803  
Washington, D.C. 20004  
Phone: (202) 606-8505

National Institute for the Conservation of Cultural Property  
Mr. Lawrence L. Reger, President  
3299 K Street NW, Suite 602  
Washington, DC 20037  
Phone: (202) 625-1485

Publications available for additional information on tax incentives include:

- A Catalog of NPS publications on appropriate methods to preserve historic buildings. These include Guidelines for Rehabilitating Historic Buildings, Preservation Briefs, and many others.

- The Historic Preservation Certification Application (a 3-part form: Part 1-Evaluation of Significance; Part 2-Description of Rehabilitation; Part 3-Request for Certification of Completed Work).
• Department of the Interior, National Park Service, regulations on “Historic Preservation Certifications” [36 CFR Part 67].

• Department of the Treasury, Internal Revenue Service, regulations on “Investment Tax Credit for Qualified Rehabilitation Expenditures” [Treasury Regulation Section 1.48-12].

• Market Segment Specialization Program: Rehabilitation Tax Credit (available only from the IRS).
Appendix B
HISTORIC PRESERVATION CERTIFICATION APPLICATION
PART 1 – EVALUATION OF SIGNIFICANCE

Instructions: Read the instructions carefully before completing application. No certifications will be made unless a completed application form has been received. Type or print clearly in black ink. If additional space is needed, use continuation sheets or attach blank sheets.

1. Name of Property: ____________________________________________________________

Address of Property: Street ______________________________________________________________________________________
City __________________________ County __________ State __________ Zip __________

Name of historic district: ____________________________________________________________

☐ National Register district ☐ certified state or local district ☐ potential district

2. Check nature of request:

☐ certification that the building contributes to the significance of the above-named historic district (or National Register property) for the purpose of rehabilitation.

☐ certification that the structure or building, and where appropriate, the land area on which such structure or building is located contributes to the significance of the above-named historic district for a charitable contribution for conservation purposes.

☐ certification that the building does not contribute to the significance of the above-named historic district.

☐ preliminary determination for individual listing in the National Register.

☐ preliminary determination that a building located within a potential historic district contributes to the significance of the district.

☐ preliminary determination that a building outside the period or area of significance contributes to the significance of the district.

3. Project contact:

Name ____________________________________________
Street ____________________________________________ City __________________________
State __________ Zip __________ Daytime Telephone Number __________

4. Owner:

I hereby attest that the information I have provided is, to the best of my knowledge, correct, and that I own the property described above. I understand that falsification of factual representations in this application is subject to criminal sanctions of up to $10,000 in fines or imprisonment for up to five years pursuant to 18 U.S.C. 1001.

Name __________________________ Signature __________________________ Date __________________________

Organization __________________________

Social Security or Taxpayer Identification Number __________________________
Street ____________________________________________ City __________________________
State __________ Zip __________ Daytime Telephone Number __________

The National Park Service has reviewed the “Historic Certification Application – Part 1” for the above-named property and hereby determines that the property:

☐ contributes to the significance of the above-named district (or National Register property) and is a “certified historic structure” for the purpose of rehabilitation.

☐ contributes to the significance of the above-named district and is a “certified historic structure” for a charitable contribution for conservation purposes in accordance with the Tax Treatment Extension Act of 1980.

☐ does not contribute to the significance of the above-named district.

Preliminary determinations:

☐ appears to meet the National Register Criteria for Evaluation and will likely be listed in the National Register of Historic Places if nominated by the State Historic Preservation Officer according to the procedures set forth in 36 CFR Part 60.

☐ does not appear to meet the National Register Criteria for Evaluation and will likely not be listed in the National Register.

☐ appears to contribute to the significance of a potential historic district, which will likely be listed in the National Register of Historic Places if nominated by the State Historic Preservation Officer.

☐ appears to contribute to the significance of a registered historic district but is outside the period or area of significance as documented in the National Register nomination or district documentation on file with the NPS.

☐ does not appear to qualify as a certified historic structure.

Date __________________________ National Park Service Authorized Signature __________________________
National Park Service Office/Telephone No. __________________________

☐ See Attachments
HISTORIC PRESERVATION

CERTIFICATION APPLICATION –

Property Name

PART 1

NPS Office Use Only

Project Number:

Property Address

5. Description of physical appearance:

Date of Construction: ___________________________  Source of Date: ___________________________

Date(s) of Alteration(s):

Has building been moved?  □ yes  □ no  If so, when? ___________________________

6. Statement of significance:

7. Photographs and maps.

Attach photographs and maps to application

Continuation sheets attached:  □ yes  □ no
1. Name of Property: ____________________________________________
   Address of Property: Street ________________________________
   City __________________________ County __________________ State __________ Zip __________
   □ Listed individually in the National Register of Historic Places; give date of listing:
   □ Located in a Registered Historic District; specify:
   Has a Part 1 Application (Evaluation of Significance) been submitted for this project? □ yes □ no
   If yes, date Part 1 submitted: __________ Date of certification: __________ NPS Project Number: __________

2. Data on building and rehabilitation project:
   Date building constructed: __________ Total number of housing units before rehabilitation: __________
   Type of construction: __________________________ Number that are low-moderate income: __________
   Use(s) before rehabilitation: ____________________________________________ Total number of housing units after rehabilitation: __________
   Proposed use(s) after rehabilitation: __________________________ Number that are low-moderate income: __________
   Estimated cost of rehabilitation: __________ Floor area before rehabilitation: __________
   This application covers phase number __ of __ phases Floor area after rehabilitation: __________
   Project/phase start date (est.): __________ Completion date (est.): __________

3. Project contact:
   Name __________________________________________
   Street __________________________________________ City __________________________
   State __________ Zip __________ Daytime Telephone Number __________

4. Owner:
   I hereby attest that the information I have provided is, to the best of my knowledge, correct, and that I own the property described above. I understand that falsification of factual representations in this application is subject to criminal sanctions of up to $10,000 in fines or imprisonment for up to five years pursuant to 18 U.S.C. 1001.
   Name __________________________ Signature __________________________ Date __________
   Organization __________________________________________
   Social Security or Taxpayer Identification Number __________________________________________
   Street __________________________________________ City __________________________
   State __________ Zip __________ Daytime Telephone Number __________

   The National Park Service has reviewed the “Historic Certification Application – Part 2” for the above-named property and has determined:
   □ that the rehabilitation described herein is consistent with the historic character of the property or the district in which it is located and that the project meets the Secretary of the Interior’s “Standards for Rehabilitation.” This letter is a preliminary determination only, since a format certification of rehabilitation can be issued only to the owner of a “certified historic structure” after rehabilitation work is completed.
   □ that the rehabilitation or proposed rehabilitation will meet the Secretary of the Interior’s “Standards for Rehabilitation” if the attached conditions are met.
   □ that the rehabilitation described herein is not consistent with the historic character of the property or the district in which it is located and that the project does not meet the Secretary of the Interior’s “Standards for Rehabilitation.” A copy of this form will be provided to the Internal Revenue Service.

   Date __________________________ National Park Service Authorized Signature __________________________
   National Park Service Office/Telephone No. __________________________
   □ See Attachments
5. **DETAILED DESCRIPTION OF REHABILITATION / PRESERVATION WORK** – Includes site work, new construction, alterations, etc. Complete blocks below.

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<th>Approximate Date of feature</th>
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Describe existing feature and its condition:

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<th>Number</th>
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<th>Describe work and impact on existing feature:</th>
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Property Name

Property Address

Architectural feature

Describe work and impact on existing feature:

Describe existing feature and its condition:

Approximate Date of feature

Photo no.

Drawing no.
HISTORIC PRESERVATION CERTIFICATION APPLICATION
REQUEST FOR CERTIFICATION OF COMPLETED WORK
PART 3

1. Name of Property:

Address of Property: Street ____________________________________________________________
City __________________________ County __________________________ State __________ Zip ______

Is property a certified historic structure? □ yes □ no If yes, date of certification by NPS: _________________
or date of listing in the National Register: __________________________

2. Data on rehabilitation project:

National Park Service assigned rehabilitation project number: __________________________

Project starting date: _____________________________________________________________________

Rehabilitation work on this property was completed and the building placed in service on: ______

Estimated costs attributed solely to rehabilitation of the historic structure: $ __________

Estimate costs attributed to new construction associated with the rehabilitation, including additions, site work, parking lots, landscaping: $ __________

3. Owner: (space on reverse for additional owners)

I hereby apply for certification of rehabilitation work described above for purposes of the Federal tax incentives. I hereby attest that the information provided is, to the best of my knowledge, correct, and that, in my opinion the completed rehabilitation meets the Secretary’s “Standards for Rehabilitation” and is consistent with the work described in Part 2 of the Historic Preservation Certification Application. I also attest that I own the property described above. I understand that falsification of factual representations in this application is subject to criminal sanctions of up to $10,000 in fines or imprisonment for up to five years pursuant to 18 U.S.C. 1001.

Name __________________________ Signature __________________________ Date: __________

Organization __________________________

Social Security or Taxpayer Identification Number __________________________

Street __________________________ City __________________________

State __________________________ Zip ______ Daytime Telephone Number __________________________

The National Park Service has reviewed the “Historic Certification Application – Part 2” for the above-listed “certified historic structure” and has determined:

☐ that the completed rehabilitation meets the Secretary of the Interior’s “Standards for Rehabilitation and is consistent with the historic character of the property or the district in which it is located. Effective the date indicated below, the rehabilitation of the “certified historic structure” is hereby designated a “certified rehabilitation.” A copy of this certification has been provided to the Department of the Treasury in accordance with Federal law. This letter of certification is to be used in conjunction with appropriate Internal Revenue Service regulations. Questions concerning specific tax consequences or interpretation of the Internal Revenue Code should be addressed to the appropriate local Internal Revenue Service office. Completed projects may be inspected by an authorized representative of the Secretary to determine if the work meets the “Standards for Rehabilitation.” The Secretary reserves the right to make inspections at any time up to five years after completion of the rehabilitation and to revoke certification, if it is determined that the rehabilitation project was not undertaken as presented by the owner in the application form and supporting documentation, or the owner, upon obtaining certification, undertook unapproved further alterations as part of the rehabilitation project inconsistent with the Secretary’s “Standards for Rehabilitation.”

☐ that the rehabilitation is not consistent with the historic character of the property or the district in which it is located and that the project does not meet the Secretary of the Interior’s “Standards for Rehabilitation.” A copy of this form will be provided to the Internal Revenue Service.

Date __________________________ National Park Service Authorized Signature __________________________

National Park Service Office/Telephone No. __________________________

☐ See Attachments
REQUEST FOR CERTIFICATION OF COMPLETED WORK, continued

NPS Project No.

Additional Owners:

Name __________________________________________
Street __________________________________________
City __________________________ State __________ Zip __________
Social Security or Taxpayer Identification Number: __________________________

Name __________________________________________
Street __________________________________________
City __________________________ State __________ Zip __________
Social Security or Taxpayer Identification Number: __________________________

Name __________________________________________
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Social Security or Taxpayer Identification Number: __________________________

Name __________________________________________
Street __________________________________________
City __________________________ State __________ Zip __________
Social Security or Taxpayer Identification Number: __________________________
Historic Preservation Certification Application
Instructions for Parts 1, 2, and Request for Certification of Completed Work

PART 1 - EVALUATION OF SIGNIFICANCE

For buildings within registered historic districts, Part 1 of the application is reviewed and evaluated in accordance with the Secretary Of the Interior’s Standards for Evaluating Significance Within Registered Historic Districts. The documentation in Part 1 applications for buildings within districts must be sufficient to enable the NPS to judge the building's relationship to the district as a whole and to determine what particular features of the building comprise its historic character.

In compiling this information, applicants should consult the National Register nomination for the district on file at the SHPO or the certified district nomination documentation on file at the local historical commission or the SHPO. It should not be necessary in most cases for the applicant to do detailed research to describe the building and to provide a statement of significance.

Owners of buildings that appear to meet the National Register criteria but are not yet listed in the National Register, or which are located within potential historic districts, may request preliminary determinations from the NPS as to whether such buildings may qualify as certified historic structures when the buildings or the districts in which they are located are listed in the National Register. Preliminary determinations become final as of the date of the listing of the individual building or district in the National Register.

Preliminary determinations may also be requested for buildings outside the period or area of significance of a registered historic district. Such determinations are preliminary only and are not binding upon the NPS. Applicants should consult the SHPO for guidance on preparing requests for these determinations.

The Secretary Of the Interior’s Standards for Evaluating Significance Within Registered Historic Districts

1. A building contributing to the historic significance of a district is one, which by location, design, setting, materials, workmanship, feeling and association adds to the district’s sense of time and place and historical development.

2. A building not contributing to the historic significance of a district is one which does not add to the district’s sense of time and place and historical development; or one where the location, design, setting, materials, workmanship, feeling and association have been so altered or have so deteriorated that the overall integrity of the property has been irretrievably lost.

3. Ordinarily buildings that have been built within the past 50 years shall not be considered to contribute to the significance of a district unless a strong justification concerning their historical or architectural merit is given or the historical attributes of the district are considered to be less than 50 years old.
PART 2 - DESCRIPTION OF REHABILITATION WORK
The Historic Preservation Certification Application - Part 2 must be completed by all owners of certified historic structures seeking to have rehabilitations certified by the Secretary of the Interior as being consistent with the historic character of the structure and, where applicable, the district in which the structure is located, thus qualifying as a certified rehabilitation. A processing fee for review of all Part 2 applications is charged, and no certification decision will be issued until receipt of appropriate remittance. Whenever possible, Part 2 should be completed and submitted prior to the initiation of any rehabilitation work.
The NPS reviews and evaluates all projects in accordance with the Secretary of the Interior’s Standards for Rehabilitation. These ten Standards are broadly worded to guide the rehabilitation of all historic structures, such as industrial complexes, warehouses, schools, commercial structures, and residences. The underlying concern expressed in the Standards is the preservation of significant historic materials and features of a building in the process of rehabilitation. The Standards apply with equal force to both interior and exterior work, and the NPS reviews the entire rehabilitation project (including any attached, adjacent or related new construction) rather than just a single segment of work. Certification is based on whether the overall project meets the Standards.
The Secretary of the Interior's Standards for Rehabilitation The Standards are to be applied to specific rehabilitation projects in a reasonable manner, taking into consideration economic and technical feasibility. The application of these Standards to rehabilitation projects is to be the same as under the previous version so that a project previously acceptable would continue to be acceptable under these Standards.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features or spaces that characterize a property shall be avoided.

3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.

6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.

10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.
REQUEST FOR CERTIFICATION OF COMPLETED WORK

A project does not become a certified rehabilitation eligible for tax incentives until it is completed and so designated by the NPS. Upon completion of the rehabilitation project, the owner(s) must submit a Request for Certification of Completed Work, including interior and exterior photographs of completed work. If a Part 2 application has not been submitted in advance of project completion, it must accompany the Request for Certification of Completed Work. If a Part 2 application has been submitted for review of proposed or ongoing work, submit only the Request for Certification of Completed Work. Return the completed form to the SHPO. An authorized representative of the Secretary may inspect the completed project to determine if the work meets the Standards for Rehabilitation.

PROCESSING FEES
Nonrefundable application processing fees are charged for reviews of requests for certifications of rehabilitation except for projects under $20,000. Do not send payment until requested to do so. The NPS will notify the applicant of the amount to be submitted by return mail. Certification decisions cannot be issued until payment is received. The fee for review of proposed or ongoing rehabilitation work for all projects over $20,000 is $250.

The fee for review of completed rehabilitation work is based on the dollar amount spent on the rehabilitation as follows:

<table>
<thead>
<tr>
<th>Fee</th>
<th>Cost of Rehabilitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500</td>
<td>$20,000 to $99,999</td>
</tr>
<tr>
<td>$800</td>
<td>$100,000 to $499,999</td>
</tr>
<tr>
<td>$1,500</td>
<td>$500,000 to $999,999</td>
</tr>
<tr>
<td>$2,500</td>
<td>$1,000,000 or more</td>
</tr>
</tbody>
</table>

If a proposed or ongoing rehabilitation project has been reviewed prior to submission of the Request for Certification of Completed Work, the NPS will deduct $250 from the total owed for review of completed rehabilitation work.