

Examining Presidio Public Health Service Hospital Project's Outcomes from the Perspectives of Preservation, Real Estate Development and Community/Multiple Public

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Abstract: This report examines the Presidio Public Health Service Hospital rehabilitation, renovation, and transformation project in the state of California. Presidio Public Health Service Hospital is an old military hospital facility that was abandoned in 1981 after half a decade of operation and servicing during World War II as a key military hospital. This report focuses on the main aims of the rehabilitation and renovation project of the presidio facility, the financial incentives involved in the project, and any other financial aspects of the project. Lastly, the report has analyzed the outcomes of the project in three key major areas. These are preservation outcomes, the role that the rehabilitation and renovation project has played on real estate, and also the community outcomes of the project.

Keywords: rehabilitation, financial incentives, outcomes

1. Summary of the project

The Presidio Public Health Service Hospital was in service from 1931 to 1981. When the facility was shut down, all the hospital equipment was left to rot and the community complained that the buildings were out of touch with the rest of the neighborhood. The rehabilitation project was to be conducted by the California state government through the Forest City Development. The presidio trust was a state agency that was established to manage most of the army facilities in the presidio area. The Presidio Public Health Service Hospital was transformed from the early 2000s to 2010. By July 2010, the old hospital facility had been transformed into a modern luxury residential house with 154 units (Figure1). The building has since been named The Presidio Landmark. The building is under the protection and management of the Presidio Trust a state agency that is tasked with managing historic facilities and structures within the Presidio district in California.



Figure 1. Finished building now known as the Presidio Landmark. Source, Presidio Trust 2022

2. Aims of the project

This section highlights the major social aims and economic benefit aims of the Presidio Public Health Service Hospital rehabilitation, renovation, and transformation project in the state of California.

2.1 Social aims

According to the initial plan that was developed by Presidio Trust, the Presidio Public Health Service Hospital was planned to have three major uses. The first one was cultural use. In this case, by ensuring that the facility has been renovated, the historical aspects of the building would be protected under the management of the presidio trust. The second aim was to create more space for residential housing in the Presidio district. The renovated facilities at the site were projected to provide houses for residents in the districts. Lastly, the facility would provide approximately 390,000 square feet for education facilities in the district because of its campus-like setting.

2.2 Economic aims

The economic aims of the project were tied to the preservation of open spaces near the Presidio Public Health Service Hospital (PPHSH) and the creation of parks in the compound that allows for and promote tourism in the district. Presidio Trust was also aiming at developing residential units and leasing units that would generate more revenue for the trust to support its activities of management and planning in the district.

3. Financial incentives and tools in the project

The state and the federal government use policies and tax credits as well as exemptions to encourage the rehabilitation and renovation of historic buildings and the protection of parks. One of the most common methods used by the government is the use of tax credits to attract investors. Investors look for lower tax agreements that will reduce their taxes on the dollar-to-dollar basis. In the PPHSH project, the Federal Historic Preservation Tax Credits enabled the state to spend \$75,034,443. This project was granted a 20% tax credit by the federal government. Because this was a national park area, the Mills Act in California also led to further tax reduction in the project by the provision of Tax Abatement in park renovations.

Under this act, the presidio local government applied for tax reliefs based on the Mills Act provisions that owners who want to renovate their buildings for historical purposes can apply for tax relief at the state level. Low taxes attract investors in rehabilitation projects due to the assured high returns in such projects and this is why the PPHSH project attracted more investors. Tax Increment Financing (TIF) in California also allowed the presidio local government to invest in the project and pay later under the Enhanced Infrastructure Financing District (EIFD). In TIFs, the debt is backed by future revenue streams and not by the municipality's credit. They also provide a source of revenue for the government. This means that TIFs are economic development tools that will pay for themselves in the long term.

4. Presidio Public Health Service Hospital Project's outcomes

Rehabilitation and renovation of historic buildings have been found to play various preservation, real estate development, and also community and multiple public roles and outcomes. There has been a growing tendency for investors to take part in impact investing in historic rehabilitation projects throughout the United States. Scholars also argue that the economic outcomes of such projects and low taxes attract investors who want to maximize their returns. In this section, the outcomes of the Presidio Public Health Service Hospital Project have been analyzed.

4.1 Preservation outcomes

Preservation outcomes focus on the historical or cultural aspect of the buildings or area being renovated. In the case of the Presidio Public Health Service Hospital Project, Presidio Trust highlights that the project has been able to protect and enhance the habitat of the unique and rare plant species found near the Presidio Landmark building. A key factor to note is that Presidio Trust used the residential housing plan to ensure that the natural species of plants are protected by the residents and the management of Presidio Trust. Secondly, the project helped in the preservation of the lower plateau in the Golden Gate National Recreation Area by making it a recreational park for the residents and the visitors of the larger Presidio Landmark facilities and compound. Historic rehabilitation projects help in the preservation of the environment by putting up structures that protect natural habitats or structures that encourage the protection of the natural environment such as parks and recreational areas. The rehabilitation project led to the protection of Mountain Lake by eliminating leaking hospital equipment from the area. It also boosted the vegetation diversity of the area through the rehabilitation of the historic forest and native plant communities.

Historical rehabilitation projects have also been found to protect the historical and cultural elements of a building. In the case of the Presidio Landmark project, the historical aesthetics of the buildings were renovated and the unhistorical parts such as the wings of the buildings were removed and the original façade of the hospital was fixed back. The restoration of the old Presidio Public Health Service Hospital was important in ensuring that the housing diversity of the region was restored. According to the National Trust for Historical Preservation report in 2014, a neighborhood containing a mix of older, big and

small buildings and age diversity supports a greater level of social and economic development. According to Presidio Trust, before the rehabilitation project, the residents of the Presidio District were complaining about the old facility and arguing that it does not rhyme with the general architecture of the area. Restoration of the old historical facility helped in the preservation of the geographical aesthetics of the Golden Gate National Recreation Area.

4.2 Real estate development

Real estate outcomes in rehabilitation projects are the most attractive feature that attracts investors to such projects. This section has analyzed the positive and negative outcomes of the Presidio project-related real estate development. The rehabilitation project led to the development of 154 luxury apartments in the area among the 200 new residential areas built. The main impact is that these luxury apartments have a high rental value compared to other buildings in the area. For example, according to the Presidio Trust report of 2010, the average rental for a one-bedroom luxury suite for 550 square feet is \$2,125 a month. Conventional residential houses in San Francisco had a rent of \$1695. In 2021, the rent at the Presidio Landmark was \$3600 per month compared to \$2550 in other residential houses in Presidio. Similar impacts on the real estate industry have been seen in cities such as New York. Scholars have argued that one of the key findings in New York rehabilitation project outcomes was that the rental stock for historically rehabilitated buildings was higher compared to conventional residential or commercial real estate.

The Presidio Landmark project also led to the appreciation of the value of the real estate property at the Golden Gate National Recreation Area. The Public Health District in which the building sits is regarded as a historical district in California. The recreational area has not seen any new buildings develop due to the need to protect the historical and cultural aesthetics of the area. The high demand for real estate and the low supply of rental and residential houses as a result have created a ripple effect where the value of the real estate has gone up in the area. Historical districts and areas near such projects see few new buildings and this drives the rents up and the value of the property. This assures more return to the investors of the Presidio Landmark thus justifying the TIF strategy.

Golden Gate National Recreation Area is a recreational and residential area. The Presidio Landmark project however introduced new real estate facilities that improved the property diversity in the area. The newly rehabilitated Presidio Landmark has brought educational and cultural facilities into the area thus improving the real estate diversity in the region. Such amenities also help in driving the value of real estate higher in the region.

4.3 Community/Multiple public outcomes

The main beneficiaries of rehabilitation projects are the immediate community and the general public. In the case of Presidio Landmark, this rehabilitation project has led to the development of more creative and local economies for the residents. As part of the larger recreational area, the new project has promoted the development of creative economies such as entertainment areas in the park and small buildings for a small business selling snacks and drinks in the recreational area. The National Trust for Historic Preservation report in 2014 argues that in San Francisco and Washington, D.C. rehabilitation projects attract more concentrations in the commercial sector thereby boosting small and creative economies in the area.

Rehabilitation projects enhance cultural interaction between hosts and visitors. The Presidio Landmark project has created a cultural exchange sector in the area and this makes it easy for visitors to interact with locals. Cultural use is one of the key social aims of the Presidio Landmark project. By developing a cultural area where visitors can come and learn more about the culture of the region and its people, people from Presidio can interact freely with visitors in the parks and also in the education and cultural sections of the Presidio Landmark building.

The Presidio Landmark project has helped in retaining and further development of recreational facilities for the local population in the Golden Gates National Recreational Area. Presidio Trust currently runs a series of recreational activities such as trail activities and hiking, boat riding on the mountain lake, sporting activities such as golf on the lawns of the Presidio landmark, dining services, adventures of the Tunnel tops and even camping in the recreational area of the region. However, while this might be a positive aspect or benefit to the community, the presence of such a unique facility and adjacent recreational area attracts more visitors and this creates other social impacts such as overcrowding in the park during holidays and peak seasons and also cultural erosion due to uncontrolled host-visitor interaction. Such community outcomes are most likely to discourage visitors to the Presidio Landmark educational and cultural facilities. However, Land marking and the high demand from the public for such facilities attract more wealthy visitors thus improving the economy of the region. For example in Manhattan New York, the excessive landmark is threatening to turn the area into a refuge for the rich.

5. Conclusion

In conclusion, the Presidio Public Health Service Hospital rehabilitation, renovation, and transformation project have

had key positive preservation, real estate, and community outcomes that have benefited the investors, the community, and the municipal government. The project has led to the rehabilitation of the natural forest and rare plant species, the restoration of the health of Mountain Lake, and most importantly, preserve the historical aesthetics of the Presidio Public Health Service Hospital building. The preservation of the lower plateau has also ensured land environment preservation in the region. This project has also improved and boosted the real estate industry in Presidio through high rental stocks, increased demand for real estate in the area, and limiting the number of new buildings thus creating low supply in the long term. This helps investors to maximize their returns. Among the community outcomes of the project are recreational areas, promotion of local small and creative businesses, cultural interaction, and cultural exchange between visitors and the hosts.

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