



Martin Luther King Jr. National Historical Park

Can an expanded leasing program reduce deferred maintenance?

Atlanta

For an urban park with a significant inventory of unused residential structures, leasing can provide a pathway to addressing budget concerns and providing a more authentic experience of 1930s Atlanta.

Prepared by The Cadmus Group
Spring 2019

38

acres

38

buildings

\$14.4 million

*total repairs needed
in FY 2017*

584,435

visitors in 2017

Park background

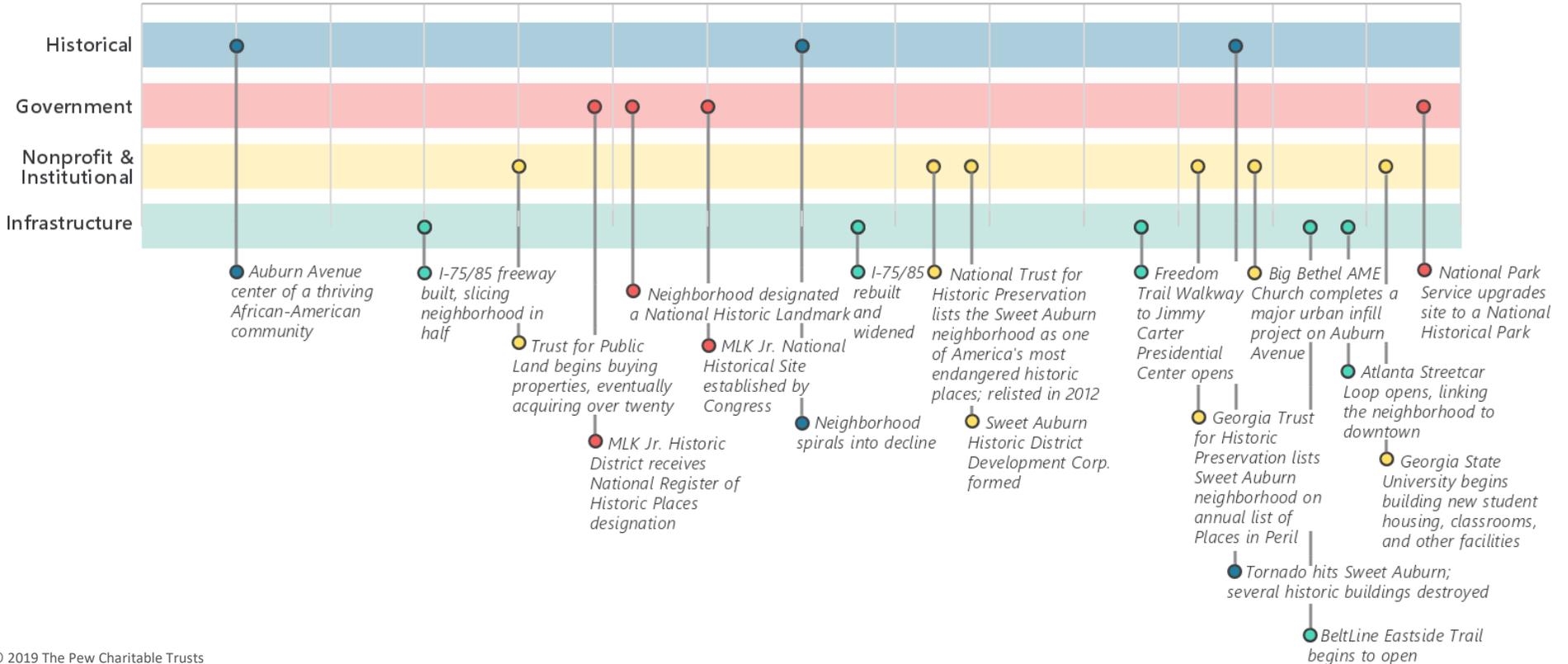
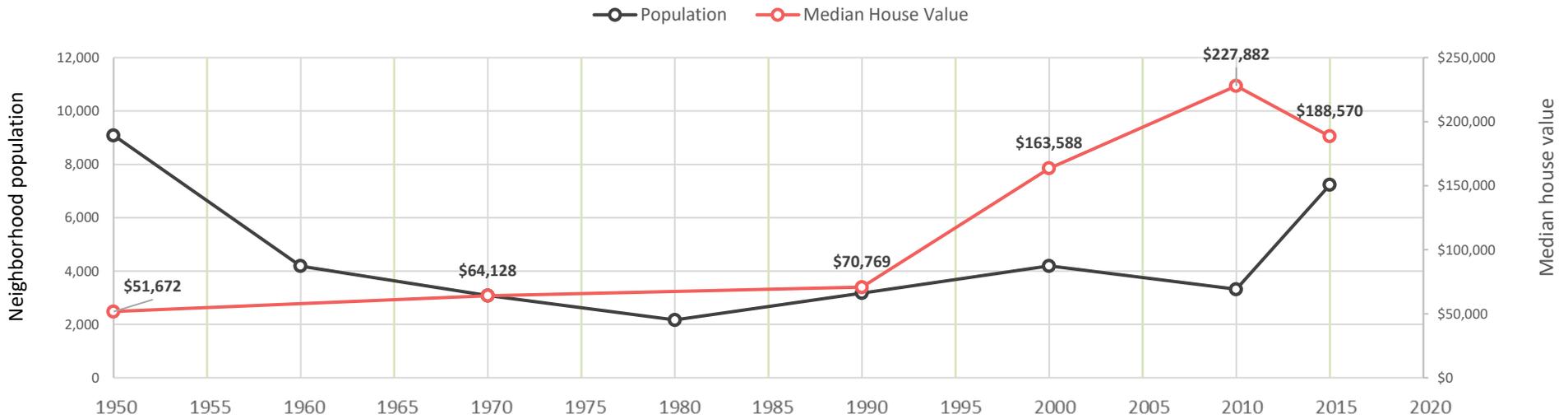
The Martin Luther King Jr. National Historical Park (NHP) covers 38 acres in downtown Atlanta's Sweet Auburn neighborhood. The park is dedicated to preserving and sharing the life and legacy of King and his role in the civil rights movement. The King Center for Nonviolent Social Change, a privately held property inside the park, includes the gravesites of King and his wife, Coretta Scott King.

In 2017, nearly 600,000 people visited the park, which has no admission fee.

The National Park Service (NPS) is responsible for 38 buildings within the site, 30 of which are historic. Historic places include King's birthplace and childhood home, the Ebenezer Baptist Church where he preached, and Fire Station No. 6. Other historic structures include residential and commercial buildings along Auburn Avenue that preserve the streetscape as it would have appeared to King during his lifetime. Many of these structures are available for rent because they do not serve a direct interpretative function for the park. Of the rentable buildings, eight are in use by NPS as offices or housing, 13 are leased to the public, and 10 are vacant.

Photo: The view from the front porch of King's birthplace. The three houses along Auburn Avenue at left are owned by the National Park Service, with a majority of the rental units vacant.

Sweet Auburn Neighborhood Timeline



Neighborhood history and outlook

Neighborhood history has left its imprint on the condition of rentable buildings and on the demand for space within the NHP. After booming during the pre-World War II years, the Sweet Auburn neighborhood, like many urban American neighborhoods, declined from the 1950s onward. Many factors contributed. Some were common to many cities—such as disinvestment and poor urban planning centered on automobiles at the expense of density and connectivity. The decline of segregation also left many African-American residents and business owners free to leave the area. Construction of the 1-75/85 highway through the middle of the neighborhood further accelerated decline.

Many properties were abandoned and demolished during the 1970s, '80s and '90s. By 1992, Sweet Auburn was listed as one of America's 11 Most Endangered Historic Places by the National Trust for Historic Preservation (the neighborhood was listed again in 2012). The Georgia Trust for Historic Preservation also listed the Sweet Auburn neighborhood on its annual list of Georgia's Places in Peril in 1996. A 2008 tornado caused additional damage to several historic buildings and resulted in the loss of the Herndon Building, a major privately owned historic office building on Auburn Avenue, just outside the NHP boundary.

In the past decade, the Sweet Auburn neighborhood has begun to experience a renaissance, bringing with it increased interest from potential tenants. Atlanta, like many metropolitan areas, is once again experiencing growth and rising property values. Sweet Auburn, with a diverse stock of historical architecture and a location close to the downtown core, is beginning another chapter of its history. Two recent transit infrastructure improvements to the neighborhood, the Atlanta Streetcar and the Eastside BeltLine, reinforce the emerging identity of the neighborhood as a livable, transit-oriented urban neighborhood (the Sweet Auburn neighborhood already has one of the highest walkability scores of any Atlanta neighborhood)¹. The Atlanta Streetcar was completed in 2014 and links Sweet Auburn and the NHP to the downtown core and Centennial Olympic Park.

Another major infrastructure improvement, the Eastside BeltLine, began construction in 2012. Part of the Atlanta BeltLine, it will connect and adapt abandoned railway rights of way to create a trail loop encircling Atlanta. The Eastside BeltLine passes roughly 2 miles from the eastern edge of the NHP and is the most heavily trafficked portion of the BeltLine currently open to the public. Nearly 1.9 million people used the Eastside BeltLine in 2017, up from roughly 650,000 users in 2012. Daily use is estimated at 3,000 people for weekdays and 10,000 for weekends.



*The Herndon Building
in the 1980s.*

The BeltLine has become so popular that it has spurred concerns of gentrification in the areas near the trail. Since 2006, the area within a half-mile of the Eastside BeltLine has attracted more than \$775 million in new private development. Properties within the half-mile buffer also have appreciated in value between 18 and 27 percent over the period 2011-2015.²

As a result of these public transit improvements, residential property values in Sweet Auburn have rebounded more, in general, than commercial values.

Auburn Avenue looking toward the NHP, circa 2008. Although the buildings on the left are historic, the right side of the street is Renaissance Walk, a major infill project by the Big Bethel AME Church (center-left). After land banking empty lots and properties, the church opened the \$48.5 million, 161-unit redeveloped mix-use project in 2007.



Preservation history

Martin Luther King Jr. National Historical Park is the result of a long history of historic preservation at the private, local, federal, and nonprofit levels. As the neighborhood declined, many organizations stepped in to acquire and stabilize significant structures and limit uses incompatible with the character of the historic district, generally mothballing purchased assets without immediate plans for reuse. Consequently, several large institutional owners have significant property holdings, especially along Auburn Avenue.

NPS involvement

Congress established a national historic site in October 1980. The choice of designation emphasized the site's focus on the King birthplace. In 2018, Congress expanded the site's boundaries slightly and redesignated it as a national historical park. The change in designation reflected a shift in emphasis to the larger historical context of King's legacy and the history of the civil rights movement.

Other federal designations

Numerous other preservation and development districts overlay the NPS-designated site and other parts of the Sweet Auburn neighborhood. The Martin Luther King Jr. Historic District was listed on the National Register of Historic Places in 1974. Much of that area was included in the larger Sweet Auburn National Historic Landmark boundary in 1976.

Nonprofit involvement

From the late 1970s until 2008, the nonprofit Trust for Public Land acquired over a dozen properties largely within the NHP, eventually donating many to NPS.

Since 1980, the Historic District Development Corp. has focused on rehabilitating residential properties. It currently owns 65 affordable-rate rental units within the MLK Jr. Historic District.³

The Big Bethel AME Church drove redevelopment of the major Renaissance Walk infill development on Auburn Avenue and is planning another significant real estate redevelopment and infill project along Auburn Avenue.⁴ Renaissance Walk features a rooftop pool and tennis court, with two-bedroom apartments originally listed for sale in the mid-\$300,000s. Redevelopment projects such as Renaissance Walk, coordinated by large, institutional owners, demonstrate the high demand for quality housing within the Sweet Auburn neighborhood and signal that economic conditions might be favorable for restoration and leasing of currently mothballed structures owned by NPS and others.

NHP building conditions

Revenue from leased structures is one potential source of funding that could be used to cover deferred maintenance at national parks. Like many parks, the NHP does not charge admission and cannot rely on entry fees for income. In fiscal 2017, NPS estimated that a \$12.7 million investment was needed to properly maintain the existing 30 historic and eight nonhistoric structures within the national historical park. These costs reflect the generally poor to derelict condition of many buildings at the time they were acquired or transferred to NPS ownership (see photos of 493-A, 493-B, and 493-C later in this section).

Building Maintenance Needs

Building	Building count	Deferred maintenance (FY 2017)	Percentage of need
Visitor center	1	\$5,174,029	41%
Ebenezer Baptist Church	1	\$1,136,945	9%
MLK Jr. birthplace	1	\$501,224	4%
Fire Station No. 6	1	\$313,279	2%
NPS office and maintenance shop	2	\$227,413	2%
In use by NPS	8	\$475,516	4%
Rentable space Leased to public—occupied	13	\$658,304	5%
Vacant	10	\$4,228,480	33%
Unknown	1	Unknown	-
	38	\$12,715,192	100%

Slightly more than half (56 percent) of the need is to maintain the park's major attractions and tourist infrastructure: the visitor center (\$5.1 million, or 41 percent of the total), Ebenezer Baptist Church (\$1.1 million), the King birthplace (\$501,224), and Fire Station No. 6 (\$313,279).

Just over 40 percent (\$5.3 million) of deferred maintenance costs cover houses associated with preserving the character of the neighborhood. These houses fall into three general categories: currently used by NPS for office space or staff housing; leased to the public for housing; or mothballed and vacant. Most of the maintenance needed across these three categories is for vacant structures: \$4.2 million, or one-third of the overall NHP maintenance needs. Most of the costs are related to heating, plumbing, electrical, structural, and envelope (roofs, external cladding) work. (See the table, *530 Auburn Avenue Deferred Maintenance Breakdown*, for a detailed look at what it takes to restore one house to leasable condition.)

Breakdown of Rentable Space Maintenance Needs

Property	Used as	Square footage	Maintenance needs (FY 2017)
In use by NPS			
443 Edgewood Ave.	Office	1,200	\$182,548
526 Auburn Ave.	Office	2,259	\$124,414
515 Auburn Ave.	Office	1,650	\$122,223
497 Auburn Ave.	Bookstore	2,753	\$46,330
Ebenezer Electrical Building	Industrial	360	\$0
497 Auburn Ave. garage	Other	400	\$0
		9,292	\$475,516
Leased to public-occupied			
509 Auburn Ave. (apartment building, seven units)	Housing	6,568	\$112,282
540 Auburn Ave. (duplex)	Housing	1,381	\$97,511
522 Auburn Ave.	Office	2,548	\$79,089
445 Edgewood Ave.	Office	1,080	\$72,294
535 Auburn Ave.	Housing	2,300	\$67,238
488 Auburn Ave. (single unit)	Housing	1,080	\$59,766
476-78 Auburn Ave. (duplex)	Housing	1,080	\$40,834
484-86 Auburn Ave. (single unit)	Housing	1,080	\$36,923
506 Auburn Ave. (quadruplex)	Housing	5,708	\$36,579
492-4 Auburn Ave. (single unit)	Housing	1,114	\$25,262
546 Auburn Ave. (duplex)	Housing	1,309	\$23,825
480 Auburn Ave. (single unit)	Housing	1,080	\$6,701
		26,328	\$658,304
Vacant			
530 Auburn Ave.*	Office	3,960	\$1,234,233
491 Auburn Ave.	Office	3,712	\$967,492
518 Auburn Ave.	Office	2,080	\$751,602
493-B Auburn Ave.	Office	783	\$282,055
493-C Auburn Ave.	Office	783	\$282,055
493-A Auburn Ave.	Office	783	\$259,889
514 Auburn Ave. (duplex)**	Housing	2,458	\$163,568
510 Auburn Ave.	Housing	1,685	\$104,983
472-74 Auburn Ave. (duplex)	Housing	1,080	\$97,067
53-5 Boulevard	Housing	1,080	\$50,308
550 Auburn Ave. (quadruplex)	Housing	2,436	\$35,228
		20,840	\$4,228,480
Status unknown			
54 Howell Ave. (triplex)	Housing	2,300	Unknown
Total for all rentable space		58,760	\$4,886,787

Notes: * Most of this work has been completed. ** Half of this duplex is leased.



493-A Auburn Ave. as it appeared when it was acquired in very poor condition by NPS in 2003. 493-B and 493-C Auburn were in similar condition.



493-B Auburn (identical to 493-A) as it appeared in 2009 after emergency stabilization work was performed on all three properties.

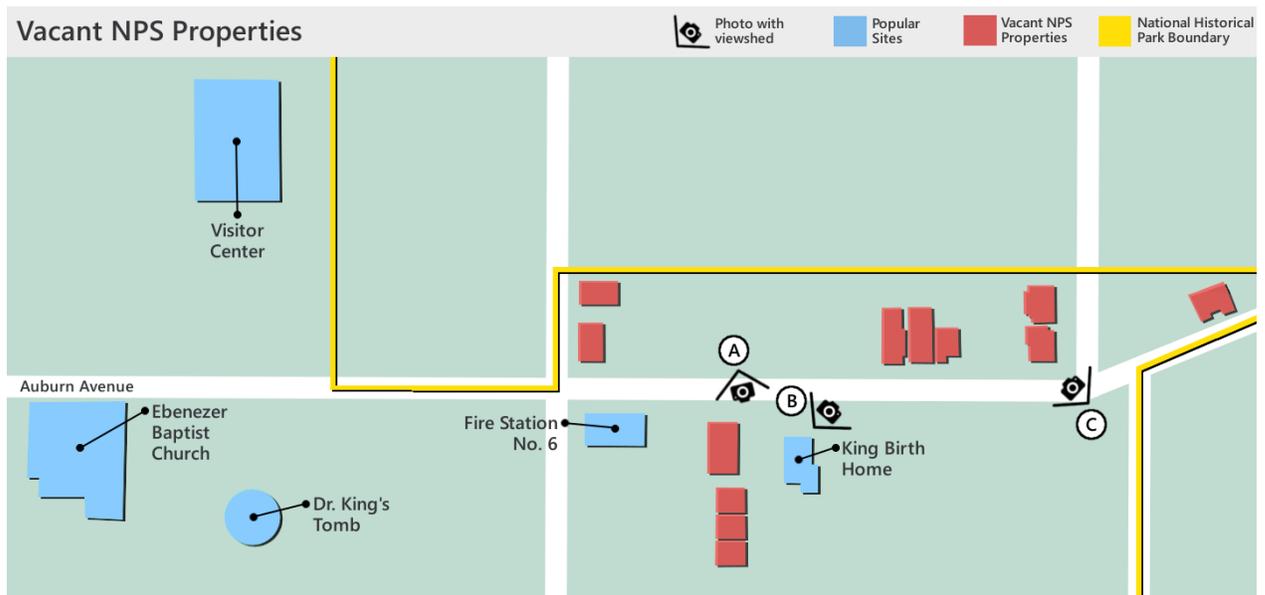


The current interior conditions at 493-A Auburn. NPS estimates that the unit still needs \$259,889 to restore the interior, which retains many original historical features, such as moldings and fixtures. Interior conditions at 493-B and 493-C are similar.

Expanding leasing opportunities

The NHP's existing leasing program of 13 structures is very successful; there is a waiting list for potential residential tenants. The leasing program could be expanded to mothballed and vacant structures to increase park revenue, provided that the buildings could be renovated for residential or other uses in a way that is consistent with the historical fabric of the structure.

The map below highlights the existing vacant structures identified as potentially leasable by the NHP. The cost breakdown of improvements to 530 Auburn Ave. (which is in the final stages of renovation) highlight some of the challenges faced when adapting vacant structures for modern use. The before-and-after photos also underscore the impact that restoring vacant properties can have on a visitor's understanding of the streetscape that King experienced when he lived in the neighborhood, one of the main interpretive goals of the park.





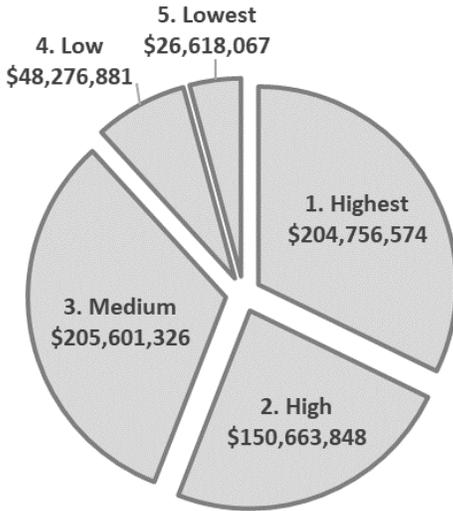
530 Auburn Ave. Deferred Maintenance Breakdown

Miscellaneous structural repairs	\$35,000
Asbestos and lead abatement	\$35,000
Groundwater intrusion at basement	\$14,000
Install electrical system	\$192,155
Install HVAC system	\$52,138
Install plumbing	\$220,918
Rehab top of chimney stack	\$3,779
Remove and replace gutters and round downspouts	\$7,000
Remove asphalt-based, mineral-coated faux brick panel	\$40,678
Remove metal posts on front porch	\$20,902
Remove stucco coating at front porch steps	\$7,000
Remove window awning	\$7,500
Repair and paint siding	\$44,065
Repair and paint wall	\$225,881
Repair and paint windows/doors	\$36,770
Repair foundation	\$188,448
Repair historical landscape	\$5,000
Repair roof framing, sheathing and replace roof covering	\$80,000
Termite inspection and repair	\$18,000

\$1,234,233

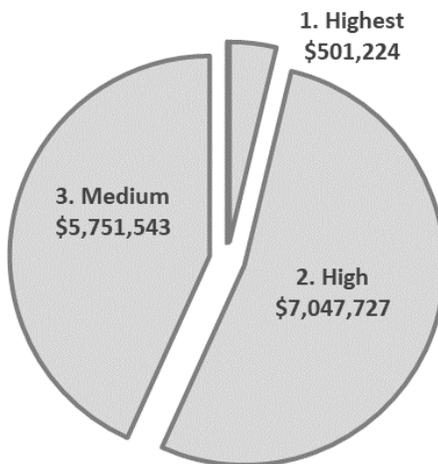
**2017 Southeast Region
Total Maintenance Needs
by Urgency**

(Non-Transport)



**2017 Martin Luther King Jr. NHP
Total Maintenance Needs
by Urgency**

(Non-Transport)



Barriers within NPS to greater leasing at Martin Luther King Jr. NHP

NPS faces several internal organizational barriers to adopting a more proactive leasing program at Martin Luther King Jr. NHP. Funding and staff capacity remain the two greatest challenges.

Funding

Funding limitations within the Southeast Region of NPS (which comprises Kentucky, Tennessee, North Carolina, Louisiana, Alabama, Mississippi, Georgia, Puerto Rico, and the U.S. Virgin Islands) create competition among projects, with money going to the most urgent needs.

The Southeast Region needs \$1.8 billion to address deferred maintenance at more than 70 NPS units and involving more than 14,000 projects. Excluding transportation-related needs, which are funded separately, the total maintenance needs fall to \$636 million, including \$216 million for building-related projects (\$103 million of this total is for historic structures). Fifty-six percent of the total current nontransportation related need, or \$355 million, is categorized as “highest” or “high” priority, the topmost of the five categories of urgency used by NPS to rank its maintenance needs. As with the Southeast Region as a whole, the majority of the maintenance needs at the Martin Luther King Jr. NHP are “highest” or “high” priority, with the majority of nontransportation needs related to maintaining structures.

MLK Jr. NHP Nontransportation Needs

Priority	Buildings	IT Systems	Interpretive Media	Landscape
1. Highest	\$501,224	-	-	-
2. High	\$6,818,565	\$229,162	-	-
3. Medium	\$5,395,404	-	\$75,000	\$281,140
4. Low	-	-	-	-
5. Lowest	-	-	-	-
	\$12,715,192	\$229,162	\$75,000	\$281,140

The priority needs of leasable buildings could be a contributing factor to their continued underutilization. Leasable buildings account for \$4,886,787 of the building needs, all of which are categorized as “medium” urgency. But because funding for the Southeast Region’s infrastructure needs does not meet demand, it must be rationed. Limited funds are more likely to be allocated to “highest” and “high” priority needs. To meet the most urgent needs, funding may be allocated to other parks in the Southeast Region, which have more “highest” category needs, and funding that is allocated to the MLK Jr. NHP may itself be redirected from leasable buildings to higher-priority targets, such as the very visible and highly used visitor center and Ebenezer Baptist Church (both of which are categorized as “high” priority).

Staff capacity

Limited NPS staff capacity at the Martin Luther King Jr. NHP also makes increasing leasing opportunities a challenge. Management of the leasing program is currently overseen by the deputy superintendent and the administrative officer, both of whom already have other significant responsibilities.

Ideally, leasing would be overseen by a dedicated position focused on leasing or real property maintenance and staffed by someone with property management experience. Potentially, this position could be contracted to a property management or leasing agency, and funding for the position could be generated from leasing revenues (this approach would have to be cleared under NPS and park regulations).

Neighborhood-scale challenges and opportunities

The ongoing revival of the Sweet Auburn neighborhood has created a positive market for residential and commercial leasing opportunities. In 2016, Sweet Auburn Works, a nonprofit group focused on revitalizing the neighborhood, coordinated with the Urban Land Institute to develop a strategy to accelerate redevelopment and investment. Panelists for a 2016 report included real estate, finance, and design experts who identified several assets and challenges to creating a secure future for the neighborhood through responsible leasing and development.⁵

NPS is well placed to play a significant role in securing the future of the neighborhood through responsible leasing. A major theme raised by the panel was that creating successful retail districts and desirable neighborhoods in the 21st century relies on developing authentic, unique experiences. Customers and residents will gravitate toward places that provide experiences they cannot have online. Because Sweet Auburn and the NHP are focused on storytelling and experiencing key moments in American history, there are exceptional opportunities to leverage this history to build brand identity, attract tenants, and radiate influence throughout the community. As lead custodian of this history, NPS has a natural role in maintaining and broadcasting the history of its holdings. The panel also noted that fragmented development can threaten the cohesiveness of the message needed to lure tenants. As a leading voice and major landowner in the neighborhood, NPS can help support responsible, coordinated development that is on-message to the historic legacy of the neighborhood. For example, visitor surveys noted the need for consistent signage and lighting throughout the area; NPS is readily placed to lead such improvements as part of any leasing program.

The other major obstacles raised by the panel included safety concerns. Visitor surveys noted that graffiti on park signs was especially worrisome.⁶ Because NPS staff are uniformed, walking tours and outdoor guides are well placed to improve visitors' perception of safety. In many ways, by simply leasing vacant buildings, NPS can begin a virtuous cycle: More residents and businesses mean more foot traffic, which increases the perception of safety, which drives more foot traffic, creating a loop that improves values and rental desirability.

The NHP has focused primarily on residential leasing (although at least one structure was leased for a barbershop at one point). Visitor surveys and the retail assessment point out that there is a demand for retail leasing near the King birthplace, where the NHP controls a significant amount of vacant property. Specifically, there is a clear demand for more food and beverage opportunities near the park. Visitors often wait hours to tour the birthplace, leading to demand for a place to rest and refuel nearby. This is especially true for families with children visiting the site and on hot, humid, southern summer days. Demand for food and beverage is also driven by factors outside the NHP. At the newly renovated Sweet Auburn Curb Market a few blocks away, demand regularly exceeds 2,500 visitors a day, driven primarily by nearby Grady Hospital and the expanding Georgia State University campus. Given the mix of local and visitor demand drivers, the neighborhood can support retail focused on both local customers and visitors.

Lastly, the retail assessment suggests that to overcome potential coordination and brand identity issues, owners may wish to package properties into unique selling propositions (USP) for the area to draw more private investment while encouraging coordinated and site-appropriate development. Given the relatively large inventory of NPS properties in the NHP, both restored and unrestored, and the large inventory of empty lots (including several on the key block of Auburn Avenue near the King birthplace), NPS is well placed to either generate its own multiproperty packages or coordinate with other large institutional landowners in the area to create opportunities that increase the likelihood that "problem" properties will be properly restored while maintaining the historic integrity of the neighborhood.

Recommendations

- Conduct or contract a feasibility analysis to determine which uses would be most appropriate for which buildings and develop a leasing strategy that could form the basis of an agreement with third-party developers to design, build/renovate, finance, operate, and maintain currently vacant NPS assets.
- Given that many vacant properties are adjacent and that the NHP is very compact overall, leasing packages may be developed to incentivize property management firms to cross-subsidize the restoration of properties in especially poor condition.
- Pursue a funding plan to support dedicated leasing program staff at the park level.
- Many empty lots occur throughout the NHP, including two diagonally across from the King birthplace. Examine the rebuilding of previously demolished properties on currently vacant lots as part of any package of leasing opportunities. Given the high costs of restoring existing structures, such as 530 Auburn, costs for re-creating missing structures may be comparable or even lower than restoration costs. Fully modern interiors also may command premium rent prices, while restored facades would be consistent with NPS policy and complement the NHP's mission of providing visitors with the streetscape that King would have experienced.

References

Photos:

Cover: Satomi Ichimura/Flickr Creative Commons.

Herndon Building: Library of Congress, Historic Architecture Building Survey.

Auburn Avenue: Ken Lund/Flickr Creative Commons.

493-A Auburn: Joseph K. Oppermann/Martin Luther King Jr. National Historic Site, Historic Structures Report.

Map:

A. Adam Jones/Flickr Creative Commons.

B. Michael Barera/Creative Commons.

C. @tylercashin/Instagram.

Thanks to:

Tom Shea, a real estate expert and principal/co-founder of the Concourse Group, provided feedback on the leasability of the NPS portfolio at the site and provided input on recommendations. Based on inventory tables, Shea reviewed the history and makeup of NPS properties within the park, including the building types, size, and condition. He also reviewed the existing leasing strategies developed by the Sweet Auburn Works and Urban Land Institute in 2016 to accelerate redevelopment and investment in the area.

This white paper was prepared by The Cadmus Group and commissioned by The Pew Charitable Trusts. Pew is not responsible for any errors and does not necessarily endorse the findings in this work.

Endnotes

¹ Walk Score. Atlanta Neighborhood Walk Scores. <https://www.walkscore.com/GA/Atlanta>.

² Dan Immergluck and Tharunya Balan, "Sustainable For Whom? Green Urban Development, Environmental Gentrification, and the Atlanta Beltline," *Urban Geography* 39:4 (2017), <https://www.tandfonline.com/doi/abs/10.1080/02723638.2017.1360041?journalCode=rurb20>.

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³ Urban Land Institute, "Sweet Auburn Retail Strategies," (2016), <https://atlanta.uli.org/wp-content/uploads/sites/9/2012/04/ULI-Atlanta-Sweet-Auburn-Works-FINAL-REPORT-4-20-16.pdf>.

⁴ Praxis3, "Revitalizing Sweet Auburn," http://www.praxis3.com/p3/case_study/Ren_Walk_Casestudy.pdf; *Curbed Atlanta*, "Developer Wants Invest Atlanta's Help with Big Bethel Tower Redevelopment," (2018), <https://atlanta.curbed.com/2018/5/16/17357802/developer-invest-atlanta-big-bethel-tower>.

⁵ Urban Land Institute, "Sweet Auburn Retail Strategies," (2016), <https://atlanta.uli.org/wp-content/uploads/sites/9/2012/04/ULI-Atlanta-Sweet-Auburn-Works-FINAL-REPORT-4-20-16.pdf>.

⁶ Yen Le and Nancy C. Holmes, "The Visitor Experience at Martin Luther King Jr. National Historic Site: Signage, Safety and Services," National Park Service, Natural Resource Report NPS/NRSS/EQD/NRR—2013/687 (2013), http://psu.sesrc.wsu.edu/vsp/reports/3005_MALU_rept.pdf.