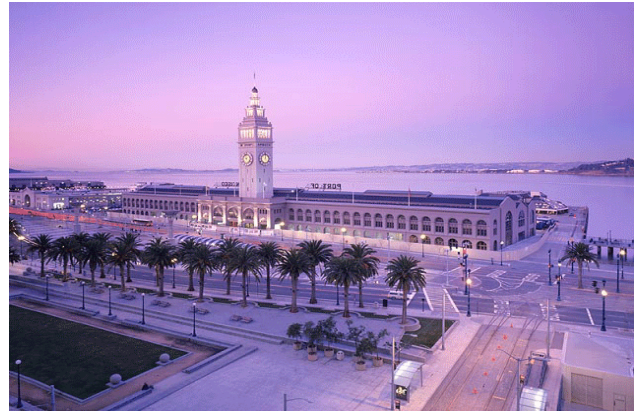


Tax Credit Case Study:
Use of Tax Credit to Restore a Listed Historic Property
The Ferry Building – San Francisco, California

Built in 1898 as San Francisco's main ferry transit terminal for persons traveling to the city from points across and around San Francisco Bay, the Ferry Building is one of San Francisco's most identifiable landmarks and a symbol of the city's waterfront. But transportation systems change and ferry service has not been the principal way of crossing San Francisco Bay for nearly fifty years. As a consequence, from 1954 on, the Ferry Building was used as low value, increasingly obsolete, "Class C" office space. By 1998, it had reached an advanced state of deterioration. Redevelopment was economically infeasible, as required redevelopment costs significantly exceeded the property's post-rehab economic value.



Coincidentally, a decade earlier in 1989, a significant earthquake caused major structural damage to an existing elevated expressway which circled the waterfront, obstructing public access to the portion of the city's bayside fringe adjacent the Ferry Building. In the years following the earthquake, the City elected to remove the expressway and redevelop the land as a linked series of plazas and pedestrianized public spaces.

This public investment set the stage for the restoration of the Ferry Building: It was added on the National Register of Historic Places, making it eligible for tax credits; these supported Bank of America's \$27.7 million equity investment, a critical piece of the more than \$100 million needed to finance the building's acquisition, restoration and adaptive reuse. Completed in 2002, the property has since won five separate industry awards.



The restored, 240,000 square foot Ferry Building includes 172,000 square feet of office space offering tenants views of the city and bay, small shops and restaurants. As a landmark, it anchors the neighborhood and is catalyzing other development. A four-day-a-week farmer's market is moving to the outside of the Ferry Building. A 50,000 square foot marketplace will exist along the 600-foot nave and serve as an indoor street market.

Without the historic tax credit to resolve the extraordinary redevelopment cost challenges faced here, the Ferry Building would have continued on a predictable path of dereliction, decay and abandonment.

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