

## Machiya Preservation Project

### November 5 Morning Workshop: Building Financial Support for Historic Preservation

**Ruth Abram**, Lower East Side Tenement Museum  
**Simeon Bankoff**, Historic Districts Council  
**Bonnie Burnham**, World Monuments Fund  
**Kazumori Kaneshiro**, Zero Corporation Co., Ltd.  
**Wendy Nicholas**, The National Trust Northeast Regional Office  
**Hiroshi Okubo**, Nihon Tokei Jim-Center Co., Ltd.  
**Takahiko Otani**, Kyomachiya Revitalization Study Group  
**Daniel Rosenblum**, Japan Society  
**Susumu Satomi**, Kyoto City  
**Kenzo Teramoto**, Kyoto Center for Community Collaboration  
**Anne H. Van Ingen**, New York State Council on the Arts

On November 5, 2008, American and Japanese preservationists met at Japan Society to explore fundraising approaches for historic preservation in both the public and private sectors.

Japan has no tax incentives for philanthropy, and thus no incentive for corporations to give to Japanese nonprofits, said **Daniel Rosenblum** of Japan Society in his welcoming remarks. There's also little public awareness or sense of value concerning vernacular buildings in Japan.

The goal of the morning's discussions "is to offer our Japanese colleagues lessons that we have learned from our experiences as solicitors and donors of funds for historic preservation," said **Ruth Abram**, founder of the Lower East Side Tenement Museum, who presided. "The challenge is to create the climate for preservation which will prompt those who have it" to give it for this purpose.

Ruth spent many years raising money for the women's movement, civil rights and civil liberties movements, and most recently, the past 20 years, for the Tenement Museum. "I always seem to pick things to raise money for things that most people don't want to give to, so it's been a great pleasure."

Her slogan, captured on an embroidered pillow that her staff gave her when she recently stepped down from the Tenement Museum presidency, is quite simple: "It's only no for now."

**Susumu Satomi**, representing the mayor of Kyoto, commented that historic preservation "requires not only good will but other conditions," including an understanding of how the financing scheme works for the financial institutions and how the funds move that involve nonprofit groups.

Before joining Kyoto Center for Community Collaboration, **Kenzo Teramoto** served for 32 years as a staff member of the Kyoto city government. "Fundraising is not the forte for a bureaucrat," he said a bit ruefully. "I go to as many companies as possible to explain the contents of the fund, and the response is always very favorable, but when it comes to the talk of the money, people hesitate."

**Takahiko Otani** of the Kyomachiya Revitalization Study Group, a professor of architecture at Mukogawa Women's University, expressed similar concerns. "Maybe we're not experienced fundraisers in Japan."

"I'd like to assure everyone that *all* of us have had fundraising experience," Ruth Abram responded. "If you have *ever* wanted something from someone else who didn't want to give it to you--maybe it was your parent, maybe it was your spouse, or your friend, maybe it was your siblings or your teacher--you have had to do the same thing as any fundraiser":

You have had to wait for the exact right moment. Not before they've had their coffee in the morning--always a bad idea. Or maybe it's to be over a drink in the afternoon, whatever.

You carefully select your time. And you select your place. Maybe it's in the place you know they like the most to be--get them in the right frame of mind.

And then you've got your argument to make what would appeal most to them, not necessarily the thing that's most important to you about why you're asking for it. . . .

And then of course if the odds are really against you--maybe it is your parent--you might want to take in an advocate, your older brother or sister, or your uncle or aunt, to help make that case.

And finally, and this is usually when you're losing badly, you're going to want to bring up the consequences of their not doing what it is you want them to do.

These are the simple pieces of fundraising. So all of us have done it, and that is what we're going to essentially be talking about today.

Ruth asked **Simeon Bankoff** to explain how he goes about raising money for preservation:

**Tell us what the process is like and how the organization builds a climate for successful fundraising for historic preservation.**

The Historic Districts Council works with about 500 neighborhood-based community groups, mostly volunteer groups, in trying to advocate and better their historic neighborhoods, Simeon said. Founded originally as an arm of the Municipal Arts Society, the Council was spun off in 1986 as an independent nonprofit and gradually professionalized, hiring an executive director in 1988. Simeon, who came on in 2000, was the second paid employee.

Simeon gets involved in two types of fundraising, he explained: general funding, to cover staff costs, rent and other operating expenses, which is very hard to get, and fundraising for programs, e.g., putting on a film festival, repairing a historic property, printing an informational brochure about understanding their cultural heritage.

"When these small volunteer groups come to me and say we're trying to save our neighborhood, how can we do this, we say well, unfortunately everything in this world does cost money," Simeon recounted. He tells them:

How have you thought about fundraising for the money? Have you thought about approaching your neighbors and saying this is what we're trying to do, we hope you'll join us, we hope you'll help us. One of the ways that you can help, in addition to contacting your elected officials, in addition to helping in the study of the history, is donating a little bit of money so that we can help organize all of this.

And there is to some degree a buy-in when people in a community devote themselves [in this way]. We've just seen this in the recent presidential campaign, where Mr. Obama had an astonishing number of donors, 3 million donors, who all gave small amounts of money and showed that they really invested themselves.

**What would be an example?** asked Ruth.

One of the most successful members of the Historic Districts Council is the Greenwich Village Society for Historic Preservation, and one of its greatest successes is the effort to save the meatpacking district on the western edge of the area, Simeon said.

The district, which went by the name Gansevoort Market, was all low-rise buildings, old buildings, a part of New York history. You could see the sky. But the meatpackers were moving out, and neighbors were worried about the changes that might come.

The Greenwich Village Society had never been involved in this before, but it formed a committee and decided to campaign to rezone the area and protect it as a historic district. To raise money for a historic study of the area, the society designed a compelling logo that looked like a meat-branding logo.

Volunteers buttonholed people on the street--"I'm from Save Gansevoort Market," no further explanation needed--and asked for donations. They held house parties, handed out buttons at street fairs, made brochures so people could go on walking tours of the area and see for themselves. Eventually, they hired a skillful advocate "who made it into a press issue, using both his own expertise and the local residents and the local business owners."

With some government funding but mostly private donations, they got the job done, Simeon said. Rezoning protects the scale of the buildings. The city and state have designated the more important historic buildings as landmarks. The fabric of the buildings and streets still looks like the old neighborhood, but now there are beautiful shops, restaurants and nightclubs. "Everyone loves to shop, but even more they love to shop in stores on old streets, because there's a cultural value to that."

**What has to be in place to support funding for historic preservation, whether it's legal or legislative or attitudinal or cultural? What benefits do funders derive from supporting historic preservation, and is it different for individuals, for foundations, for corporations and for the public sector?**

"I know it's very hard for people who live in societies where decision-making is very top-down, starting from a governmental policy," said **Bonnie Burnham** of the World Monuments Fund. "But I think that you can learn from the examples of many communities how it's been possible to build a base of support that will influence the government."

Government support is essential, Bonnie said, yet "the program won't necessarily be sustainable unless the community's behind it." If there is community support, "the government will back up and recognize that community's interest and be willing to support bringing the private sector into the solution for the place. If the government feels they have to be the one to make those decisions, other people really shouldn't be telling them what to do, it's not a positive environment for fundraising. And you'll soon learn that when you go out to start talking to individuals."

Beyond the benefit to the place that's being preserved, what attracts U.S. donors is leverage, the idea that one donor's money will prompt others to give too.

As an example, Bonnie cited her organization's experience with a church in Mexico that was on the Fund's endangered sites list. The church had been built right on top of a working silver mine in Taxco, and vibrations from the mine had caused all sorts of damage.

Taxco is a prosperous town and a center for silver mining and the making of silver jewelry, but without a lot of individual wealth. On her visit to the site, Bonnie brought along a representative from American Express, one of the donors for this endangered sites program.

It turned out that Taxco had declared her visit a local holiday. Bells rang, bands played, muskets were shot off. Impressed, American Express "felt compelled to do something to help move this effort forward, because all the community leaders were there, and what they had to say was that they had no money and no idea of how to raise it, and the state government was not helping."

Saving the church would cost some \$5 million. American Express agreed to make a grant of \$60,000--not a lot of money, but Bonnie returned for a second visit, and the governor of the state came to receive the check and make a speech. He promised the state would commit \$100,000 to the project.

With the backing of a private donor, World Monuments Fund then agreed to match any additional funds the community raised within the year. Every silversmith in town made a contribution, amounting to \$250,000. The community then asked the Fund to continue matching until the project was finished. "And that again, to our donors here, seemed like an irresistible proposition. . . . It took time, but what was built there was an energized community that really now knows what to do when they need to raise money."

**What's the cutting edge of historic preservation today? What funding mistakes have you made, and why do you regard them as mistakes, and what would you do differently today?**

**Wendy Nicholas** of the National Trust for Historic Preservation said her organization raises about \$56 million each year and makes about \$3 million a year in grants, mostly for education and advocacy.

Governments in the United States support historic preservation through appropriations and grants; through bond issues, in some cases, usually when historic preservation, land conservation "and perhaps affordable housing advocates come together" to support a cause; and through tax credits for rehabilitating historic buildings. The federal tax credit program, enacted in 1976, has since then leveraged \$45 billion in private investment in nearly 40,000 historic building rehabilitation projects, Wendy said. Some states also have tax credits; some run lotteries; some charge a small fee for filing mortgage documents and the like and allocate the proceeds for historic preservation.

American companies hope to be recognized as good citizens in their communities, she said. Makers of paint and building materials have contributed their products. To build up its customer base and burnish its image, a local Rhode Island hardware store gave National Trust members a discount on paint.

Individual contributors are motivated by the desire to honor the past and educate future generations, and in the past 30 or 40 years, to revitalize neighborhoods where they live, work, shop or travel: "More and more, people are interested in authentic experiences." The National Trust is also doing research on historic preservation as a strategy for sustainability, Wendy said. In Kyoto, "I have to think that this is a powerful and moving argument."

Machiya "aren't so dissimilar from the rowhouses in Philadelphia or Baltimore"--narrow, long, "not so easy to live in these days," in Wendy's view. The National Trust worked with the City of Philadelphia to produce a rowhouse manual, a little book for owners and residents to "help them understand how to take care of those houses, how to maintain them, understand how they can make some modifications to those houses to make them more livable." There's a similar effort by bungalow owners in Chicago.

**Anne Van Ingen** of the New York State Council on the Arts runs a program on architecture planning and design that gives general, unrestricted operating support--very unusual for a public agency, she observed--to about 20 community-based historic preservation nonprofit organizations across New York.

Her program also gives project support, often for adaptive reuse. This money "tends to be on the early side of projects," Anne said. She visited the Tenement Museum before the property was even purchased--a "fly in amber" that had been closed up since the early 1930s. Her agency helped pay for architects' fees, documentation, and building the case for the project.

Grant money is a check in the mail up front, not a reimbursement as with many other agencies, Anne said. Criteria include the excellence of the programs and projects, and the

stability and sustainability of the organization: whether it has a solid staffing base, an engaged board, and funding from other sources.

Financial need is not a criterion, she said. "We fund everybody from the most well endowed organizations across the board to much smaller, more fragile groups, because I think public money--we may shift the scale a little bit, but I think public money is there for everyone and it's not just for organizations that are more fragile. It's an important player in the larger organizations as well."

On mistakes, "they tend to be made when I or my staff haven't been to see a place," Anne reflected. You visit to make sure "that the people involved in the project really care about it, really do know what they're talking about, that they're all talking together, that they understand what their architect is doing, they have a notion of how to get a building project done."

Another mistake, she said, "is not giving enough. You need to give enough to a project to really get it started."

Governments see value in historic preservation as an economic generator: "A public dollar spent on preservation generates many, many, many multiples of that dollar in private support and tax revenue, economic benefit, all of that," Anne said. Her agency can further its mission by seeking out projects in towns that have no other cultural activities going on. There might be no dance company, no film series, "but they have old buildings, they have a wonderful community worth saving, and so we can use historic preservation as a tool to get our arts money out across the state."

### **What are preservationists doing to expand the donor pool, and is it working, and why or why not?**

The importance of donating is becoming more widely understood in Japan, said **Hiroshi Okubo**, vice chairman of the Japan Kanji Aptitude Testing Foundation and one of two Japanese executives whose support made possible the panelists' meetings in New York.

Company revenues jump up by 30 percent, he said, when companies donate a portion of the sales price of their consumer products to charity.

Vending machines are everywhere in Japan, Hiroshi noted--4.61 million units, or one for every 20 people. They're power hungry, which doesn't help from an environmental standpoint, and they're painted garish colors, which creates a kind of aesthetic or spiritual pollution: a bright blue and yellow and red machine in front of a temple or shrine in Kyoto "has a sort of alien feeling" that clashes with the beauty of traditional Kyoto.

There's another way to draw customers' attention, Hiroshi suggested. Vending machine operators and bottlers should give consumers who buy a product for ¥100 the option to pay one yen extra as a donation for machiya preservation. Machiya buildings have a very low environmental impact, which makes them very appropriate as a donation recipient for such a program.

There are already on the market a small number of vending machines that have a button to make a donation to charity, Hiroshi said. Before you get the product, you can press a ¥10 or ¥100 button. If you want to donate ¥20, you can press the ¥10 button twice, and so forth. "If you accumulate small amounts, "which people feel comfortable doing, they might grow to substantial sums."

### **What is it that motivated you to support the visits and meetings that bring us here today?** asked Ruth.

When Hiroshi was 30, he said, his grandmother died and he inherited a machiya and the business she'd run there. He tore down the machiya and built a modern, American-style

building in its place. But five years later, he met with Professor Limbon and realized this was a mistake.

Being based in Kyoto gives his testing business a huge advantage, Hiroshi said: "People come to Kyoto. We don't have to go visit other parts of Japan. People come from all over. And that's because of the historical heritage and value."

"And I think that's the curse of machiya. Because we destroyed machiya, I'm having to get involved in a project to revitalize the machiya."

"It's called guilt," Ruth said, laughing. "And anyone who's raised money has used guilt."

American managers consider donation to be part of their companies' social responsibility, but Japanese managers think differently, said **Kazumori Kaneshiro** of Zero, likewise a sponsor of the New York machiya events. Revered business leader Konosuke Matsushita "used to say that we earn big profit and pay big taxes, that's the major contribution of the company," and most Japanese company managers agree.

Most machiya are very small, only 60 to 80 square meters, or 650 to 850 square feet of living space, he said, and the majority of machiya residents "are not living in these buildings because they want to, but because they have no choice."

The buildings aren't suitable for use as hotels and restaurants under current regulations, Kazumori said. Moreover, "if a magnitude 6 earthquake should come to Kyoto, we can pretty much be sure that the building would be destroyed."

Machiya are identified with Kyoto, "and we really should know that machiya should be valued for the heritage." But for the real estate business, they are "something that you would rather not deal with."

### **What's different about that one month that you spend in the machiya?**

The Tarawaya Inn, where Marlon Brando stayed as someone mentioned yesterday, is a very functional, beautiful space, he commented. During his stay in his machiya, "I feel very enriched."

**Fusae Kojima**, a founding member of the Kyomachiya Revitalization Study Group, lives in a machiya full time. "I feel pretty cold in the winter and very hot in summer," she said. "Illumination nowadays is considered luxury and beautiful, but my home is very dark. Getting used to being in the dark might be most difficult for the modern people.

"In the morning when you get up it becomes brighter, and at night it becomes darker. That's nature. That's the natural environment where I spend my days."

"As the winter approaches, day by day it gets cooler, and as the spring approaches, we can experience more light coming indoors, and each day I wonder, maybe I can shed one layer of my clothing, and that's the kind of direct experience that I can have in this house. I don't know if it's a good thing for everybody, but to me this is the best experience."

During the 60s in New York, "there were rows and rows and rows" of Brooklyn brownstones "that were looked at as complete white elephants," Simeon Bankoff pointed out. "Who would want to actually live in them? They're old, they're drafty, they don't have modern conveniences." And yet when young professionals discovered the affordable prices, they bought them, moved in and created a culture of renovation.

There are amenities you don't have in modern high-rise buildings. "You can open your windows," he said. "You can sit on your stoop and talk to your neighbors." The people who bought the houses and who came in to do repairs help stabilize neighborhoods. "The real estate industry, which is notoriously shortsighted, only looks at next year's gain," but these

urban pioneers now live in the most expensive areas in New York. "And now the real estate industry is making huge amounts of money off them."

Georgetown in Malaysia is a similar example, said Bonnie Burnham. Grassroots groups did a lot of work to raise awareness and restore Chinese shophouses to their original use as combined places of business and living quarters, updated to suit modern conditions. "But I think in Kyoto you have a much better handle, or opportunity, because as one of you said, people come to Kyoto. You don't have to bring them there."

Bonnie's Taxco example "is called in Japanese *gaiatsu*, that is, foreign pressure, when the local government was inspired to also help raise funds because American Express came in and did that," commented Daniel Rosenblum.

"And in Japan, *gaiatsu* is something that is one of the determining factors that helps Japan change. In thinking about the *machiya* and my many conversations with Limbon and others, this idea of, if only a Rockefeller or an American Express or somebody could stand up and say we think there's value here, then that would spur--the theory goes, and I don't know how realistic it is--but that would spur, the theory goes, the Japanese to act in kind."

**"How much, and I ask this of our Japanese colleagues, how much do we need to raise in order to fund the support and restoration and adaptation?"** asked Ruth Abram.

\$5 million per *machiya* unit, Limbon suggested.

That amount would buy a very well maintained unit, a large, well maintained symbolic *machiya*, Kazumori Kaneshiro said. "For \$600,000, you would be able to buy a façade alone. There are different ways of buying it, and rejuvenating it, but \$6 million would be enough."

According to market studies by her center, Fusae Kojima said, \$5 million would buy 10 small units needing renovation, either to live in or to lease out to others.

"If Japan is going to be entering into the same economic world that we are, in this country, over the next few years, you may want to think about wanting to use that money a little more catalytically," pondered Anne Van Ingen.

"With \$5 million, you could set up a very good nonprofit and you could teach people about the values of these buildings. . . . It would have a much greater impact, as opposed to simply buying just one building or even 10 buildings."

Another idea is to sell air rights, but the issues here are complex. "In Japan when a building is built, the assumption is that it will be rebuilt in 40 to 50 years," one of the Japanese panelists explained, and the new height limits on certain buildings in Kyoto further complicate matters. "We really have to face up to the differences in regulations in Japan and the U.S.," he said.

Summing up, Ruth Abram observed that in the preservation philosophy workshop the day before, the arguments raised for saving the *machiya* "are all spiritual reasons," whereas the fundraising workshop just concluding addresses economic issues that are also very important. "I look forward to continuing the conversation with all of you."