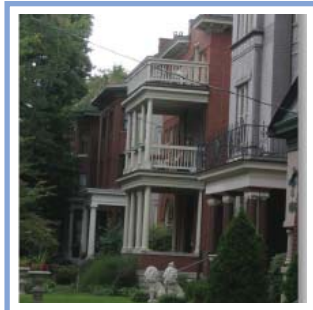




Measuring the Economics of Preservation: Recent Findings

Prepared for the Advisory Council on Historic Preservation by PlaceEconomics, June, 2011



INTRODUCTION

America is rich in its historic resources. Those resources include not just individual buildings but historic districts, archeological sites, structures, and historic landscapes. The stewardship of this heritage has been encouraged because of the educational, cultural, aesthetic, social, and historical values those historic and cultural places represent. In most cases the men and women who built those places built them not just for themselves but for generations that would follow. We are both heirs and guardians of those historic resources. If we are good stewards of our inheritance it will be available for our children and their children. And the values incorporated into these places ought to be reason enough to protect them.

But the reality is this: in challenging economic times, educational, cultural, aesthetic, social, and historical values may be insufficient to make the case for preserving our legacy of historic places. Politicians and public servants, citizens and scholars, bankers and bureaucrats, voters and volunteers now expect that in addition to those other values, historic preservation should demonstrate an economic value as well.

The good news is historic preservation is good for the economy. In the last fifteen years dozens of studies have been conducted throughout the United States, by different analysts, using different methodologies. But the results of those studies are remarkably consistent — historic preservation is good for the local economy. From this large and growing body of research, the positive impact of historic preservation on the economy has been documented in six broad areas: 1) jobs, 2) property values, 3) heritage tourism, 4) environmental impact, 5) social impact, and 6) downtown revitalization.

The pages that follow include highlights from some of this research. While we have abstracted a finding or two from some twenty of these studies, more are listed at the end, most of which are available online. The purpose of this publication is not to *prove* the economic contributions of historic preservation. Rather it is to broaden the understanding of elected officials, preservation advocates, homeowners, local decision makers, and citizens about the contribution that their local historic resources are making to their local economy in a multitude of ways.

By protecting our historic resources we are honoring the investments of our grandparents. But at the same time we are helping create a healthy economy for our grandchildren.



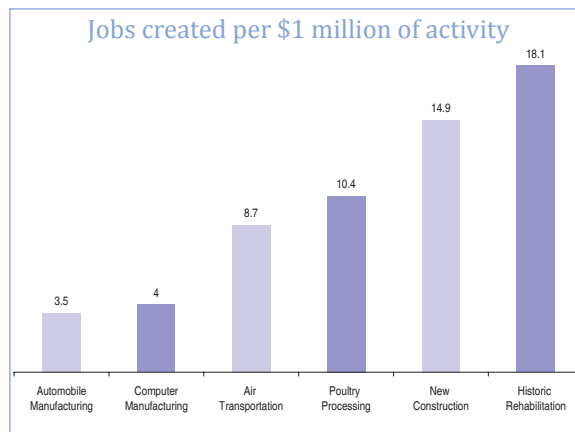
JOBS



- In Delaware, \$1 million spent on the rehabilitation of a historic structure means 14.6 jobs in Delaware. This compares with 11.2 jobs from \$1 million of new construction and 9.2 jobs from \$1 million of manufacturing output.

– *The Delaware Historic Preservation Tax Credit Program: Good for the Economy, Good for the Environment, Good for Delaware’s Future* (2010)

- In Georgia, historic preservation creates more jobs per \$1 million of economic activity than does the same amount in other major industries:



– *Good News in Tough Times: Historic Preservation and the Georgia Economy* (2011)

- Of the 4,443 total jobs created from historic rehabilitation tax credit activity in Kansas from 2002 to 2009, almost half are in the construction industry. The majority of remaining jobs are distributed among the services, retail, and manufacturing industries. Other sectors such as agriculture, mining, transportation, and public utilities are impacted as well.

Industry	Jobs Created (2002–2009)
Construction	2,003
Services	832
Retail	605
Manufacturing	500

– *Economic Impact of Historic Rehabilitation Tax Credits in Kansas* (2010)

- For the first thirty years of the federal historic tax credit on an inflation-adjusted basis the cost to the federal treasury was \$16.6 billion. But that generated 1,800,000 jobs or a cost per job of \$9,222. Over the last two years under the Stimulus Package the federal government has spent \$260.7 billion on projects claiming the creation of 585,684 jobs – a cost per job of \$445,183.

– *First Annual Report on the Economic Impact of the Federal Historic Credit* (2010) www.recovery.gov

PROPERTY VALUES



- In Philadelphia, houses in National Register historic districts command a premium of 14.3% over comparable properties not in historic districts. Houses in local historic districts command a premium of 22.5% over comparable properties not in historic districts.

– *The Economic Impact of Historic Preservation in Philadelphia (2010)*

- In a small historic district in North Little Rock, Arkansas, houses were worth on average \$31,000 more than comparable houses not in the district. This meant annual additional revenues for the county of \$40,000, for the city of \$50,000, and for the school district of \$200,000.

– *Economic Impacts of Historic Preservation in Arkansas (2006)*

- Loans made by the Cleveland Restoration Society have a positive impact not just on the houses that received the loans, but also have a catalytic effect on property values of their respective neighborhoods. In both Cleveland and suburban neighborhoods the houses nearby where CRS made loans had higher rates of appreciation than properties not near a CRS-funded rehabilitation project.

– *Does Preservation Pay?: Assessing Cleveland Restoration Society's Home Improvement Program (2009)*

- In the city of Dubuque, Iowa, the average annual growth rate for historic preservation rehabilitation property values is 51%, compared to 5% for all properties in the city of Dubuque from 2001 to 2006. The average annual growth rate for the value of neighboring historic properties is 9.7%, compared to 3.7% for other properties in downtown Dubuque from 2000 to 2007.

– *Iowa's Historic Preservation and Cultural and Entertainment District Tax Credit Program Evaluation Study (2009)*

- In Louisville, Kentucky, properties in local historic districts were worth between \$59,000 and \$67,000 more than comparable properties not in historic districts. Between 2000 and 2007 houses in local historic districts appreciated 21% more than the rest of the market.

– *Historic Preservation's Impact on Job Creation, Property Values, and Environmental Sustainability (2009)*

HERITAGE TOURISM



- Heritage tourists in Florida in 2007 spent an estimated \$4.13 billion, and 46.7% of all U.S. visitors to Florida reported visiting a historical site during their stay.

– *Contributions of Historic Preservation to the Quality of Life of Floridians (2010)*

- How heritage visitors to Washington State spend their money:

Lodging	\$163.8 million
Eating/Drinking	\$170.1 million
Retail	\$138.6 million
Transportation	\$81.9 million
Recreation and entertainment	\$25.2 million
Other	\$50.4 million
TOTAL	\$629.9 MILLION

– *The Economic Benefits of Historic Preservation In Washington State (2007)*

- Georgia heritage tourism supports 117,000 jobs and \$203,850,000 in salaries and wages.

– *Good News in Tough Times: Historic Preservation and the Georgia Economy (2011)*

- International heritage visitors stay longer, visit more places, and spend more per day than other tourists. 2.6 million more international tourists visited a historic place than went to an amusement park. 4.1 million more international tourists visited a historic place than went to the beach. Four times as many international tourists visited a historic place than went to a casino. For every international visitor who played golf, 14 visited a historic place.

– *Profile of Overseas Travelers to the United States (2010)*

– *Heritage Tourism Guidebook (2007)*

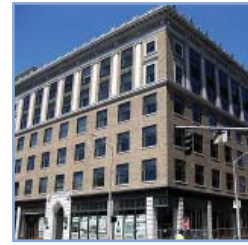
- The total direct, indirect, and induced effects of 2008 visitor spending in five of Pennsylvania's Heritage Areas was \$416.9 million in sales, which supported 6,030 jobs. The total payroll from these jobs was \$156.4 million. The total value added from visitor spending in Heritage Areas was \$247.2 million.

– *Economic Impact of Pennsylvania's Heritage Areas: A Study in Success (2008)*

- Spending by visitors to twenty surveyed Civil War battlefields generated a total of \$21 million in state taxes and another \$11.7 million in local government revenues. This amounts to approximately \$5.22 per visitor at the state level and another \$2.92 to pay for local services.

– *Blue, Gray, and Green: A Battlefield Benefits Guide for Community Leaders (2006)*

ENVIRONMENTAL IMPACT



- Maryland's investment in historic commercial properties has "saved" 387,000 tons of material from landfills over the past 12 years. This amount of landfill material is the equivalent of filling a football stadium to a depth of 50-60 feet.

– *"Heritage Tax Credits: Maryland's Own Stimulus to Renovate Buildings for Productive Use and Create Jobs, an \$8.53 Return on Every State Dollar Invested", The Abell Report (March 2009)*

- In Hartford, Connecticut, the non profit organization, Common Ground, made a \$22 million investment rehabilitating 410 Asylum Street into mixed-income housing. Had that one building been razed instead of rehabilitated:
 - > The equivalent of 615,777 gallons of gas in embodied energy would have been thrown away.
 - > The equivalent of another 9,986 gallons of gasoline would have been expended in demolition and hauling to the landfill.
 - > The demolition of this one building would have generated waste equal to 21 days of trash from the entire city of Hartford.
 - > The demolition debris would have filled 39 boxcars.
 - > The impact on the landfill would have wiped out the benefit of the last 21,211,680 aluminum cans that were recycled.

– *Investment in Connecticut: The Economic Benefits of Historic Preservation (2011)*

- Preservation projects save 50 to 80% in infrastructure costs compared to new suburban development.

– *"Heritage Tax Credits: Maryland's Own Stimulus to Renovate Buildings for Productive Use and Create Jobs, an \$8.53 Return on Every State Dollar Invested", The Abell Report (March 2009)*

- Construction debris accounts for 25% of the waste in the municipal waste stream each year. Demolishing 82 billion square feet of space will create enough debris to fill 2,500 NFL stadiums.

– *National Trust for Historic Preservation: Sustainability by the Numbers.*
<http://www.preservationnation.org/issues/sustainability/additional-resources/sustainability-numbers.html>

- Recent calculations indicate that it takes 35-50 years for an energy-efficient new building to save the amount of energy lost in demolishing an existing building.

– *National Trust for Historic Preservation: Sustainability by the Numbers.*
<http://www.preservationnation.org/issues/sustainability/additional-resources/sustainability-numbers.html>

- It's not just the buildings or even what is inside the boundaries of a historic site that matters. Of visitors to 20 Civil War battlefields, between 75% and 96% said that the view as they walked the battlefield was very important to the experience. An average of 90% reported that they would be more likely to visit a Civil War battlefield site if more of the land was preserved and protected. The impact of protecting this environment on the local economy? While more than 60% of these visitors came to the community specifically because of the battlefield, 92% of their expenditures were not at the site but in local restaurants, hotels, gas stations, and retail shops.

– *Blue, Gray, and Green: A Battlefield Benefits Guide for Community Leaders (2006)*

SOCIAL IMPACTS



- In St. Louis, Missouri, during the first decade of the state's historic tax credit nearly 100 vacant or abandoned historic buildings were rehabilitated into hotels, offices, apartment buildings, retail facilities, and condominiums.

– *The Economics of Preservation in Missouri (2008)*

- A 2005 Rhode Island study found that the state's historic preservation tax credit created 409 affordable housing units.

– *Rhode Island Historic Preservation Investment Tax Credit Economic and Fiscal Impact Analysis (2005)*

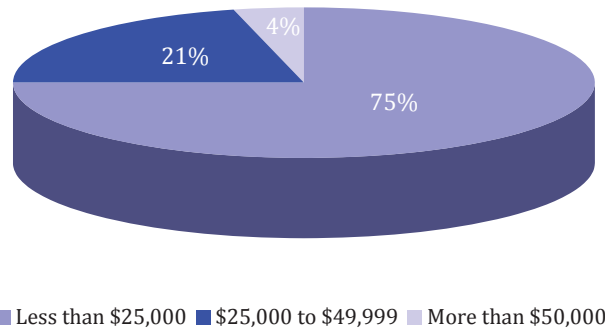
- While the Federal Rehabilitation Tax Credit program is not income targeted, in Connecticut 95% of the projects have taken place in neighborhoods with a concentration of households with modest annual income.

– *Investment in Connecticut: The Economic Benefits of Historic Preservation (2011)*

- In Connecticut, nearly 90% of historic tax credit project were in neighborhoods rated either a "Walker's Paradise" (28%) or "Very Walkable" (61%).

– *Investment in Connecticut: The Economic Benefits of Historic Preservation (2011)*

Median Household Income in
Census Tracts with
Federal Historic Preservation Tax Incentive Projects



– *Investment in Connecticut: The Economic Benefits of Historic Preservation (2011)*

DOWNTOWN REVITALIZATION



- Over the last 25 years the Main Street program of the National Trust for Historic Preservation has been the most cost-effective program of economic development of any kind. Over these years Main Street communities have seen:

\$45 Billion	Invested in Physical Improvements
83,000	Net New Businesses
370,000	Net New Jobs
199,000	Building Rehabilitation and Construction Projects
\$2,394	Cost per Job Created
\$26.67 to \$1.00	Leverage of Public Funds

– *National Main Street Center of the National Trust for Historic Preservation*

- One strong measure of the health of an economic environment is the ratio between business openings and business closings. Between 2004 and 2008, nationally there were between 1.1 and 1.2 business openings for every business closing. During that same period in Georgia Main Street and Better Hometown communities, there were between 2.8 and 4.6 business openings for every business closing.

– *Good News in Tough Times: Historic Preservation and the Georgia Economy (2011)*

- Since 2001, nine of Colorado's ten Main Street communities have cumulatively attracted more than \$21.5 million in private investment:

- > \$570,806 for 52 facade rehabilitations
- > \$11.5 million for 208 rehabilitation and new construction projects
- > \$9.5 million for the purchase of 43 buildings

Additionally, 209 businesses have opened, relocated, and/or expanded, resulting in a net gain of 108 businesses. Local Main Street efforts have created 466 full-time and 129 part-time jobs.

– *The Economic Benefits of Historic Preservation in Colorado (2005)*

- In Oklahoma, more than two decades of Main Street activity have created 24,437 jobs, equal to roughly 1.5% of the state's entire non-farm workforce.

– *Economic Impacts of Historic Preservation in Oklahoma (2008)*

CONCLUSION

In the long run the educational, cultural, aesthetic, social, and historical values of historic preservation are more important than the economic value. But as the great British economist John Maynard Keynes once said, “In the long run we’re all dead.” In the short term, it is therefore necessary that those who make decisions about our historic resources — elected officials, property owners, developers, investors — understand the economic contributions of historic preservation. As the research cited here demonstrates, those contributions are measureable, positive, and significant to a local economy.

Communities have to make choices. The economic contributions of historic preservation need to be among the factors a community considers when pondering its future. But a community without memory is a meaningless place. Historic resources are the physical manifestation of memory. Today quality of life is essential for a competitive community. The long-term quality and character of a community is directly related to its willingness to identify, protect, and enhance those places that define and differentiate it. Educational, cultural, aesthetic, social, and historic values are building blocks of quality of life. Historic preservation is not about cities being the museums of yesterday; historic preservation is about using heritage resources to build quality of life for tomorrow.

While the research on the economic impact of historic preservation is relatively recent, it was recognized decades ago by the Harvard economist John Kenneth Galbraith who wrote:

“The preservation movement has one great curiosity. There is never retrospective controversy or regret. Preservationists are the only people in the world who are invariably confirmed in their wisdom after the fact.”



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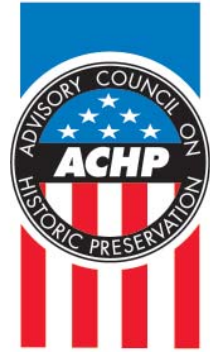
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