Historic Preservation and Economic Development: Recent Lessons

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PlaceEconomics

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Measuring Economics Impacts Of Historic Preservation
Sustainable Development

Environmental

Social

Economic
OH, MAN...
IT'S EVEN WORSE THAN I THOUGHT

THE ETERNAL ECONOMICS SEMINAR
The Big Four Economic Impacts of Historic Preservation

- Jobs and Household Income
- Property Values
- Heritage Tourism
- Main Street
Jobs and Household Income
Jobs in Delaware
Per $1 Million of output

- Manufacturing: 9.2
- New Construction: 11.2
- Rehabilitation: 14.6

Economic
Household Income in Delaware
Per $1 Million of output

- Manufacturing: $343,728
- New Construction: $477,668
- Rehabilitation: $539,532
In Georgia, $1,000,000 in output from Various Industries means......

<table>
<thead>
<tr>
<th>Industry</th>
<th>Jobs</th>
<th>Salary &amp; Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile Manufacturing</td>
<td>3.5</td>
<td>$245,000</td>
</tr>
<tr>
<td>Computer Manufacturing</td>
<td>4.0</td>
<td>$255,000</td>
</tr>
<tr>
<td>Air Transportation</td>
<td>8.7</td>
<td>$476,000</td>
</tr>
<tr>
<td>Poultry Processing</td>
<td>10.4</td>
<td>$426,000</td>
</tr>
<tr>
<td>New Construction</td>
<td>14.9</td>
<td>$616,000</td>
</tr>
<tr>
<td>Rehabilitating Historic Buildings</td>
<td>18.1</td>
<td>$750,000</td>
</tr>
</tbody>
</table>
Household Income:

*Paychecks for Local Workers*

Historic preservation projects using State or local tax credits have meant nearly $349 Million in income for Connecticut households over the last decade.

*Every $100 spent rehabilitating an historic building ultimately means $80 in the pockets of Connecticut workers*
Historic Tax Credit and Job Stimulation

Historic Tax Credit (1978-2008)
- Cost to Taxpayers: $16.6 Billion
- Jobs: 1,800,000
- Cost per Job: $9,222

Stimulus Plan (2009-2010)
- Cost to Taxpayers: $260.7 Billion
- Jobs: 585,654
- Cost per Job: $445,183
The Federal Tax Credit: A Self-Funding Incentive (1978-2008)

Inflation Adjusted Dollars (Billions)
Homes in both local and national historic districts appreciated in value at a higher rate than houses outside historic districts.
Homes in local historic districts enjoy an immediate 2 percent increase in values relative to the city average, once local designation has taken place; and thereafter, they appreciate at an annual rate that is 1 percent higher than the city average.
Premium for Properties in Historic Districts (Philadelphia)

Not in Historic District  
In National Register District  
In Local District

- Base Value
- Historic District Premium

Economic

- 14.3%
- 22.5%
Does Preservation Pay?

Assessing Cleveland Restoration Society's Home Improvement Program

By Brian Mikelbank
Associate Professor of Urban Studies at Cleveland State University and Director of the Center for Housing Research & Policy

Cleveland State University
Property Values

2000 – 2007

• In local historic district = + $59,000 to $67,000

• Historic district properties + 21% in appreciation
Property Values

Historic District Parcels
+ $31,000

$40,000 more revenue for County

$50,000 more revenue for City

$200,000 more revenue for Schools

Analysis of North Little Rock, Arkansas
22.3%  All remaining houses, south of Albany Turnpike

28.25%  National Register District

32.3%  Local Historic District
A newly minted real estate agent confronts the down market

by DANTE CHINNI
Single Family Foreclosures
Philadelphia
Philadelphia

Analysis of:

Single Family Houses
6 Historic Districts
10 Comparable Neighborhoods
10/09 – 9/10

Foreclosures per 1000 Housing Units

- Historic Districts
- Comparable Neighborhoods
<table>
<thead>
<tr>
<th>Location</th>
<th>Overall</th>
<th>In Local Historic Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canton</td>
<td>10.0</td>
<td>6.4</td>
</tr>
<tr>
<td>Milford</td>
<td>14.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Norwich</td>
<td>28.9</td>
<td>19.9</td>
</tr>
<tr>
<td>Windsor</td>
<td>17.7</td>
<td>16.1</td>
</tr>
<tr>
<td><strong>Composite Total</strong></td>
<td><strong>19.70</strong></td>
<td><strong>9.96</strong></td>
</tr>
</tbody>
</table>
Main Street

Over the past 25 years in Main Street Communities

- $45 Billion invested in Physical Improvements
- 83,000 Net New Businesses
- 370,000 Net New Jobs
- 199,000 Building Rehabilitation & Construction Projects
- Cost per Job Created – $2,394
- Leverage of Public Funds – $26.67 to $1.00
Main Street: Success against the Trend

Georgia January Unemployment Rate

Cumulative Job Gain
Georgia Main Street and Better Hometown Communities
Main Street: Success against the Trend

State Revenue Collections (000)

Cumulative Business Growth
Georgia Main Street and Better Hometown Communities
Main Street – Business Creation

Ratio of Business Openings to Business Closings

<table>
<thead>
<tr>
<th>Year</th>
<th>National Opening/Closing Ratio</th>
<th>Ga MS/BHT Opening/Closing Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>2005</td>
<td>3.2</td>
<td>1.1</td>
</tr>
<tr>
<td>2006</td>
<td>3.1</td>
<td>1.1</td>
</tr>
<tr>
<td>2007</td>
<td>4.6</td>
<td>1.2</td>
</tr>
<tr>
<td>2008</td>
<td>2.8</td>
<td>1.1</td>
</tr>
</tbody>
</table>
The Sustainability of Urban Heritage Preservation

Symposium 23-24 September 2010
Washington, DC

Valparaiso, Chile
Oaxaca, Mexico
Porto, Portugal
Syracuse, Italy
Medinas of Morocco
Alleppo, Syria
Edinburgh, UK
Verona, Italy
Quito, Ecuador
Salvador, Brazil
Veracruz, Mexico
Measures of Success

- Private investment
- New middle class residents
- Increasing property values
- More businesses
- Higher tax generation
- Better property maintenance
- Lower vacancy
Heritage tourism in the Philadelphia 5-county area contributes over $3 billion in total output, supporting over 45,000 jobs and $975 million in earnings, within the Commonwealth of Pennsylvania each year.
Heritage Tourism

16% of Arkansas Tourists are Heritage Tourists

Heritage Tourism generates $891 Million/year

- But they spend 30% more than other visitors
- More likely to be out-of-state visitors

- Supports 21,552 Jobs
- Adds $319 Million in income
- Generates $74 million in tax revenues
Heritage tourists to Florida in 2007 spent an estimated $4.13 billion, and 46.7% of all U.S. visitors to Florida reported visiting an historical site during their stay.
How Washington State Heritage Visitors Spend Their Money

- Lodging $163.8 million
- Eating/Drinking $170.1 million
- Retail $138.6 million
- Transportation $81.9 million
- Recreation/Entertainment $25.2 million
- Other $50.4 million
- Total $629.9 million
Heritage Tourism – Georgia

Spending - $6,147,282,000
- International $514,102,000
- Domestic $5,633,180,000

Jobs – 117,000

Salaries & Wages - $203,850,000

Taxes Generated
- State - $252,496,000
- Local - $209,933,000
Hotel Room Nights

Cultural Tourists

Others
+470,000 Visitors
+785,000 Visitors
South Carolina National Heritage Corridor
South Carolina National Heritage Corridor Findings

• Visitors: 9,300,000
• Economic Impact
  $ 624,272,000 Direct
  $ 379,227,000 Indirect
  $1,003,499,000 Total
• Earnings: $375,252,000
• Jobs: 17,866
• Business Taxes: $91,355,488
Those Numbers Reconsidered

• Each visitor = $9.82 in taxes

• Each visitor = $40.35 in earnings

• Each 520 visitors = 1 job
South Carolina National Heritage Corridor Targeted Visitor Groups
Daily Expenditure/Person
South Carolina National Heritage Corridor

Outdoor Recreation
Heritage
Special Events
Culinary
Nature Based

$0.00
$20.00
$40.00
$60.00
$80.00
$100.00
$120.00

$100.00
$80.00
$60.00
$40.00
$20.00
$0.00
Daily Expenditures - Heritage Visitors
South Carolina National Heritage Corridor

- $7.78 Other
- $5.56 Auto
- $20.18 Entertainment
- $20.18 Food and Drink
- $6.94 Lodging
- $56.16 Retail

Total Expenditure: $56.16
Comprehensive Impact where you might not expect them

Historic Preservation adds $170 million per year to the Nebraska economy.
Historic Preservation and Economics in the Rest of the World
All the evidence demonstrates that investment in heritage is an inherently sustainable, long term, and measurably successful solution to economic recession.
Historic Preservation and Economics in the Rest of the World
Value the Heritage!
Heritage during the recession – luxury or necessity?
Heritage: The Driver of Development
Historic Preservation in Connecticut: 
Encouraging development consistent with comprehensive development and conservation principles

Virtually every grant funded activity and historic preservation project tax credit project advances all six of the Connecticut Growth Management Principles

- Redevelop and revitalize regional centers and areas with existing or currently planned physical infrastructure
- Expand housing opportunities and design choices to accommodate a variety of household types and needs
- Concentrate development around transportation nodes and along major transportation corridors to support the viability of transportation options
- Conserve and restore the natural environment, cultural and historical resources, and traditional rural lands
- Protect and ensure the integrity of environmental assets critical to public health and safety
- Promote integrated planning across all levels of government to address issues on a statewide, regional and local basis.
# Environmental Impact of Rehabilitating 50,000 s.f. Warehouse in Maryland

<table>
<thead>
<tr>
<th>Environmental Impact</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>20 – 40% reduction in Vehicle Miles Traveled (VMTs)</td>
<td></td>
</tr>
<tr>
<td>Reduction of travel related CO₂ Emissions by 92 – 123 Metric Tons</td>
<td></td>
</tr>
<tr>
<td>CO₂ “saved” relative to suburban construction = 18,700 to 22,000 gallons of gasoline</td>
<td></td>
</tr>
<tr>
<td>Embodied energy retained 55,000 MBTU</td>
<td></td>
</tr>
<tr>
<td>Greenfield land preserved 5.2 acres</td>
<td></td>
</tr>
<tr>
<td>Less construction debris in landfills 2500 Tons</td>
<td></td>
</tr>
<tr>
<td>Infrastructure investment “saved” $500,000 to $800,000</td>
<td></td>
</tr>
</tbody>
</table>
410 Asylum, Hartford, Connecticut

If razed instead of restored...

- Thrown away equivalent of 615,777 gallons of gasoline in embodied energy
- Expended equivalent of 9,986 gallons of gasoline tearing down and hauling to dump
- Generated waste equal to all of the trash from 21 days for entire city of Hartford
- Added to the landfill enough material to fill 39 boxcars
- Wiped out the benefit of the last 21,211,680 aluminum cans recycled
Historic Preservation in Connecticut: 
*Advancing good urban design principles in towns and cities of every size*

- **Walker's Paradise:**
  Daily errands do not require a car.

- **Very Walkable:**
  Most errands can be accomplished on foot.

- **Somewhat Walkable:**
  Some amenities within walking distance.

- **Car Dependent:**
  Almost all errands require a car.

Scores from Walkscore.com

Good urban neighborhoods are walkable. Nearly **90%** of historic preservation tax credit projects are in neighborhoods described as **Very Walkable** or **Walker’s Paradise**.
Maryland’s Tax Credit and the Environment

The state’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.
The Environment AND the Budget

Preservation projects save 50 to 80 percent in infrastructure costs compared to new suburban development.
Social Contributions of Heritage
Historic Preservation in Connecticut:

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.
Diverse Neighborhoods in Cleveland

Non Historic Neighborhoods

Historic Neighborhoods

Social
Case Study – Norwich, England
Heritage Based Revitalization Program

- Pedestrian flow up 60% to 300%
- 40% of pedestrians stay longer
- 24% of pedestrians come more often
- 80% of elderly and 98% of families with children support project
- Significant reduction in noise and air pollution
Case Study – Ghent, Belgium
Heritage Based Revitalization Program

- 84% of visitors are returning
- Reduction of accidents in immediate area
- Access improved for people with disabilities
- Major reduction of vehicle flows
- New cultural institutions established
Sustainable Development: The ability to meet our own needs without prejudicing the ability of future generations to meet their own needs.
In the Hands of a Child

Project Pack

Reduce, Reuse, Recycle!

A Ready-to-Assemble Hands-On Unit Including Reproducibles
Historic Preservation

Reduces
Demand for land and materials

Reuses
Embodied energy, skills, labor, knowledge

Recycles
The whole building
Sustainable Development

Historic Preservation

Environmental

Social

Economic
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.

John Kenneth Galbraith
Thank you very much