The Economic Benefits of Historic Preservation

California Office of Historic Preservation
Local Government Preservation Training
Benicia, CA 2016
Measuring Economic Impacts of Historic Preservation

1. Job Creation
2. Property Values & Historic Districts
3. Increased Heritage Tourism
4. Environmental Impact
5. Investment in Underserved Communities
6. Urban Revitalization
7. Economic Competitiveness
Job Creation Overview

- Historic rehabilitation creates more domestic jobs than other industries.
- Historic rehabilitation jobs can not be outsourced like other industries.
- Historic rehabilitation projects are more reliant on higher paid skilled craftsman than new construction.
- Historic rehabilitation is more reliant on labor than raw materials.
- A greater percentage of money invested in historic rehabilitation becomes household income, which has a greater benefit to the local economy.
Federal Rehabilitation Tax Credit Local Impact in Massachusetts (2012)

Amount of Investment = $115,000,000

Local Taxes = $3,090,000  Pays the starting salary for 88 new teachers

Salary & Wages $81,300,000

State Taxes = $3,728,000  Pays salary for 57 mid-career highway patrolman

Jobs = 1,505

Counted as a single industry, historic preservation is the larger among the top 1% of industries in Mass.
Georgia Jobs

Jobs Created per $1 Million

- Automobile Manufacturing: 2
- Computer Manufacturing: 4
- Air Transportation: 6
- Poultry Processing: 10
- New Construction: 16
- Historic Rehabilitation: 20

Welcome
We’re glad
Georgia’s
on your mind
New Jersey Jobs

Jobs Created for Every $1 Million Dollars Invested in New Jersey

- Highway Construction: 14
- New Construction: 15
- Historic Rehabilitation: 18

Historic Rehabilitation creates the most jobs per $1 million investment.
How Many Jobs Will $1 Million get you in California?

Jobs Created per $1 Million Dollars Private-sector Investment in California

- Manufacturing: 30 jobs
- New Construction: 25 jobs
- Historic Rehabilitation: 35 jobs
$1 Million California Dollars will Translate to Household Income

A Company Spends $1 Million, how much goes towards household Income in California?
Property Values

- Historic District properties routinely outperform similar properties without historic designation
- Local designation results in a greater rise in property values than State or National designation
- Historic District properties appreciate at a greater rate than non-designated properties
- Historic neighborhoods typically have elements that come with good urban planning principals (public transit, walkability, trees, attractive architecture, etc.)
Property Values in Dubuque

Average annual growth rate for:

- Historic rehabilitation property values: 51%
- Value of neighboring historic properties: 9.7%
- All properties: 5%
- Other properties in downtown Dubuque: 3.7%

Source: Iowa’s Historic Preservation and Cultural and Entertainment District Tax Credit Program Evaluation Study (2009)
National Register District property Values

Philadelphia, Pennsylvania

14.3%

Premium commanded by National Register historic district houses

22.5%

Premium commanded by local historic district houses

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 housing market.

Source: Historic Preservation’s Impact on Job Creation, Property Values, and Environmental Sustainability (2009)
Single Family Home Foreclosures

Forclosures Per 1000 Households

Graduate Study City of Philadelphia

Study compared 6 historic districts vs. 10 comparable neighborhoods
Connecticut comparison study showed similar results as the Pennsylvania graduate study.

Foreclosure rates were roughly 50% less in historic districts than comparable neighborhoods, which lacked historic designation.
There is NO formal economic evaluation of how historic designation affects property values in California, but Texas has completed one.

The Texas report says:

"in general, a property in a Texas city that is designated historic may expect a 5-20 percent increase in property value."
Heritage Tourism Overview

• Stay longer, visit more places, and spend more per day than other tourists.

• 2.6 million more visited a historic place than went to an amusement park.

• 4.1 million more visited a historic place than went to the beach.

• 4x as many visited a historic place than went to a casino.

• For every international visitor who played golf, 14 visited a historic place.

Source: Profile of Overseas Travelers to the United States (2010); Heritage Tourism Guidebook (2007)
Heritage Tourism in Florida

- In 2007, Heritage Tourism included
  - 75,528 jobs
  - Tourists spend $4.13 billion
  - 46.7% of all U.S. visitors to Florida visited a historical site

Source: Economic Impacts of Historic Preservation In Florida (update, 2010)
Heritage Tourism In Arkansas

- 16% Of Tourists can be defined as Heritage Tourists
- Heritage Tourism generates $891 Million Per Year
- Spent 30% more than other tourists
- Support 21,552 jobs
- Generates $74 million in tax revenue

Heritage Tourism in Utah

Less than 7% of Heritage Tourism Dollars are spent at the Heritage Sites that attracted them.

Environmental Savings

- Reduces overall Vehicle Miles Traveled (VMTs)
- CO2 consumption reduced relative to suburban construction
- Embodied Energy Retained
- Greenfield land preserved for agricultural/recreation
- Less Construction debris in landfills
- Local infrastructure cost reduced
Hartford, Connecticut Case-Study

615,777 gallons of gas in embodied energy wasted (at $2.00/gallon = $1,231,554.00)

• 9,986 gallons of gas expended to transport material to the landfill (at $2.00/gallon = $19,972.00)

• Generated waste equal to 21 days of trash from the City of Hartford.

• Debris could fill 39 boxcars.

• Landfill impact would cancel out recycling of 21,211,680 aluminum cans.

Historic Preservation vs. New Suburban Development

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

Energy = Money

Median Energy Use Per Square Foot by Building Type and Age Group

Office buildings built before 1930 use one third less energy per square foot than buildings built after 1991.

New York Median kBTU/Sq
Investment in Underserved Communities

- Historic Preservation projects tend to benefit underserved communities

- Historic Preservation incentive programs (such as state and federal tax credits) tend to benefit underserved communities
Social Impacts

Rhode Island: State historic preservation tax credit created 409 affordable housing units

Source: Rhode Island Historic Preservation Investment Tax Credit Economic and Fiscal impact Analysis (2005)
Federal Tax Credit and Social Justice

95% of Federal Rehabilitation tax Credit projects have taken place in neighborhoods with a concentration of households with a low to moderate annual income.

Community Revitalization

- Historic Preservation has consistently proven a key component to downtown revitalization.

- When downtown revitalization fails, you will usually find some kind of tear-down development strategy.
## Downtown Revitalization

### Main Street Program Cumulative Reinvestment Statistics

<table>
<thead>
<tr>
<th>Metric</th>
<th>1980 to 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars Reinvested</td>
<td>$61.7 billion</td>
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<tr>
<td>Number of Rehabilitations</td>
<td>251,838</td>
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<tr>
<td>Net Job Gains</td>
<td>528,557</td>
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<tr>
<td>Net gain in businesses</td>
<td>120,510</td>
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<tr>
<td>Reinvestment Rate</td>
<td>$26.5 : $1</td>
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</tbody>
</table>
Oklahoma Main Street

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.

Source: Economic Impacts of Historic Preservation in Oklahoma (2008)
Iowa Main Street

- Net new Businesses generated $43 Million in state sales tax last year – 48 times the cost to the state

- Added net new jobs 25 of 26 years

- Every year the property taxes from buildings renovated on Iowa Main Streets provide an additional $10,800,000 to local governments.

Source: Getting Results: main Street Iowa, 1986-2012 (2013)
Economic Competitiveness

Case study: Dublin, Ireland

Sound Familiar? San Francisco
Does Heritage Matter?

Between 2003 and 2014 Heritage Cities typically attracted 41 more instances of direct foreign investment than the non-heritage Cities.
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