Economic Benefits of Historic Preservation

Presented by:
Sean de Courcy, California Office of Historic Preservation
Email: sean.decourcy@parks.ca.gov
Credit

Donovan Rypkema
PlaceEconomics
Post Office Box 7529
Washington, DC 20044
(202) 588-6258

www.placeeconomics.com
Measuring Economic Impacts of Historic Preservation

1. Job Creation
2. Property Values
3. Increased Heritage Tourism
4. Environmental Impact
5. Social Impacts
6. Urban Revitalization
7. Economic Competitiveness
Federal Historic Tax Credit (1978-2011, 30 years)
Spent: $19.2 billion
Jobs Created: 2,216,000
Cost Per Job: $8,868

VS.

Federal Stimulus Package (Feb. 2009-March 2011)
Spent: $878 billion
Jobs created or saved: 3.6 million
Cost per job: $244,000
Source: www.recovery.gov (2011)
Tax Credit: Types of Projects
Self-funding

A Self-funding Incentive (1978-2011): Inflation Adjusted Dollars (Billions)

Cost to Federal government: $19.2
Taxes to the Federal Government: $24.4

Federal Tax Credit By the Numbers

<table>
<thead>
<tr>
<th>Cost to the Federal Government</th>
<th>Taxes returned to the Federal Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,200,000,000.00</td>
<td>$24,400,000,000.00</td>
</tr>
</tbody>
</table>

1978-2011 (Adjusted for inflation)
Georgia Jobs Creation Study

Jobs Created Per $1 Million Dollars Jobs

- Automobile Manufacturing
- Computer Manufacturing
- Air Transportation
- Poultry Processing
- New Construction
- Historic Rehabilitation
What about California?

If a Company in California Spends $1 Million?

- Manufacturing: 21.2 Jobs
- New Construction: 26.5 Jobs
- Historic Rehabilitation: 31.1 Jobs
If a California Company Spends $1 Million, how much goes towards household income?

- Manufacturing: $554,000
- New Construction: $753,000
- Historic Rehabilitation: $833,000
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

Premium commanded by National Register historic district houses = 14.3%
Premium commanded by local historic district houses = 22.5%

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

Graduate Study at Pennsylvania University

Foreclosures per 1000 Housing Units
Historic District: 4
Comparable Neighborhood: 8

Study compared 6 historic districts vs. 10 comparable neighborhoods
Connecticut Foreclosure Comparison

Connecticut Foreclosures

<table>
<thead>
<tr>
<th>Location</th>
<th>Overall</th>
<th>Local Historic District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canton</td>
<td>10</td>
<td>6.4</td>
</tr>
<tr>
<td>Milford</td>
<td>14.7</td>
<td>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>Total</td>
<td>19.7</td>
<td>9.96</td>
</tr>
</tbody>
</table>
Property Values in California

There has yet to be a formal economic evaluation of how historic designation affects property values in California, but Texas has.

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

• 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 Georgia

Heritage tourism supports 117,000 jobs and $203,850,000 in salaries and wages.

Source: Good News in tough Times: Historic Preservation and the Georgia Economy (2011)
Example: Civil War Battlefields

Spending by visitors to 20 Civil War Battlefields generated: $21 million in state taxes; $11.7 million in local government revenues

This amounts to: $5.22 per visitor at the state level; $2.92 to pay for local services

Cost to the Environment

Hartford, Connecticut
410 Asylum Street: Demolition permit denied, what if…

- 615,777 gallons of gas in embodied energy wasted (at $3.50/gallon = $2,155,219.50)

- 9,986 gallons of gas expended to transport material to the landfill (at $3.50/gallon = $34,951.00)

- 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

National Trust Green Lab

Looking for the greenest building? Start with the one that already exists.

It takes 10-80 years of an energy efficient new building to make up for the negative climate change impacts of construction.

Building reuse almost always offers environmental savings over demolition and new construction.
Energy = Money

New York Energy Efficiency

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.

Energy Star Rating

Do we lose these sustainable development benefits with Facadism?
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)
Connecticut, again...

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

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

Downtown Revitalization

<table>
<thead>
<tr>
<th>Main Street Program Cumulative Reinvestment Statistics</th>
<th>1980 to 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars Reinvested</td>
<td>$61.7 billion</td>
</tr>
<tr>
<td>Number of Rehabilitations</td>
<td>251,838</td>
</tr>
<tr>
<td>Net Job Gains</td>
<td>528,557</td>
</tr>
<tr>
<td>Net gain in businesses</td>
<td>120,510</td>
</tr>
<tr>
<td>Reinvestment Ratio</td>
<td>$26.5 : $1</td>
</tr>
</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
- Job and business growth outperformed both Iowa economy and US economy

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

Case study: Dublin, Ireland
Economic Competitiveness

Case study: San Francisco, California
The Economics of Uniqueness

Published by the World Bank
Contact Information:

Sean deCourcy
State Office of Historic Preservation
Local Government and Environmental Compliance (CEQA)
1725 23rd Street, Suite 100
Sacramento CA 95816
(916) 455-7042

Eureka, California