

# Economic Impacts of Heritage Conservation

And Incentives that Help make it Happen



COMMITTEE FOR ECONOMIC DEVELOPMENT OF AUSTRALIA



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Heritage Conservati

PROCEEDINGS  
GE CANADA FOUNDATION CO  
OCTOBER 11-13, 2001 • TORO

NEW YORK  
PROFITING THROUGH  
PRESERVATION

# Historic Preservation at Work for the Texas Econo



A report prepared by a statewide  
preservation partnership based on the study  
preservation partnership based on the study  
Economic Impacts of Historic Preservation in  
by The Center for Urban Policy Research  
at Rutgers University,  
Texas Perspectives  
and  
The LBJ School of Public Affairs  
at the University of Texas  
1999

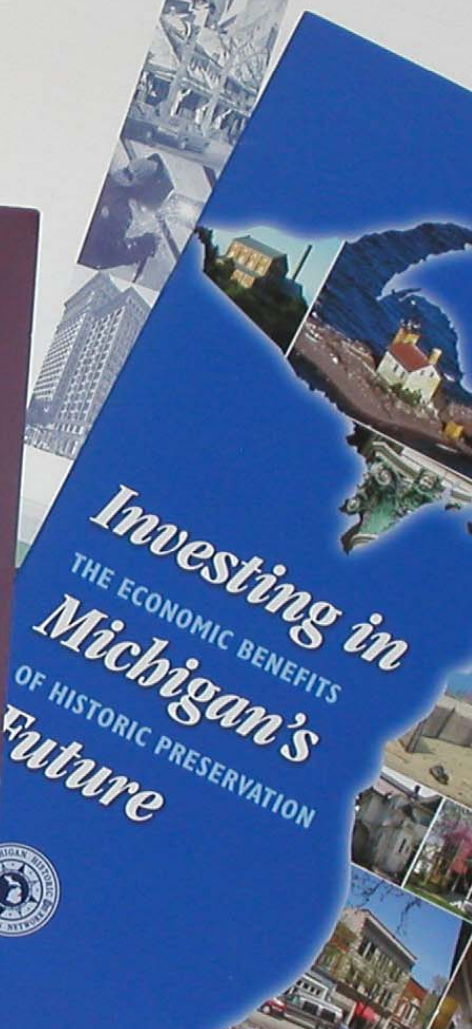
## The Economic Benefits of Historic Preservation in Colorado



## VIRGINIA'S ECONOMY AND HISTORIC PRESERVATION



## The Econo Benefits of Philadelphia Preservation Alliance for Gre



# ***The Big 5***

## **Major *Measurables* of the Economic Impact of Preservation**

- **Job Creation and Household Income**
- **Center City Revitalization**
- **Heritage Tourism**
- **Impact on Property Values of Local  
Historic Districts**
- **Small Business Incubation**





# Jobs and Household Income

# Labor Intensity in Historic Preservation

## New Construction



## Rehabilitation



Materials



Labor



# **Jobs & Household Income**

**(per \$1 Million of Output)**

## **Jobs**

- **Manufacturing**
  - 23.9
- **New Construction**
  - 30.6
- **Rehabilitation**
  - 35.4

## **Household Income**

- **Manufacturing**
  - \$515,000
- **New Construction**
  - \$653,000
- **Rehabilitation**
  - \$762,000



# NORWAY

Historic Rehabilitation

16.5% more jobs than  
New Construction



A photograph of a city street during autumn. In the foreground, three people are walking away from the camera on a sidewalk. The middle person is wearing a light-colored shirt and a straw hat. To their left is a person with short grey hair wearing a green top. To their right is a person wearing a white baseball cap and a light blue shirt. The sidewalk is lined with trees that have yellow and orange autumn leaves. In the background, there are historic brick buildings with arched windows and modern glass skyscrapers. A street sign on the left reads "16th Street Walk". The text "Center City Revitalization" is overlaid in white in the center of the image.

# Center City Revitalization









# Main Street







# **Preservation Based Economic Development**

## ***Main Street***

**Over the past 25 years in *Main Street* Communities**

- \$23.3 Billion invested in Physical Improvements**
- 67,000 Net New Businesses**
- 308,370 Net New Jobs**
- 107,179 Building Rehabilitation & Construction Projects**
- Cost per Job Created -- \$2,504**
- Leverage of Public Funds -- \$26.67 to \$1.00**

# Heritage Tourism



# Mount Vernon



**In Virginia Heritage Visitors:  
Stay Longer  
Visit twice as many places  
Spend 2 ½ Times as much money per trip  
Than do non-heritage visitors**





# The Economic Impact of Biltmore

- \$215,000,000 to the Economy of North Carolina
  - 760 Employees
  - \$5,000,000 in Taxes
  - \$9,500,000 in Direct Payroll
- 
- \$8,400,000 Indirect Payroll Impact
  - *Every \$1 spent adds \$12.31 to the Regional Economy*



## **The *Heritage* Portion of Florida's Tourism Industry Means ...**

**\$ 3.7 Billion in Expenditures  
\$ 2.3 Billion in income  
\$ 583 Million in State/Local Taxes**

## **The *Heritage* Portion of Florida's Tourism Industry Means Jobs**

- **51,800 retail jobs**
- **30,000 service jobs**
- **9,900 F.I.R.E. jobs**
- **7,400 Manufacturing jobs**
- **3,500 Transportation jobs**
- **3,200 Wholesale jobs**
- **750 Ag/Fishing jobs**
- **560 Construction jobs**
- **490 Government jobs**

**107,600 Total Jobs**



# Impact of Historic Districts on Property Values

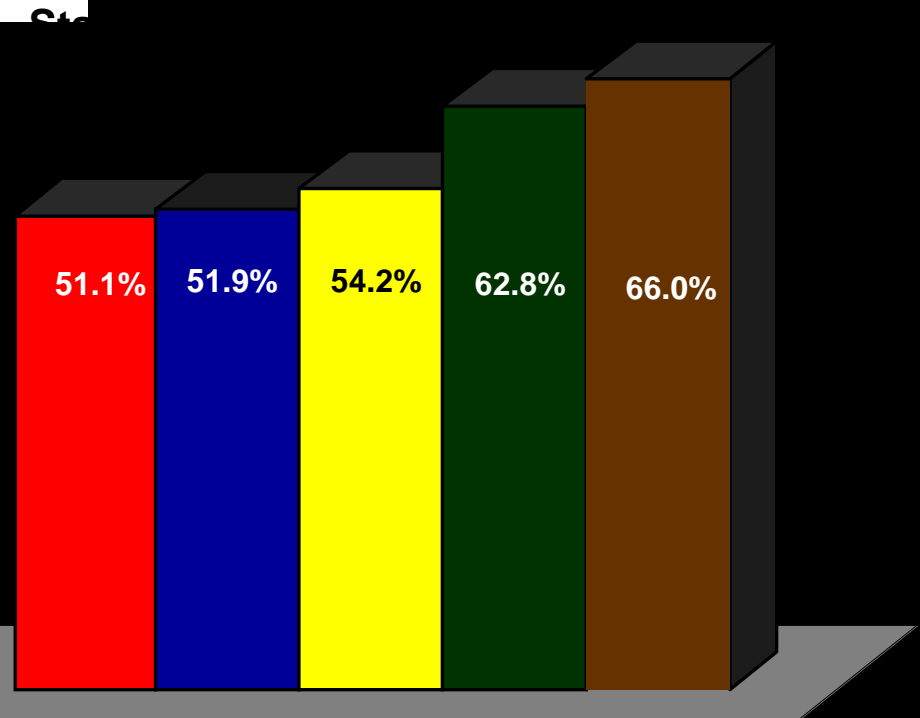
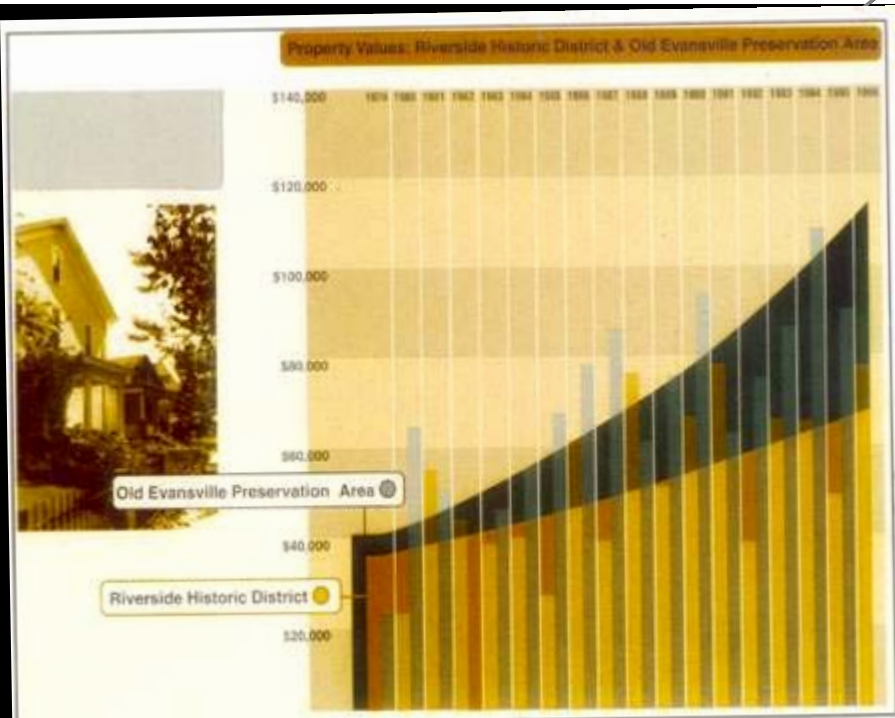
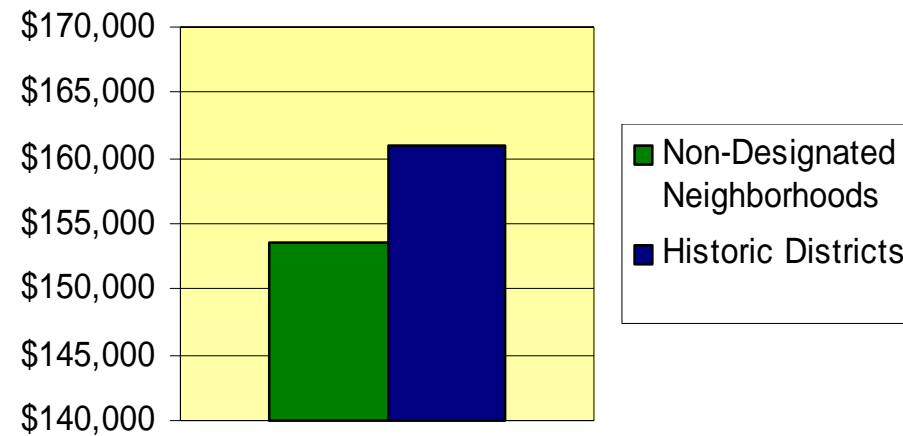


# Historic District Impact on Property Values – Texas

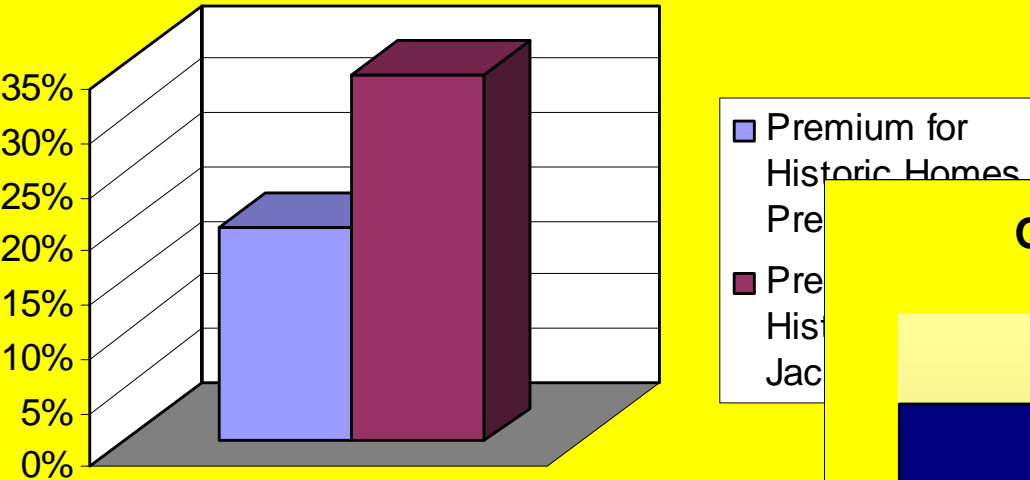
- 9 Cities Examined
- Statistically significant impact of Historic District on property values in 7 of 9
- In every instance impact was positive
- Value increases ranged from 5% to 20%
- Average increases in housing values ranged between \$3,000 and \$29,000

Economic Impacts of Historic Preservation in Texas, Listokin et.al. 1999

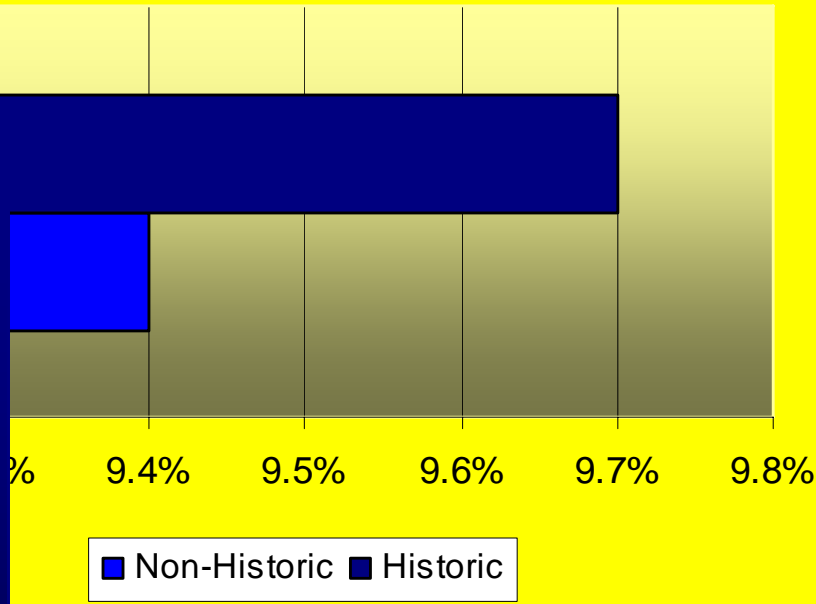
Average Property Values -- Memphis  
2002



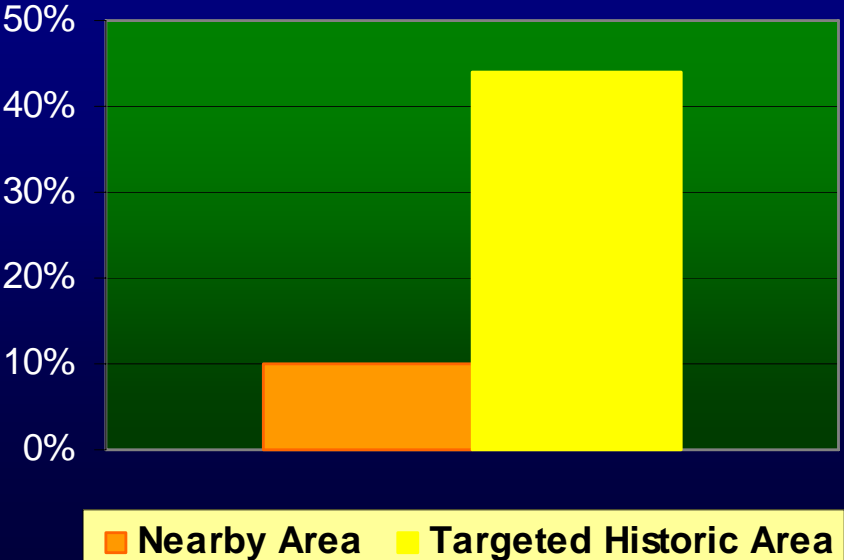
Premium for Historic Homes in England



Overall Return on Office Buildings



Quito Heritage Area Land Appreciation

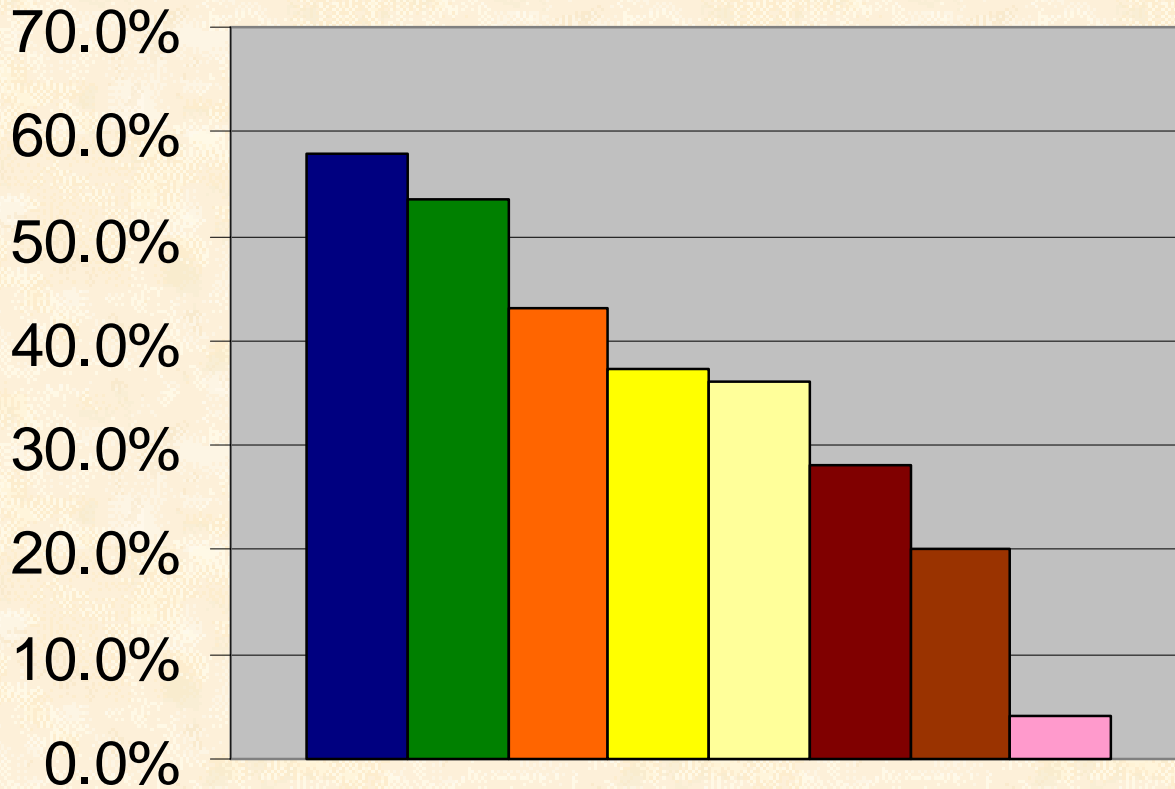


# Small Business Incubation





## Factors Influencing Business Location Pioneer Square -- Seattle



- Historic District
- Cost of Occupancy
- Business Mix
- Proximity to Similar Businesses
- Art Gallery Presence
- Public Transit Availability
- Other

# Other Measures of Impact

- **Movie Industry**
- **Small Business Incubation**
- **Arts & Crafts**
- **Ethnic Diversity**
- **Downtown Revitalization**
- **Affordable Housing**
- **Neighborhood Stabilization**
- **State Tax Credit as Investment Catalyst**
- **Major Tax Generator**
- **Anti-Sprawl Tool**





# American Incentives at National Level

## Purposes:

- Recognize that many of the benefits accrue to the public at large, not the property owner
- Insure appropriate treatment of historic buildings
- Acknowledge the “fixed in place” nature of historic buildings
- Economic development

# Rehabilitation Tax Credits

- **Historic Building Rehabilitation Credit (20%)**
- **\$30 Billion invested**



# **Historic Rehabilitation Tax Credit – 4 Tests**

- **Historic Building**
- **Qualifying Property Category**
- **Substantial Rehabilitation**
- **Secretary's Standards for Rehabilitation**

# *Historic Building*

- **Individually Listed on the National Register of Historic Places**
- **Contributing Building within a National Register District**
- **Eligible for Listing on the National Register**
- **Substantially Equivalent Local District**



# Qualifying Property Category

## Qualify

- Investment Property (including residential rental)
- Property held for use in Trade or Business

## Don't Qualify

- Personal Residence
- Inventory Property

# *Substantial Rehabilitation*

The Greater of:

- \$5,000 or
- The *Basis* of the Building
- The 24 month “window” to count expenditures

# Secretary of the Interior's Standards

**10 *Standards* intended to**

- **Retain the important architectural features and characteristics of the building**
- **Extend the remaining life of the building**
- **Minimize damaging treatment to the building**
- **Assure appropriate additions to the building**



# What's Happening?

FY 05

- 1,101 Projects
- \$3,127,000,000 Rehabilitation Expenditure
- \$2,850,000 Average Project Size

# What's Happening?

## Projects by Size (FY 05)

• Less than \$20,000	1%
• \$20,000 - \$99,999	16%
• \$100,000 - \$249,999	21%
• \$250,000 - \$499,999	19%
• \$500,000 - \$999,999	11%
• \$1,000,000 +	32%

# What's Happening?

## Types of Projects (FY 05)

• Housing	46%
• Office	24%
• Commercial	27%
• Other	3%



# What's Happening?

## Historic Rehabilitation and Housing (FY05)

- Number of Housing Units completed 14,438
- Number of Units Rehabilitated 5,469
- Number of units Created 8,969
- Number of Low/Mod Income Units 4,863
- Percentage of Low/Mod Units 34%

A photograph of a classical stone archway. The arch is constructed from light-colored stone blocks. At the top of the arch is a decorative keystone. The archway leads to a glass door with a stained glass transom. The transom features a central floral or sunburst design. The interior of the building is visible through the glass, showing a warm, lit space.

**Thank You Very Much**