Economic Lessons from 30 Years of Preservation

Donovan Rypkema

PlaceEconomics
Conflict or cooperation?

Joseph Canizaro, the developer of Canal Place at the edge of the French Quarter in New Orleans, and James Derbes, a New Orleans attorney, were among the panelists at a session of the 35th National Preservation Conference in that city in October. Entitled, “Moving from conflict to cooperation with developers,” it focused on one of the major issues facing preservation today. The remarks on this page are adapted from those presentations.
The Myth of the 25-30%
The economic benefits of preserving community character
Case Studies – Galveston, Texas and Fredericksburg, Virginia
Government Finance Officers Association, 1991
States with Economic Impact of Historic Preservation Studies
1995 - 2017
30 Years of Preservation/Economic Studies
The Big Four

- Downtown Revitalization
- Heritage Tourism
- Jobs and Income
- Property Values
Private Sector Investment Rehabilitation and New Construction $1,390,406,000

Estimated Program Total Budget
1985 – 2014
$6,073,000

Florida
Florida Taxpayers Getting Their Money’s Worth

In 2014 Estimated Sale Tax Receipts from Net New Businesses in Main Street Communities was approximately 22 times the budget of the State Main Street Program.

In 2014 Estimated Sale Tax Receipts from Net New Businesses in Main Street Communities was approximately 22 times the budget of the State Main Street Program.
Cumulative Net Job Growth Iowa

- Year: 1987 to 2012
- Graph shows an increasing trend in cumulative net job growth.
Cumulative Net Business Growth Iowa
Cumulative Investment in New Mexico Main Street Buildings

Rehabilitation

New Construction
Of Raleigh’s top 20 restaurants on Yelp, nine—nearly half—are located in historic districts.
Jobs in Historic Districts - Savannah

- All Jobs
- Small Firm Jobs
- Jobs at Start up Firms
Historic preservation has been key to downtown’s growth.

Jeremy Waldrup, Downtown Pittsburgh Partnership
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.
16% of Arkansas Tourists are Heritage Tourists

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

Heritage Tourism generates $891 Million/year

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.
Share of Heritage Visitors in San Antonio

<table>
<thead>
<tr>
<th></th>
<th>Overnight Visitors</th>
<th>Day Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heritage Visitors</td>
<td>41.9%</td>
<td>58.1%</td>
</tr>
<tr>
<td>Non-Heritage Visitors</td>
<td>52.7%</td>
<td>47.3%</td>
</tr>
</tbody>
</table>
Per Person Per Trip
Overnight Visitors to San Antonio

<table>
<thead>
<tr>
<th>Category</th>
<th>Heritage Visitors</th>
<th>Other Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>$60.00</td>
<td></td>
</tr>
<tr>
<td>Transportation within San Antonio</td>
<td>$10.00</td>
<td></td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>$30.00</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>$20.00</td>
<td></td>
</tr>
<tr>
<td>Recreation</td>
<td>$10.00</td>
<td></td>
</tr>
</tbody>
</table>
Heritage visitors to NYC account for 31.2% of day visitors and 39.7% of overnight visitors.
City tax revenues from Heritage Visitors $738 Million
### Expenditures by Heritage Visitors – Rhode Island

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>$326,000,000</td>
</tr>
<tr>
<td>Transportation within Rhode Island</td>
<td>$166,000,000</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>$423,000,000</td>
</tr>
<tr>
<td>Retail</td>
<td>$265,000,000</td>
</tr>
<tr>
<td>Recreation, Entertainment, Admissions</td>
<td>$192,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,371,000,000</strong></td>
</tr>
</tbody>
</table>
Hotel Room Nights

Cultural Tourists

Others
+470,000 Visitors
+785,000 Visitors
Less than 7% of Heritage Tourism Dollars are spent at the Heritage Sites that attracted them.
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>
<tr>
<td></td>
<td>Historic Rehabilitation</td>
<td>New Construction</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Direct Jobs</td>
<td>9.3</td>
<td>6.7</td>
</tr>
<tr>
<td>Indirect Jobs</td>
<td>5.1</td>
<td>5.2</td>
</tr>
<tr>
<td>TOTAL JOBS</td>
<td>14.4</td>
<td>11.9</td>
</tr>
<tr>
<td>Direct Salary &amp; Wages</td>
<td>$542,929</td>
<td>$418,441</td>
</tr>
<tr>
<td>Indirect Salary &amp; Wages</td>
<td>$288,917</td>
<td>$308,128</td>
</tr>
<tr>
<td>TOTAL SALARY &amp; WAGES</td>
<td>$831,896</td>
<td>$726,659</td>
</tr>
</tbody>
</table>
Rhode Island Jobs from Historic Tax Credit Projects

Average 965 Direct plus 739 Indirect/Induced Per Year

Direct Jobs

Indirect/Induced Jobs

Rhode Island Labor Income from Historic Tax Credit Projects

- Direct Income
- Indirect/Induced Income

Average $50 Million Direct & $34 Million Indirect/Induced Per Year
$865,000,000/year investment in Historic Districts
Property Values

<table>
<thead>
<tr>
<th>Category</th>
<th>Base Value</th>
<th>Historic District Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not in Historic District</td>
<td>100%</td>
<td>14.3%</td>
</tr>
<tr>
<td>In National Register District</td>
<td>100%</td>
<td>22.5%</td>
</tr>
<tr>
<td>In Local District</td>
<td>100%</td>
<td>22.5%</td>
</tr>
</tbody>
</table>
2000 – 2007

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

• Historic district properties + 21% in appreciation
Annual Change in Value San Antonio 1998 - 2013
1998 = 100
Value Change 1999 – 2014
Savannah National Register Districts
Change in Value 2003 - 2015
Local Historic Districts vs City
2003 = 100

Not in a District
Irvington
Meridian Street District
Woodruff Place
Lockerbie Square
Chatham-Arch &...
Old Northside
St. Joseph
Herron-Morton Place
Fletcher Place

2003  2015
The New Ten

- Foreclosure
- Stability on the Downside
- Density
- Walkability
- Catalytic Impact of HP Projects
- Knowledge/Creative Industries
- Business Births/Deaths
- Demographic /Economic Mirror
- The Environment
- The First Place of Return
Single Family Foreclosure Rates 2008-2012

Salt Lake City
Provo
Logan
Ogden
Park City

Foreclosure Rate for City
Foreclosure Rate for Historic Districts
Foreclosure Rate Single Family Houses
2008 - 2014

- Mission: 4.2%
- Lavaca: 5.2%
- Monte Vista: 6.9%
- All Historic Districts: 8.7%
- King William: 9.6%
- Dignowity Hill: 11.3%
- Olmos Park Terrace: 11.9%
- Tobin Hill: 12.6%
- Monticello Park: 14.6%
- San Antonio: 14.6%
Stability on the Downside
Real Estate Values in Up Years

Historic Districts vs. Rest of Savannah

Historic Districts

Rest of Savannah
Real Estate Values in Down Years

Historic Districts

Rest of Savannah
Density
Raleigh Population Density, 1900-2013
Population Density
Population/Sq Mi

- City of Raleigh: 2,528
- Local Historic District
- All Historic Districts
### The Tale of Two Neighborhoods

<table>
<thead>
<tr>
<th></th>
<th>Oakwood</th>
<th>Reedham Oaks/Wyndham</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>1664</td>
<td>507</td>
</tr>
<tr>
<td><strong>Size (acres)</strong></td>
<td>114.5</td>
<td>114.0</td>
</tr>
<tr>
<td><strong>Housing Units</strong></td>
<td>794</td>
<td>127</td>
</tr>
<tr>
<td><strong>Average Year of Construction</strong></td>
<td>1925</td>
<td>1992</td>
</tr>
<tr>
<td><strong>Average Size of House (square feet)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxes per Unit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Population per acre</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Square feet of Road per Unit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxes per acre</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water/Sewer Line Replacement Cost per Unit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual Property Taxes</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
...HISTORIC DISTRICTS HAVE THE GREATEST DENSITY IN EVERY BOROUGH

80,739
NON-HISTORIC RESIDENTIAL AREAS

104,750
SKYSCRAPERS

144,835
HISTORIC DISTRICTS

IN MANHATTAN
PEOPLE PER SQUARE MILE
Population Density per Square Mile
New York City
Walkability
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.

Good urban neighborhoods are walkable. Nearly **90%** of historic preservation tax credit projects are in neighborhoods described as Very Walkable or Walker’s Paradise.
Walk Scores for San Antonio Historic Districts

- Mission
- City of San Antonio
- River Road
- Olmos Park Terrace
- Government Hill
- Monticello Park
- Monte Vista
- Dignowity Hill
- Average of Historic Districts
- Fulton
- St. Paul Square
- King William
- Lavaca
- Cattleman Square
- Tobin Hill
- Alamo Plaza
- Main/Military Plaza

Scores range from 0 to 100.
## Walkability

<table>
<thead>
<tr>
<th></th>
<th>Average Walk Score</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raleigh</td>
<td>29</td>
<td>Car-dependent</td>
</tr>
<tr>
<td>Local historic districts</td>
<td>82</td>
<td>Very walkable</td>
</tr>
<tr>
<td>National Register historic districts</td>
<td>64</td>
<td>Somewhat walkable</td>
</tr>
<tr>
<td>All historic districts</td>
<td>73</td>
<td>Very walkable</td>
</tr>
</tbody>
</table>
Catalytic Impact of Historic Preservation Projects
Baton Rouge

Building Permits on 3rd Street

One small project in 2006 is now 12 projects in 2016. This approach is not singular, it gets repeated all around the state.

Dyke Nelson, Architect/Developer
New Orleans – Rouses Market

Cumulative Investment
Rouses Market Area

- $0
- $20,000,000
- $40,000,000
- $60,000,000
- $80,000,000
- $100,000,000
- $120,000,000
- $140,000,000

Years:
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
Catalytic Impact of SCAD Projects

- City of Savannah
- SCAD 99-04
- SCAD 05-09
- SCAD 10-14
% of Workforce in Arts/Entertainment/Recreation

NORTH CAROLINA

RALEIGH

NATIONAL REGISTER HISTORIC DISTRICTS

RALEIGH LOCAL HISTORIC DISTRICTS

0.0%  1.0%  2.0%  3.0%  4.0%  5.0%
Share of Knowledge Worker Jobs in Savannah Historic Districts

- Finance and Insurance
- Professional, Scientific, and Technical Services
- Arts, Entertainment, and Recreation
- Educational Services
- Public Administration

Share of all Jobs
Jobs in Knowledge and Creative Industries
New York City

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of All Jobs</td>
<td>8.0%</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>10.4%</td>
</tr>
<tr>
<td>Information</td>
<td>13.8%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>14.0%</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>20.3%</td>
</tr>
</tbody>
</table>
Rate of Job Growth 2003 - 2013
Historic Districts and the Rest of NYC

- Information
- Professional, Scientific, and Technical Services
- Arts, Entertainment, and Recreation

Historic Districts | Rest of NYC
Ratio of Business Openings to Business Closings

Year | Business Openings | Business Closings | Ratio
---|-------------------|-------------------|------
2004 | 1.5              | 1.0               | 1.5  
2005 | 2.0              | 1.5               | 1.33 
2006 | 2.5              | 2.0               | 1.25 
2007 | 3.0              | 2.5               | 1.20 
2008 | 3.5              | 3.0               | 1.17 
2009 | 4.0              | 3.5               | 1.14 
2010 | 4.5              | 4.0               | 1.12 
2011 | 5.0              | 4.5               | 1.11 

US
Ratio of Business Openings to Business Closings
Historic Districts as Job Attractors
New York City

- Young Firm Jobs: 10.9%
- Start-up Firm Jobs: 10.1%
- Small Firm Jobs: 9.9%
- Private Sector Jobs: 8.0%
- Lots: 3.4%
Household Income Distribution
San Antonio and Historic Districts

- Less than $25,000
- $25,000 - $49,999
- $50,000 - $74,999
- $75,000 - $99,999
- $100,000 - $149,999
- $150,000 +

San Antonio
Historic Districts
Hispanic Population
San Antonio and Historic Districts

San Antonio
63.0%

Historic Districts
60.3%

Hispanic Non-Hispanic
Rhode Island Historic Districts: Demographic Mirrors of the Community

Population by Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rest of the State</th>
<th>Local Historic Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than $100,000</td>
<td>25.6%</td>
<td>26.0%</td>
</tr>
<tr>
<td>$75,000-$100,000</td>
<td>13.0%</td>
<td>12.2%</td>
</tr>
<tr>
<td>$50,000-$75,000</td>
<td>17.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>$25,000-$50,000</td>
<td>21.3%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Less than $25,000</td>
<td>23.1%</td>
<td>24.9%</td>
</tr>
</tbody>
</table>
Rhode Island Historic Districts: Demographic Mirrors of the Community

Population by Race

- **White Alone**
  - Local Districts: 81%
  - Rest of Rhode Island: 81%
- **Black**
  - Local Districts: 6%
  - Rest of Rhode Island: 3%
- **Asian**
  - Local Districts: 4%
  - Rest of Rhode Island: 7%
- **Other**
  - Local Districts: 9%
  - Rest of Rhode Island: 9%
Rhode Island Historic Districts: Demographic Mirrors of the Community

Hispanic Population
Rhode Island Local Historic Districts

- 2000: 93.3% Hispanic, 6.7% Not Hispanic
- 2015: 87.4% Not Hispanic, 12.6% Hispanic

Hispanic
Not Hispanic
The Environment
<table>
<thead>
<tr>
<th>Environmental Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 – 40% reduction in Vehicle Miles Traveled (VMTs)</td>
</tr>
<tr>
<td>Reduction of travel related CO₂ Emissions by 92 – 123 Metric Tons</td>
</tr>
<tr>
<td>CO₂ “saved” relative to suburban construction = 18,700 to 22,000 gallons of gasoline</td>
</tr>
<tr>
<td>Embodied energy retained 55,000 MBTU</td>
</tr>
<tr>
<td>Greenfield land preserved 5.2 acres</td>
</tr>
<tr>
<td>Less construction debris in landfills 2500 Tons</td>
</tr>
<tr>
<td>Infrastructure investment “saved” $500,000 to $800,000</td>
</tr>
</tbody>
</table>
Preservation projects save 50 to 80 percent in infrastructure costs compared to new suburban development.
It takes 10 to 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.
A multifamily structure built since 1980 uses 13% more energy per square foot than one built before 1920.
Material Flows
Material Flows

Rehabilitation
47.3 Tons

Suburban Construction
182.4 Tons

Demolition and Infill
351.8 Tons
The average Historic House that was Retained rather than Razed reduced the impact on the landfill by 116.6 Tons
The First Place of Return
Change in Philadelphia Population
2000 - 2010

-4,000 -2,000 0 2,000 4,000 6,000 8,000 10,000 12,000 14,000

National Register Districts

Rest of City
Back to Where in the City?
Washington, DC 2000 - 2010

Share of Population
- Historic Districts: 45.0%
- Non Historic District: 55.0%

Share of Growth
- Historic Districts: 62.6%
- Non Historic District: 37.4%
Boston Population

- 1950: 801,444
- 1960: 697,197
- 1970: 641,071
- 1980: 562,994
- 1990: 574,283
- 2000: 589,141
- 2010: 617,594

Population trend from 1950 to 2010.
Back to *Where* in the City?
Boston 1990 - 2000

- Historic Districts Share of Population: 22.7%
- Historic Districts Share of Growth: 36.0%
Population Growth
2000-2010

Rhode Island
0.4%

Tax Credit Projects
15.9%

- Local Historic Districts
- Rest of Rhode Island

12% of State’s Population lives in Local Historic Districts
30 Years of Impact of Preservation Lessons

More of the measurable values of Historic Preservation are demonstrated every year.
Thank you very much