

Economic Benefits of Preservation: Annotated Bibliography

A tip sheet from the National Trust's Northeast Office

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Introduction

The argument for historic preservation as economic development is a compelling one. Although the magnitude of the economic impact of historic preservation is largely specific to the locality, there are consistent, reoccurring patterns. Some of these patterns are mentioned below. The bibliography that follows can be used as a starting place to reinforce your own arguments for the economic benefits of preservation in your state.

1. Dollar for dollar, historic preservation is one of the highest job-generating economic development options available.

For example, in Pennsylvania, \$1 million in rehab creates 12 more jobs than processing \$1 million in steel.

2. Job creation spurred by historic preservation begins in construction and the trades.

For example, in Philadelphia, PA, there were 356 historic rehabilitation tax credit projects from 1978 to 1985, employing 8,640 construction workers.

3. Job creation extends beyond construction.

Research in Rhode Island showed that of in-state jobs, 129 are construction workers, 51 are for services provided by engineers, architects, attorneys, accountants, preservationists, etc.

4. Historic preservation creates more jobs than the same amount of new construction.

Donovan Rypkema's research found that the process of historic preservation is labor intensive. Generally speaking, between 60 and 70% of the total costs goes toward labor, which has practical implications for the local economy. Carpenters, electricians, plumbers, sheet metal workers, painters, etc are nearly always hired locally.

5. Historic preservation has a multiplier effect.

The effects of preservation reach far beyond any single rehabilitation project.



According to research prepared in December 2006, the Massachusetts State Historic Rehabilitation Tax Credit (created in 2003) fostered 66 rehabilitation projects between 2004 and Dec 2006. These projects contributed over \$1.2 billion in total development costs and over \$820 million in rehabilitation costs to the state's economy. This investment makes possible the rehabilitation of historic buildings such as this apartment block in Springfield, MA, creates jobs, and contributes to the tax base.

The Advisory Council on Historic Preservation (ACHP) identifies community benefits in terms of the following: new businesses formed, private investment stimulated, tourism stimulated, increased property values, enhanced quality of life, new jobs created, compatible land-use patterns, increased property and sales taxes, and pockets of deterioration diluted.

6. Historic preservation provides a greater benefit To local suppliers.

In California for example, money invested in rehabilitation will increase local earnings in wholesaling 10% more and retailing 43% more than the same amount spent on new construction.

7. Historic rehabilitation is often a counter-cyclical activity that helps stabilize the local economy during an economic downturn.

The vast majority of preservation projects are modest in scale, thus they are affordable when large new projects are not. Since local labor and suppliers get a much larger share of the total expenditure than they do for new construction projects, dollar for dollar, preservation will have a more positive local economic impact.

Bibliography

Advisory Council for Historic Preservation

www.achp.gov

Links to statewide case studies, and studies on general community studies, impacts of historic designation, impacts on property values, and the impacts of preservation tax credits are available at www.achp.gov/economic-general.html.

Carew, Michael G. "History and Dollars: The Economic Consequences of Historic-site Preservation." Washington, D.C.: National Trust for Historic Preservation, 1993.

Colorado Historical Society. "The Economic Benefits of Historic Preservation in Colorado." Denver, CO: Clarion Associates of Colorado, LLC, 2002. Available at www.coloradohistory-oahp.org/publications/1620.htm.

Community Preservation Act (Massachusetts)

www.communitypreservation.org/index.cfm

Towns and cities vote to sign on to the act, and in doing so, decide on an increase in property taxes of up to 3 %. This money is currently matched dollar for dollar by the state. The revenue can then be used by the town for projects in three categories: historic preservation, open space, and affordable housing. As of Dec 2006, 119 (of the 351) towns have adopted CPA, with \$180 million raised locally, for a total of \$360 million available for the 3 areas. More than \$212 of this has been spent, including the preservation and/or rehab of 311 historic resources. So far, more than \$22 million dollars has gone into preservation projects.

de la Torre, Marta and Randy Mason. "Economics and Heritage Conservation: Issues and Ideas on Valuing Heritage." Presentation at the Getty Conservation Institute, Getty Center, Los Angeles, CA. 1999. Available at: www.icomos.org/usicomos/Symposium/SYMP99/delatorre.htm.

Deravi, M. Keivan. "Property Value Appreciation for Historic Districts in Alabama." Submitted to the Alabama Historical Commission, 2002. Available at www.ncshpo.org/PDFs/Economic%20Impact%20Studies/Alabama.pdf.

Federal Preservation Institute. "Measuring the Economic Impact of Federal Historic Properties: An Introduction to the Impact of Federal Stewardship of Historic Properties on Economic Vitality." An information paper prepared by the National Park Service, Department of the Interior, Washington, D.C. June 2005. Available at <http://stage.historicpreservation.gov/TechnicalInfo>. Pages 42 and 43 have lists of suggested reading.

Getty Conservation Institute. "Values and Heritage Conservation." 2000. Available at www.getty.edu/conservation/resources/valuesrpt.pdf. A 96-page report that includes discussion of economic



Repairing windows saves money, improves energy efficiency, protects a building's character, creates employment for skilled tradespeople, and contributes to the local economy. Photo courtesy of the Woodlawn Museum, Ellsworth, Maine.

value. Key chapter/section titles:

"Stewarding the Past in a Perplexing Present"; "Economic and Cultural Value in the Work of Creative Artists"; "Cultural Heritage and Globalization"; "Cultural Heritage, Liberal Education, and Human Flourishing"; "Cultural Fusion"; "Preserving the Historic Urban Fabric in a Context of Fast-Paced Change"; "The Making of Cultural Heritage"; "Challenges for Heritage Conservation and the Role of Research on Values"

Getty Conservation Institute. "Economics and Heritage Conservation." Proceedings from a meeting organized by the Getty Conservation Institute, Getty Center, Los Angeles, CA. December 1998. Available at: www.getty.edu/conservation/publications/pdf_publications/econrpt.pdf.

Grow Smart Rhode Island

Rhode Island enacted a state historic preservation tax credit in 2002. A study on the economic impacts of this credit is available at www.growsmartri.com//taxcredit-general.html.

Listokin, David, Barbara Listokin, and Michael Lahr, for the FannieMae Foundation. "The Contributions of Historic Preservation to Housing and Economic Development." Housing Policy Debate. Vol. 9, Issue 3. 1998. Available at www.fanniemaefoundation.org/programs/hpd/pdf/hpd_0903_listokin.pdf.

A 48-page study. Key chapter/section titles:

(Continued on page 3)

Bibliography, continued

"Historical Overview of Historic Preservation Programs and Activities in the United States"; "Historic Rehabilitation and Rehabilitation of the Existing Stock"; "Historic Preservation and Housing Production"; "Historic Preservation and Heritage Tourism"; "Historic Preservation and Downtown Revitalization"; "The Contributions of Historic Preservation to Housing and Economic Development: Multiplier Effects"; "Cautionary Considerations Regarding the Relationship Between Historic Preservation and Housing and Economic Development"

Mason, Randall. "The Economics of Historic Preservation: a Guide and Review of the Literature." 2005, Brookings Institution Metropolitan Policy Program. Available to download at www.knowledgeplex.org/showdoc.html?id=125687.

Abstract: The methods of determining the value of historic preservation vary widely, and several challenges persist in applying economic methods to the field. This discussion paper, which is followed with an extensive and annotated bibliography, reviews the current findings on the value of historic preservation and the methods used to assess that value, making the case for needed improvement if the economics of preservation is to more objectively and rigorously quantify the effects of historic preservation. Toward that end, the paper calls for a hybrid of the most promising analytical methods and more collaboration across research fields

McMahon, Ed. "Historic Districts and Property Values," in the *Planning Commissioners Journal*, Volume 23. Burlington, VT: Champlain Planning Press, 1996.

National Conference of State Historic Preservation Officers

www.ncshpo.org

List of state studies of the economic impacts of preservation

www.ncshpo.org/HPFPreservation/EconomicImpacts.htm.

National Park Service, Department of the Interior. United States, Department of the Interior, National Park Service. Federal Tax Incentives for Rehabilitating Historic Buildings: Annual Report for Fiscal Year 2006. Washington, DC. NPS, 2006.

Each year, the NPS posts its Annual Report for the federal Rehabilitation Tax Credits at www.nps.gov/history/hps/tps/tax/report.htm.

For example, according to the FY06 Annual, during "Fiscal Year 2006, the National Park Service approved 1,253 projects that represented a record-breaking \$4.08 billion in private investment. Taking into account new construction, which often occurs in conjunction with approved rehabilitations but is not eligible for the credit, the program leverages far greater than 5 to 1 in private to public investment in the preservation and renewal of our communities."

National Trust for Historic Preservation

Two studies of the economic impacts of historic preservation are available on the Public Policy section of the NTHP website at www.nationaltrust.org/advocacy/case.

National Trust for Historic Preservation. *Historic Preservation Forum: Preservation, Economics, and Community Rebirth.* Volume 9.2, Washington, D.C.: The National Trust for Historic Preservation, 1995.

National Trust for Historic Preservation. *Historic Preservation Forum News: Economic Benefits of Historic Preservation,* volume Washington, D.C.: The National Trust for Historic Preservation, 1998.

The Preservation Alliance of Virginia. "Virginia's Economy and Historic Preservation: The Impact of Preservation on Jobs, Business, and Community." Staunton, VA: Preservation Alliance of Virginia, 1995.

Preservation League of New York State. "New York: Profiting Through Preservation." New York: New York State Council on the Arts, 2002.

Puentes, Robert. "What can Historic Preservation Accomplish?" The Brookings Institution. Part of a series called Diverse Perspectives on Critical Issues sponsored by Living Cities, the National Community Development Initiative (www.livingcities.org). The study is available as a PDF at: www.livingcities.org/Policy_Series_V1/Puentes_full.pdf.

Excerpt:

"According to the National Park Service, Historic Preservation Tax Incentives have stimulated over \$33 billion in private investment since their inception in 1976: a 5-to-1 private-to-federal investment ratio. More than 32,000 historic properties and 185,000 housing units have been rehabilitated. Another 140,000 housing units have been created, over 75,000 of which are low-income and moderate-income units. The federal tax incentives have been instrumental in attracting new private investment to center cities and older suburbs." (pg. 3)

It goes on to mention the impact of Main Street programs: "One specific historic preservation program, the Main Street Program, is often referred to as one of the most cost-effective economic development programs in the country because of its rate of private returns per public dollar spent. Main Street, under the auspices of the National Trust for Historic Preservation (NTHP), undertakes preservation-based economic and community revitalization in large cities and small towns throughout the nation. Since the early 1980s, Main Street programs have been carried out in more than 1,700 communities with a total public and private reinvestment of \$18.3 billion. According to the NHTP, this has resulted in:

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Bibliography, continued

- Almost a quarter million new jobs
- 60,500 new businesses
- Rehabilitation of almost 100,000 buildings
- The reinvestment ratio of dollars generated in a community per dollar spent on operating the program is \$40.35 to \$1.00" (pg. 5)

Reconnecting America. "Economic Impact Analysis of Station Revitalization." 2001. Available at www.reconnectingamerica.org/pdfs/EI%20Study%20final%20report.pdf.

A 48-page report on the economic impact of rehabilitating historic train stations. Key chapter/section titles:

"Definitions of Station Revitalization"; "Economic Factors Studied"; "Study Process"; "Model Prediction and Validation of Economic Impacts" (which includes sections on "Increases in Jobs: Direct and Indirect"; "Changes in Property Values and Property Taxes"; "Changes in Household Income"; "Safety and Community Spirit")

Rypkema, Donovan

Donovan Rypkema is probably the most trusted name in the economics of preservation. You can check out some of his publications, speeches and other resources on his website at: www.placeeconomics.com/index.html.

Rypkema, Donovan. The Economics of Historic Preservation: A Community Leader's Guide, National Trust for Historic Preservation, Washington, DC. 1998, updated 2005. Available for sale at www.preservationbooks.org.

Rypkema, Donovan. "Economics, Sustainability, and Historic Preservation." A Speech by Donovan D. Rypkema at the National Trust Annual Conference in Portland, OR, October 1, 2005. Available at www.nationaltrust.org/advocacy/case/Rypkema_Speech_on_Sustainability_in_Portland.pdf.

Rypkema, Donovan. "The (Economic) Value of National Register Listings." *CRM Journal*. Vol. 25, No. 1. 2002. Available at <http://crm.cr.nps.gov/archive/25-01/25-01-2.pdf>.

Rypkema, Donovan. "The Economic Power of Restoration," a speech delivered at the Restoration and Renovation Conference on January 15, 2001. Available at www.wisconsinhistory.org/hp/smartgrowth/economic_power_of_restoration.pdf.

Rypkema, Donovan. "Economic Benefits of Historic Preservation." *Forum Journal*, No. 5. May/June 1998.

Rypkema, Donovan. "Preservation and Property Values in Indiana." Historic Landmarks Foundation of Indiana, September 1997. Available at www.historiclandmarks.org/SiteCollection/Documents/Publication%20PDFs/pvlr.pdf. Based on an independent study conducted by Donovan

D. Rypkema, a nationally known real estate development consultant, this 15-page book shows how official designation of local historic district benefits property values in those areas.

Sanderson, Edward F. "Economic Effects of Historic Preservation." *Forum Journal*. Vol. 9 No. 1 September/October, 1994.

Comments based on study conducted by the University of Rhode Island Intergovernmental Policy Analysis Program entitled "Economic Effects of Rhode Island Historical Preservation Commission: Program Expenditures from 1971 to 1993."

U.S. Department of Commerce, Bureau of Economic Analysis. "Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II)." May, 1993.

Data abstracted from these multipliers can be used to generate job creation comparisons. The most current data is available at www.bea.gov/regional/rims/index.cfm.

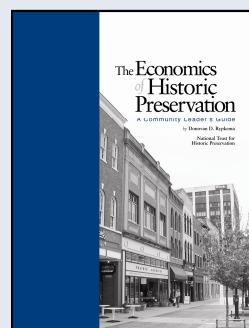
Vivian, Daniel, Mark Gilberg & David Listokin.

"Analyzing the Economic Impacts of Historic Preservation." *Forum Journal* Vol. 14, No. 3, Spring 2000.

Do you know of additional studies or information on the economic benefits of historic preservation? If so, we want to hear from you. Please email us at nero@nthp.org.

This tip sheet was prepared with contributions from John Leith Tetrault and research prepared by Donovan Rypkema.

Preservation Books focuses on every aspect of historic preservation, from economic benefits to the cleaning and care of historic homes to fundraising tips, with new titles added frequently. To browse the list of titles, or to order books online, visit www.preservationbooks.org.



Discounts available to Forum, National Trust, and Main Street Members.

The Economics of Historic Preservation: A Community Leaders Guide (updated). By Donovan Rypkema. Updated 2005. 132 pp. Available at www.preservationbooks.org.