

**STRENGTHENING COMMUNITIES  
THROUGH  
HISTORIC PRESERVATION**

**PUBLIC REVIEW DRAFT –revised to include the  
previously missing *Our Heritage* chapter**

**June 9, 2003**

## TANGIBLE BENEFITS OF PRESERVATION

Investing in historic preservation provides real and significant economic benefits. In the past, the economic benefits of preservation were not fully appreciated. Only recently, in a handful of states such as Maryland, New Jersey, North Carolina, Texas, and Virginia, has comprehensive data on the economic impacts of preservation been collected and analyzed. Each of these states has been pleased to discover not only preservation's positive economic impact, but that it compares favorably with other investment strategies. Historic preservation is much more than the rehabilitation of deteriorating buildings; it is a proven partner in developing local economies.

### Rehabilitation And Adaptive Reuse of Historic Buildings

Adaptive reuse of buildings is a key element of using historic preservation as an economic development strategy. Not only does the labor and materials used during rehabilitation have a positive impact on the economy, but adaptive reuse to serve a current community need contributes greatly to downtown revitalization.

The economic impacts of preservation extend far beyond the initial dollars spent. Like all good public investments, the initial expenditure has a ripple effect, so that the economic impact is far greater than the initial investment. Often large-scale historic preservation efforts are triggered by modest initial public investments and incentives, which open the doors to greater private investments.

- ***Historic rehabilitation creates more jobs and tax revenue than the construction of new roads or buildings.*** Rehabilitation adds more jobs than new construction, not because rehabilitation is more expensive, but because it is more labor intensive. According to the economic impact study done for the State of Michigan, rehabilitation projects have up to 70 percent of total project cost devoted to labor, compared to 50 percent in new construction.

*The landmark New Jersey study, Economic Impacts of Historic Preservation, developed conservative "recipes" for assessing the economic impact of historic preservation. For example, for every \$1 million dollars spent on nonresidential historic rehabilitation 38.3 jobs, \$1,302,000 in income, and \$202,000 in taxes is generated. The same amount spent on new nonresidential construction generates 36.1 jobs, \$1,223,000 in income, and \$189,000 in taxes.*

- ***Results in more local jobs and business for local suppliers.*** Due to the nature of rehabilitation work, it relies on local craftspeople and suppliers. New construction involves more off-site assembling that uses fewer workers and is often done out-of-town or even out-of-state. Of course, the income earned by these local workers and tradespeople has a multiplier effect on the economy since those same workers and business owners spend their money locally.
- ***Less impact on the environment and on infrastructure and reduction of sprawl.*** New development requires the expansion of basic infrastructure and services such as roads, water, sewage, utilities, and fire and police protection. In contrast, by rehabilitating our historic neighborhoods and downtowns we experience growth without the corresponding

increase in expensive services and infrastructure. Although services in historic areas may need upgrading, it is certainly less expensive, less damaging to the environment, and results in less sprawl than expanding services to new areas on the urban fringe.

- ***Plays a central role in downtown revitalization strategies.*** Downtown revitalization almost always involves heritage resources, since today's downtowns typically evolved from the sites of the earliest settlement and are the traditional hearts of local commerce. Even in smaller towns, the "main street" commercial area is where the older public and institutional buildings, such as city halls, post offices, banks, social halls, and churches can be found.
- ***Less neighborhood opposition and shorter permit review times.*** Neighborhoods are much less likely to oppose a project to restore a building that has been in place for 50 or more years than they are to the construction of a new building. Because of this and the greater number of issues under review in a new construction project, rehabilitation projects enjoy a shorter permit review and the subsequent cost savings.

## Heritage Tourism

Paradoxically, it is the intangible benefits of historic preservation, a sense of place, community pride, and a culturally and visually rich environment that make possible one of its most significant tangible benefits: Heritage Tourism. The National Trust for Historic Preservation defines heritage tourism as "traveling to experience the places, artifacts, and activities that authentically represent the stories and people of the past and present."

According to a recent study by the Travel Industry Association of American

- ***The heritage traveler spends more, does more and stays longer than other types of tourists.*** The heritage or cultural traveler spends, on average \$722 per trip, compared to \$603 for all US travelers; is more likely to participate in a wide range of activities, with shopping at the top of the list, 44% vs. 33%; and they stay 4.7 nights vs. 3.4 nights on average.
- ***Visiting historic and cultural sites is second only to shopping for people on vacation.***
- ***One in three international visitors to the U.S. tours a historic or cultural attraction***

Not every community has great natural wonder or a rich legacy of historic buildings; however, most have tourism potential. Although, residents often take their everyday environment for granted, a majority of communities do have a physical legacy that provides their community with its unique character and identity. Communities that take the time and effort to identify, preserve, and promote their physical legacy in a sustainable manner will enjoy a multitude of benefits.

- ***Heritage tourism creates jobs and business activity.*** A number of business and employment opportunities result from heritage tourism, both to serve the tourist directly, and to serve those who cater to tourists.

*A West Virginia study, found that, during 1996, heritage tourist expenditures created 390 jobs in businesses directly serving tourists and another 130 jobs as an indirect result of tourist activity for a total employment impact of 520. These 520 employees earned \$8.2 million dollars for their*

work. Businesses did \$15.4 million worth of sales with the tourists. Combining the direct and indirect impacts, heritage tourism created an additional \$46.7 million in business volume.

- **Revitalizes downtowns and reduces sprawl.** Communities that recognize the tourism benefits of maintaining the vitality and authenticity of communities' historic commercial cores, take steps to ensure their maintenance. The usual results are attractive downtowns that draw both tourists and locals to shop, dine, and enjoy the revitalized surroundings. These same policies that revitalize the downtown are also policies that carefully control the development of competing commercial areas such as big box retail, malls and strip malls, both in town and on the urban fringe.
- **Heritage tourism uses assets that already exist.** Often these assets need preservation or restoration, but it is the stories and structures of the past that are the foundation for creating a dynamic travel experience. As economic development expert Don Rypkema says, "Nobody goes anywhere to go down a waterslide or buy a tee-shirt. They may do both these things, but that isn't the reason they went there." By capitalizing on the historic assets of a community, it will become an attraction in and of itself, and won't need to create tourist attractions out of whole cloth.

The key to sustainable heritage tourism is the careful maintenance of the authenticity of an area. Communities must guard against becoming "tourist traps". In order to create a sustainable tourist destination, communities cannot allow new development to shape the character of the community; it is the unique character of the community that must shape the new development. If a destination is too crowded, too commercial, or too much like everywhere else, then why should a tourist visit it? This is why local planning, zoning, and design standards are critical to communities with heritage resources.

## Local Historic Designations

Many people believe that listing a resource on the state or federal register protects it from being significantly altered or demolished. It does not. Such programs are honorary distinctions, but they provide few protections. However, when a local government creates a program to designate a property or neighborhood as "historically significant", it is usually accompanied by controls that protect these resources. The protections required by local historic designations allow communities to experience significant economic benefits.

- **Protects the architectural and historic character of buildings or neighborhoods.** Local historic designation programs usually require design review of major activities such as demolitions, significant remodeling, and new construction in order to prevent incompatible development and to protect the integrity and distinctive characteristics of historic areas. For example, such a review might prevent the demolition of a historically or architecturally significant building, or require a new infill project to conform to specific height and design standards to insure compatibility with surrounding historic buildings.
- **Greater property value appreciation than comparable non-designated areas.** The fact that both residential and commercial property values increase in historic districts has been demonstrated by studies across the country, in communities that vary greatly in

population and economic health. Typically, property value appreciation rates are greater in designated historic districts than non-designated areas, occasionally they are the same, but in no instance are the rates of appreciation lower. It is the design review requirements of designated historic programs, which are responsible for this difference in value.

*For example, a South Carolina study found that in the city of Columbia, house prices in local historic districts increased 26 percent per year faster than the market as a whole. A Georgia study found that during a 20-year period, the average assessed value of properties in historic districts in Athens, Georgia increased by nearly 48 percent, compared to only 34 percent for properties in comparable non-designated areas.*

- ***Encourages reinvestment.*** Not only do these higher property values generate increased property taxes for local governments, they also encourage additional private investment. For instance, in 1988, Denver created the LoDo historic district, which at the time was a depressed commercial and warehouse area. Since then it has experienced dramatic redevelopment activity: the rehabilitation of dozen of neglected warehouses; the establishment of a new major ballpark; the opening of dozens of restaurants, galleries, and nightclubs; and the creation of hundreds of new housing units.