

## McKnight, Reuben

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**From:** Michael Lafreniere <info@historictacoma.org>  
**Sent:** Saturday, January 8, 2022 5:33 PM  
**To:** Landmarks  
**Cc:** Kathleen Brooker  
**Subject:** Report - 24 Reasons HP is Good for the Community  
**Attachments:** City-Studies-WP-Online-Doc.pdf

To the LPC Commissioners,

In case you missed it, there is a very good report available that would be appropriate for Commissioners to review; see attached. Released not long ago, it was [prepared by the PlaceEconomics group](#) which did a survey that was in your packet recently. It is an excellent summary of reasons why preservation is a good thing for cities and chock-full of data and metrics that make the case. The remarks in the conclusion (pg 31) are worthwhile reading. Thank you for your consideration.

Michael Lafreniere  
Communications Director  
[Historic Tacoma](#)

# TWENTY-FOUR REASONS

HISTORIC PRESERVATION  
IS GOOD FOR YOUR  
COMMUNITY

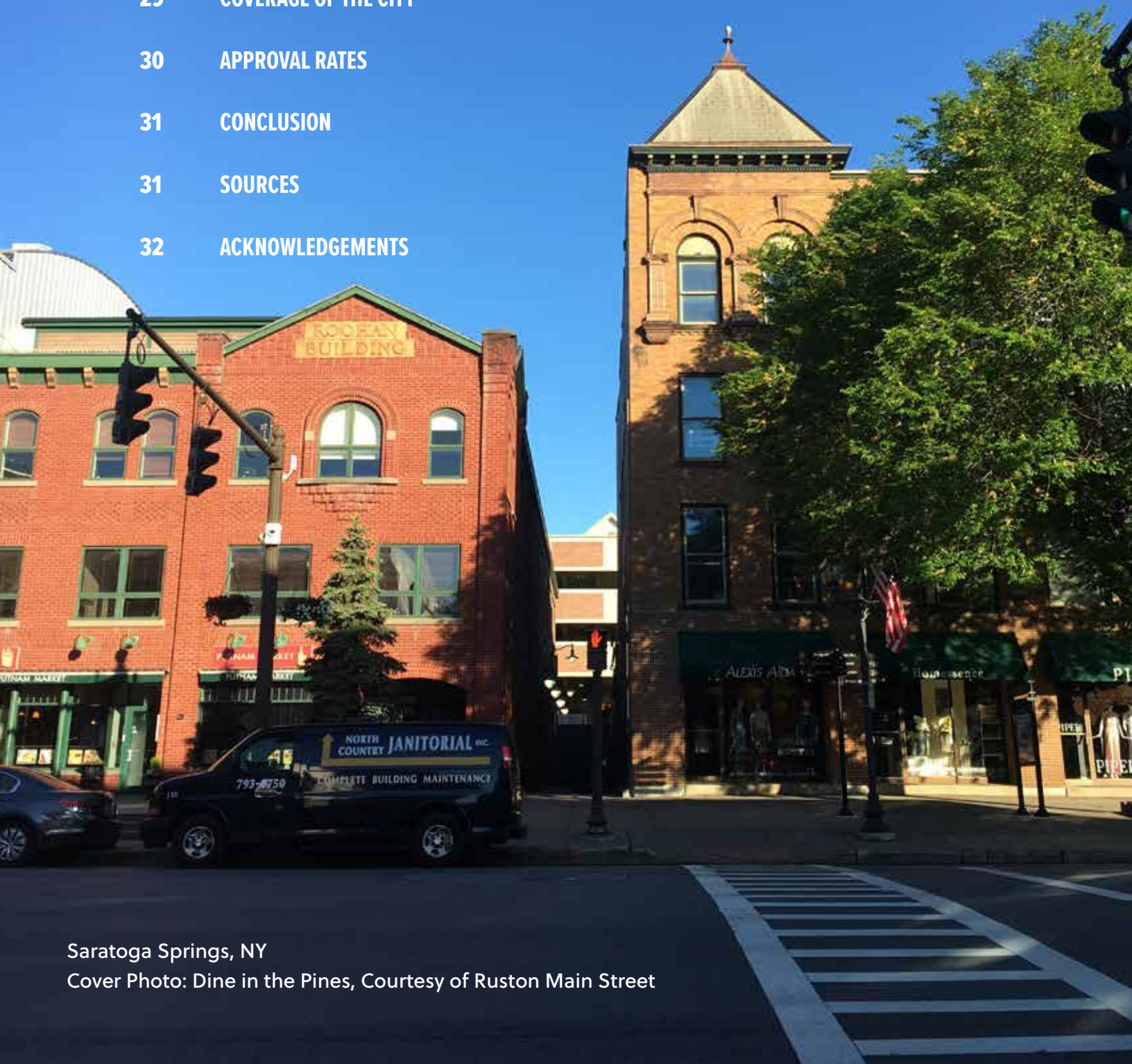




# CONTENTS

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- 1 INTRODUCTION
- 2 TWENTY REASONS HISTORIC PRESERVATION IS GOOD FOR YOUR COMMUNITY
- 28 FOUR ADDITIONAL REASONS (FOR GOOD MEASURE)
- 29 COVERAGE OF THE CITY
- 30 APPROVAL RATES
- 31 CONCLUSION
- 31 SOURCES
- 32 ACKNOWLEDGEMENTS



Saratoga Springs, NY

Cover Photo: Dine in the Pines, Courtesy of Ruston Main Street

# INTRODUCTION

Historic preservation is good for cities....no, not just good, historic preservation is great for cities. The reasons preservation is great for cities are multiple – aesthetic, symbolic, cultural, social, educational, economic, and others. In recent years these values have been well articulated, notably by Tom Mayes in *Why Old Places Matter*; Stephanie Meeks in *The Past and Future City: How Historic Preservation is Reviving America's Communities*; *Historic Preservation and the Livable City* by Eric W. Allison and Lauren Peters; *The Future of the Past: A Conservation Ethic for Architecture, Urbanism, and Historic Preservation* by Steven W. Semes; several books by Roberta Gratz, and others. Each makes a convincing case for the importance of historic preservation in American cities.

But in spite of the strength of their arguments, historic preservation is under attack in many places in the United States. Sometimes those attacks are made by well-meaning community activists, usually arguing with the vignette rather than substantive research, that historic preservation is the cause of gentrification, high rents, and is stopping needed densification.

In other instances, the attack is blatantly industry driven – usually by advocacy groups for real estate developers – who resent not being able to build their skyscrapers wherever they damn well please. But instead of making the candid admission that they just want to make more money, their opposition to historic preservation is couched in seemingly beneficent public policy goals using spurious arguments such as “small business can’t afford to be in historic districts” or “historic preservation is preventing affordable housing” or “we’re losing our competitive position to Singapore” or “if we can’t weaken historic preservation laws, we can’t get the density we need to grow.”

The third prong of the attack comes from the ideological right that argues any limitation on what can be done with my property is unpatriotic, un-American, unconstitutional, and an oppression of my freedoms. These voices are periodically supported by anti-regulatory think tanks such as the Charles Koch Institute. Among the most recent of the latter is an essay in Forbes entitled, “Historic Designations Are Ruining Cities”. That premise is not only wrong, but silly.

What these three groups have in common, besides their antipathy toward historic preservation, is that their evidence is scant to non-existent. At best their “proof” is the anecdote from an isolated example; at worst it is a blatant misrepresentation of reality.

At PlaceEconomics we acknowledge that the aesthetic, symbolic, cultural, etc. values of historic preservation are real, but are difficult if not impossible to quantify. In the long run, those values are more important than the values of historic preservation enumerated and quantified below. But as the great British economist John Maynard Keynes once wrote, “In the long run we are all dead.”

We measure the contributions of historic preservation that can be measured. Over the last five years PlaceEconomics has done analyses of the impacts of historic preservation in nearly a dozen cities of all sizes throughout the United States. From that research we’ve assembled the twenty-four reasons why historic preservation is good for your city.



# TWENTY-FOUR REASONS

## HISTORIC PRESERVATION IS GOOD FOR YOUR COMMUNITY

### 1. Jobs

Historic rehabilitation means jobs—generally well-paid jobs, particularly for those without advanced formal education. Rehabilitation tends to be more labor intensive than new construction, so work restoring historic buildings has a greater job creating impact per dollar spent than new construction. In **Savannah**, for example, one million dollars spent on the rehabilitation of a Savannah historic building will generate about 1.2 more jobs and \$62,000 more in income for Georgia citizens than the same amount spent on new construction.

In **New York City**, more than \$800 million is invested annually in New York's historic buildings, creating jobs for 9,000 New Yorkers and providing paychecks of over \$500 million each year.

In **Pittsburgh**, just the projects using the federal historic tax credit have added an average of 500 jobs and \$18 million in salaries and wages every year for the past 35 years.

But jobs don't just come from historic rehabilitation activities. Designated local historic districts are job magnets. In **Nashville**, while only 3% of jobs are located in historic districts, 11% of all job growth in the city has gone to historic districts. The author of the "Historic Designation is Ruining Cities" wrote, "Today, cities that are thriving are those that offer people plentiful dining, retail, and other entertainment options." In that he is correct. In Nashville designated historic districts also saw 24% of all job growth in accommodation and food service jobs, playing a key role in the tourism industry. In New York City, while 8% of all jobs are in designated historic districts, 12.7% of all food service and accommodations jobs are there. As anyone in the food

service industry knows, success depends not just on the quality of the food, but the atmosphere and character of the restaurant. That's why in **Rhode Island**, 14 of the 25 highest rated restaurants on Yelp are in historic districts. In **Raleigh** 9 of the top 20 Yelp rated restaurants are in historic districts. It's not just that cities providing dining are thriving, those restaurants are particularly thriving in designated historic districts.





Burlington, NC



Nashville, TN



New Orleans, LA

## 2. Downtown Revitalization

Thirty years ago, the conventional wisdom was that downtowns had been replaced by shopping centers, and if downtowns survived at all it would be exclusively because local government and financial institutions were located there. Of course, that was a prescription for a nine to five, five day a week economic, social, and cultural desert. Thankfully not everyone accepted that premise. In large cities and small towns, the most common and ultimately successful strategy was to identify, protect, reuse, and enhance the historic buildings that differentiated downtown from the mall. For those places wise and farsighted enough to reinvest and redevelop their historic structures rather than raze them, the payoff is clear.

In **Indianapolis**, while about 11% of downtown is made up of historic districts, they contribute a disproportionate amount of income generation, containing nearly 39,000 jobs, 26% of all of the jobs downtown. In Nashville commercial property values in downtown historic districts increased in value by 425% between 2007 and 2017, compared to the rest of downtown at 236%. Two-thirds of new businesses in downtown **Raleigh** chose historic and other older buildings for their location. In

**Saratoga Springs**, New York, the downtown Broadway Historic District is the cultural and economic hub of Saratoga Springs where 22% of all jobs in the city are located. In **Tybee Island, Georgia** (population 3,127) the concentrated efforts towards the Main Street Corridor commercial area creates a fertile environment for small businesses. Nearly 250 net new jobs have been created in the Tybee Island Main Street Corridor alone.

Main Street, is an economic revitalization program based on utilizing each downtown's historic buildings. There is no more cost-effective program of economic development of any kind in the United States today. Since 1980, Main Street districts in more than 2000 communities have seen cumulative investment of \$79 billion, 285,000 buildings rehabilitated, more than 640,000 net new jobs, and nearly 144,000 net new business. Many of these are small towns in rural America. This historic preservation-based program didn't ruin those towns; in many cases it literally saved them.



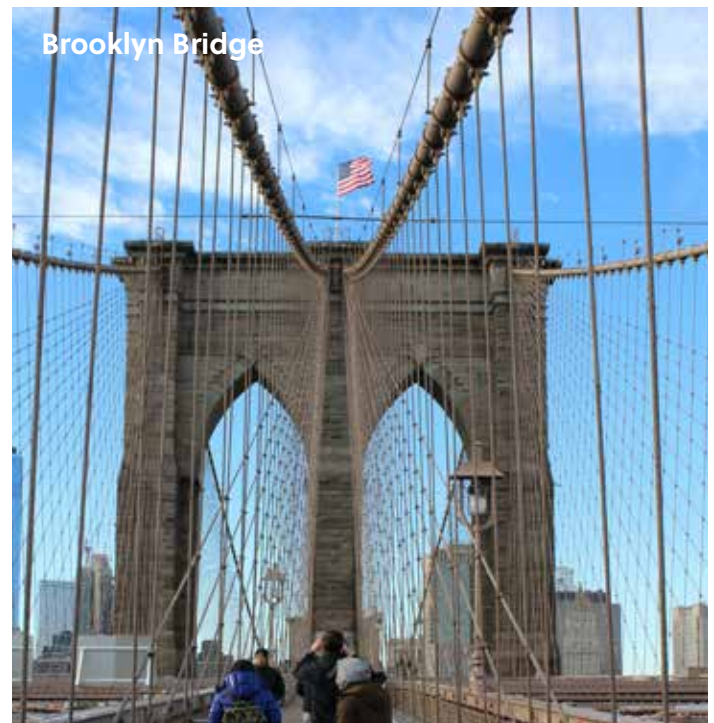
# 3. Heritage Tourism

Often when “economics” and “historic preservation” appear in the same sentence, the reaction is, “Oh, you must mean heritage tourism.” In fact, tourism is just one economic contributor of historic preservation, but it is an important one. Consistent findings in both the US and internationally indicate that heritage visitors stay longer, visit more places, and spend more per day than do tourists with no interest in historic resources.

**New York City’s** historic sites, places, and landmarks are a major draw for visitors. For domestic tourists who only come to the City for a day, nearly one-third (31.2%) fall into the “heritage visitor” category. The share is even larger for overnight visitors, with 4 in 10 putting a high priority on visiting historic places. While New York’s tourism industry has a huge impact on the City’s overall economy, just the domestic heritage tourism component represents direct spending of more than \$8 billion each year. Those expenditures mean jobs – nearly 135,000 jobs a year. Over 98,000 are jobs directly related to the heritage tourism industry and an additional 36,000 indirect and induced jobs are generated by heritage tourism. These heritage tourism jobs result in nearly \$6 billion in direct wages to New York City residents and \$738 million in local tax revenue. Each heritage visitor in New York City spends on average \$83 more during the trip than the non-heritage tourist.

In **Pittsburgh** 45.6% of overnight visitors and 44.8% of day visitors fall within the definition of heritage tourist. Tourism is a large and growing industry there, but just the heritage portion of that industry is responsible for nearly \$812 million annually in expenditures in the Pittsburgh area. What is particularly important about these visitors is that they spend more each day in Pittsburgh as compared to visitors with no interest in historic resources. This difference is the heritage premium. Pittsburgh sees nearly \$64 million per year in additional economic activity based on the additional amount heritage visitors spend each day compared to other tourists.

Just the heritage portion of Pittsburgh’s tourism industry is responsible for 12,300 direct jobs and an additional 4,500 indirect jobs. The salary and wages paid to workers meeting the needs of Pittsburgh’s heritage visitors is \$310 million per year with another \$223 million to indirect and induced jobs.



Nearly all expenditures of tourists fall into five categories: lodging; food and beverage; local transportation; retail purchases; and entertainment/admissions/amusements. In **San Antonio**, not only do heritage visitors spend more in total, they spend more in each of the five areas than do tourists with no interest in historic preservation. Those tourism expenditures create both jobs and paychecks. Over 14,000 food and beverage workers, nearly 12,000 retail employees, and 9,000 workers in hotels, motels, and B&Bs owe their jobs to San Antonio's heritage visitors. Those food and beverage workers take home over \$400 million in salary and wages, \$350 million for those in retail, and an additional \$317 million in paychecks for hotel and motel workers.

Travel experts understand the appeal of historic preservation – and far beyond just the occasional monument or mansion. The New York Times regularly runs a feature named, "36 hours in..." When **Raleigh**, North Carolina was covered 15 of the 22 recommended businesses to visit were located in designated historic districts. A similar article appeared in the Washington Post entitled, "What to do in Indianapolis", recommended sixteen places to go, eat, shop, stay, and explore. Eleven of them were in designated historic districts.

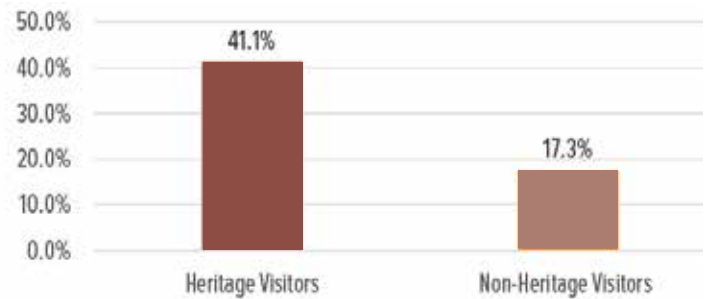


Ryman Auditorium

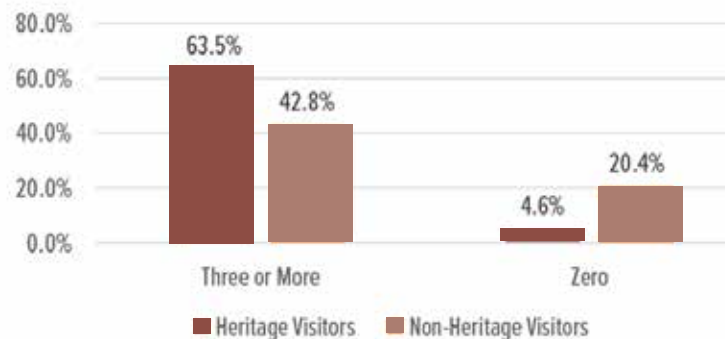
## Nashville's Music Heritage

Nashville is rightfully known as Music City and a very large percentage of its visitors go to Nashville for the music. What is less understood, however, is that the intangible heritage of music in Nashville is intimately related to the built heritage of the designated historic buildings. Ten of the fifteen most popular bars for music are in historic buildings. Around a quarter of all visitors to Nashville fall into the heritage tourist category, but those visitors are more likely to be from out of state, more likely to be international visitors, and spend around 20% more than tourists who have no interest in historic preservation. Among heritage visitors, more than 82% said live music was a most important factor in visiting Nashville, compared to less than a third of non-heritage visitors. Arts and culture were important to 58% of heritage visitors compared to 6% of non-heritage visitors. Real estate developers may not understand the link between the built heritage and Nashville's music, but those who visit Nashville for the music certainly do.

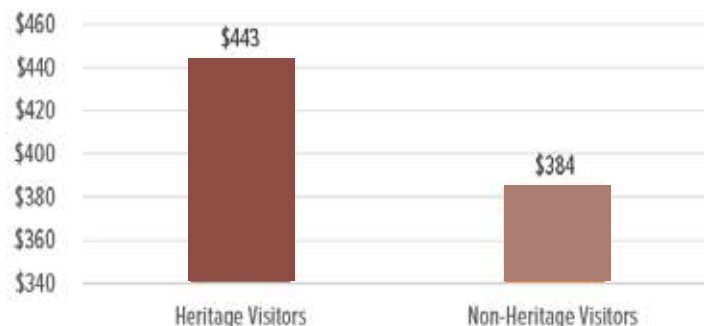
### LIVE MUSIC IS THE SINGLE MOST IMPORTANT REASON WE DECIDED TO VISIT NASHVILLE



### HOW MANY LIVE MUSIC VENUES HAVE YOU VISITED ON THIS TRIP?



### NASHVILLE LOCAL EXPENDITURES







Saratoga Springs, NY

## 4. Property Values

There is no area of preservation economic analysis that has been done more often than measuring the impact of local historic districts on property values. Regardless of the researcher, the methodology, or the location of the study, the results of these analyses have been remarkably consistent: In nearly every instance properties in local historic districts have greater rates of appreciation than properties elsewhere in the same city. Thirty years ago, opponents to the creation of a local historic district usually claimed, "Historic districts mean one more layer of regulation. More regulation means, prima facie, lower property values." Of course, study after study has demonstrated the opposite has been true; the values of properties have significantly benefited from local district designation. Today the argument – often from the same people who opposed districts early - is more likely to be, "Those damn historic districts will mean my property value is going up, so I'll have to pay more property taxes."

In Indianapolis, between 2002 and 2016, a single-family house in a local historic district has on average increased in value 7.3% each year, compared with just under 3.5% for houses not in historic districts. This market preference also extends to the amount of activity. Historic districts, which only make up 5.5% of properties in the city, represented nearly 20% of all sales and almost 35% of the aggregate sale amount.

Between 2000 and 2008, single-family residential properties in **Raleigh** increased in value 49% on a per square foot basis. Over that same time period value increases in three local historic districts increased in value between 84% and 111%.

The square foot value for single family homes in **Pittsburgh** not in historic district increased 45% between 2001 and 2014. Every local historic district saw a value increase greater than the average of the rest of the city.

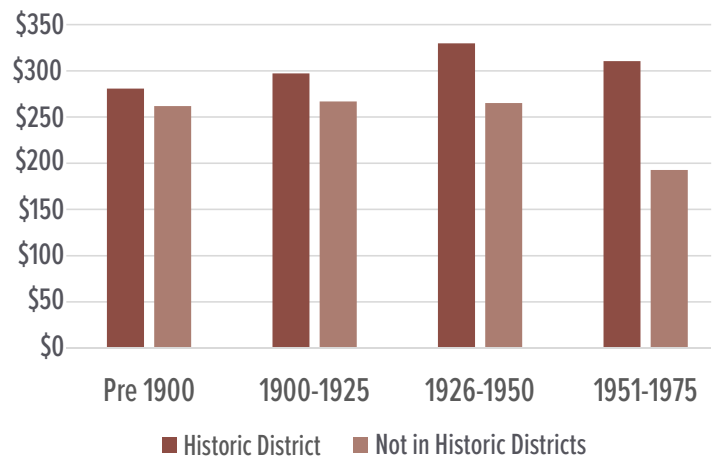
**Saratoga Springs** is fortunate to have a large inventory of older and historic houses, many of which are not located in one of the local historic districts. Some buyers are specifically attracted to these older properties. Comparisons were made for both median and mean by age, by style, by "typical house", by total value, by value per square foot, and by rate of change in value over time. In every instance, properties in designated local historic districts outperformed comparable properties not within local districts.

It is true that higher values usually mean higher property taxes. And for those with modest resources or living on fixed incomes, that can create difficulties. Often led by preservation advocates, many cities have adopted taxation policies that mitigate those problems. But the reality is this – rising property values resulting in rising taxes may be a cash flow problem, but a wealth enhancement.

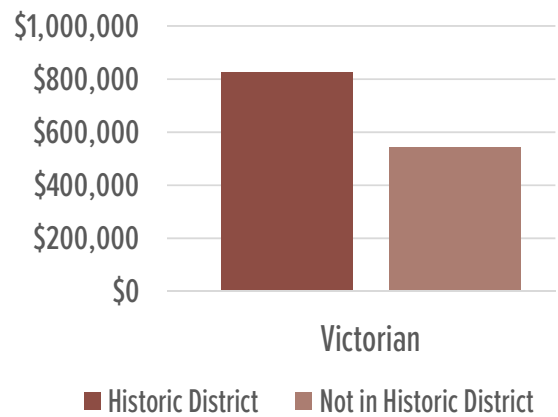
Around the United States, the effective property tax rate is typically between 1.5% and 2.5% of the value of the property each year. Thus, a property worth \$100,000 would have annual taxes of between \$1,500 and \$2,500. For example purposes only, assume the market as a whole goes up 3% per year while properties in the historic district go up 4% per year. Next year the non-historic house would have a value increase of \$3,000 and increased taxes of between \$45 (\$3,000 x 1.5%) and \$75 (\$3,000 x 2.5%) while the historic house would have a value increase of \$4,000 and increased taxes of between \$60 (\$4,000 x 1.5%) and \$100 (\$4,000 x 2.5%). So here is the effect on the owner of the historic house — she had to pay additional taxes of between \$15 and \$25 more than her neighbor, the owner of the non-historic house. But the value of her home increased \$1,000 more than did her neighbor. She would be hard pressed to find any investment on Wall Street where an additional \$15 to \$25 in outlay was rewarded with another \$1,000 in wealth.

That does not mean that rising property taxes which cause financial difficulties for some owners should not be addressed. But the short-term cash flow problem is offset 40 to 67 times by the increased wealth.

VALUE PER SQUARE FOOT BY AGE IN SARATOGA SPRINGS



PROPERTY VALUES BY STYLE (SARATOGA SPRINGS)



MEDIAN VALUE BY CONDITION (SARATOGA SPRINGS)





# 5. Foreclosure Patterns

December 2007 marked the beginning of what has come to be known as the Great Recession. Hardest hit in the recession was the real estate market. While the recession was officially designated as having ended in June, 2009, the real estate market in hundreds of cities didn't recover until three or four years later. In a few markets a decade after the real estate crash, values have still not reached their pre-recession levels.

Economists argue over the causes of the recession, but one thing is not in dispute – millions of Americans lost virtually all of their assets through the foreclosure of their homes. In the 10 years from the beginning of the recession 7.8 million homes were foreclosed on, and millions of additional families faced some type of foreclosure action during that time. Although most markets have recovered, the rate of home ownership in the United States is still five percentage points below its height of more than 69% reached in 2004. But even at the city level, the rate of foreclosure varied greatly from neighborhood to neighborhood. In more than 20 cities we've looked at, foreclosure rates in local historic districts were decidedly lower than the rest of the city.

Between 2008 and 2012, the foreclosure actions for single family homes in **Indianapolis** reached a staggering 26 percent. But those with homes in local historic and conservation districts—while also hit hard by the recession—fared much better with just 6% foreclosure rates.

Florida was especially hard hit in the real estate crash. Every local historic district in **Miami-Dade County** had a lower foreclosure rate than the 11.2% found in the rest of the county.

In designated historic districts, the foreclosure rate was less than a third of what was experienced in the rest of **Pittsburgh**.

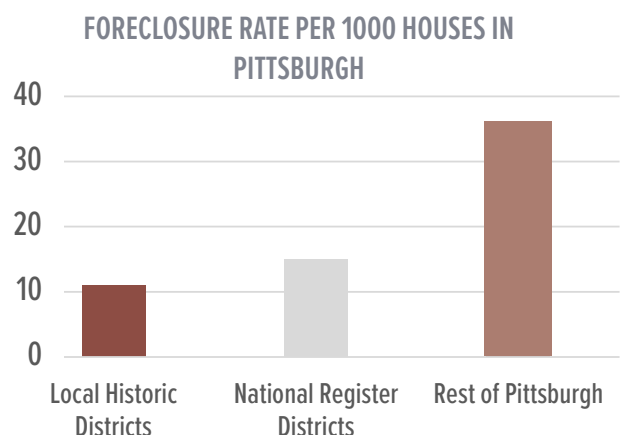
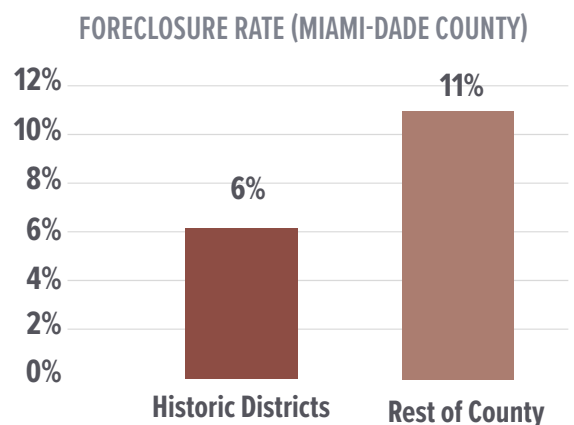
In **San Antonio** the rate of foreclosure of single-family houses was less than the citywide average in 10 of the 13 residential historic districts.

For **Raleigh** single family houses not in historic districts, for every 1000 houses, 100 faced foreclosure over the six-year period, January of 2008 through December of 2013. Local historic districts saw only 28.8 houses per thousand foreclosed upon. **Savannah** had its share of foreclosures with nearly one house in 8 facing foreclosure in the six-year period between 2008 and 2014. But every historic district in Savannah had lower rates of foreclosure than did the city as a whole. In Nashville, 54 out of every

1000 houses faced a foreclosure action between 2007 and 2018. In **Nashville's** historically designated districts the rate was less than half of that at 25.3 houses per thousand. Further, 16% of the foreclosures in historic districts were on new houses built as infill in the neighborhood.

One might prematurely conclude, "well, those historic neighborhoods are all rich, so those people could weather the recession." Simply not the case. In every one of those cities – Indianapolis, Miami/Dade County, Pittsburgh, San Antonio, Raleigh, Savannah, and Nashville – while there are some wealthy historic neighborhoods, there are also numerous neighborhoods that are the opposite of wealthy. In nearly every one of the less prosperous neighborhoods, the foreclosure rate was still less than the rest of the city.

It isn't that people who live in historic districts never get fired, or divorced, or run their credit card bills up too high. Rather there is a latent demand for homes in those neighborhoods even in market downturns. As a result, homeowners who find themselves in financial difficulties often find buyers for their homes before they reach the point of foreclosure.



# 6. Strength in Up and Down Markets

Related to the foreclosure findings is the pattern of value change in both up markets and down markets. As a general pattern, homes in historic districts do better when the market is moving up, fall later and less steeply when markets decline, and begin their value recovery sooner than other neighborhoods.

Between 2000 and 2008 – prior to the recession – single-family residential properties in **Raleigh** increased in value 49% on a per square foot basis. Over that same time period value increases in three local historic districts increased in value between 84% and 111%. Then the recession began and property sales declined both in historic districts and the city as a whole between 2008 and 2009. But before the recession was declared over the volume of property sales in historic districts began to recover and continued through the end of 2013. Home sales in the rest of the city continued to decline before picking up once that national recession ended. By 2013 the number of sales transactions in historic districts was nearly 10% above the 2008 level, sales in the rest of Raleigh still lagged their 2008 numbers by 10%.

In 2012 the city as a whole recorded a 13% increase in the number of home sales. **Raleigh's** local historic districts saw a 68% increase in number of sales between 2011 and 2012.

**Between 2007 and 2010, new construction in New York City fell 30% and didn't recover to pre-recession levels of activity until 2012. Over that same time, activity in historic districts, while suffering a minor one-year decline, maintained a pre-recession level of activity.**

An analysis of building permits in **Nashville** from 2006-2011 shows that historic districts weathered the recession well, accounting for 19% of all permit investment and over 18% of all projects during the recession.

In up years in the real estate market, **San Antonio's** local historic districts significantly outperformed the city as a whole. When the recession hit, there was a minor decline in historic district property values, but less severe than in the rest of the city. Then when the recession was finally over, recovery in the residential real estate sector began first in San Antonio's historic neighborhoods. The 15-year period between 1998 and 2013 covered three real estate cycles – rapid appreciation until 2007, real estate crash, and then market recovery. By 2013 the average square foot price of a single-family home outside of San Antonio's historic districts was up about 68% from its 1998 value. But San Antonio's historic districts homes were up 139% over their 1998 values.

This pattern of resilience in real estate recessions isn't limited to housing values or sales activity. Between 2007 and 2010, new construction in **New York City** fell 30% and didn't recover to pre-recession levels of activity until 2012. This collapse in the building industry meant that thousands of New York workers were suddenly without jobs or paychecks. Over that same time, however, activity in historic districts, while suffering a minor one-year decline, maintained a pre-recession level of activity. For rehabilitation work in historic districts, the decline began later, was much less deep, and recovery began sooner as compared to new construction in the City. If activity in New York's historic districts had declined as much as did new construction, more than 1,600 more New Yorkers would have been on the unemployment line each year between 2008 and 2012. The speculation inherent in new construction left the industry vulnerable to boom and bust, whereas reinvestment and rehabilitation of older buildings acted as a stabilizing force during the economic downturn.

Many cities today are developing "resiliency plans." But resiliency isn't limited to recovery after natural disasters. It is also necessary after financial crises. In city after city, it has been the local historic districts that have been the most resilient after a real estate crash.



# 7. Small Business



Little Rock, AR



Denham Springs, LA

While it's the companies of the Fortune 500 that get the headlines in the Wall Street Journal, it is small businesses who are the backbone of the American economy. 96% of all businesses employ fewer than 50 people; 89% fewer than 20. These small businesses employ 23 million more workers than do firms of 500 with more people on the payroll. Since the end of the recession, those small businesses have added 30% more jobs than have the big guys. Further, it is small businesses that offer the greatest entrepreneurial opportunity to women and minorities. So an economically dynamic city should be particularly concerned about creating an environment hospitable to small businesses. It is often historic districts that are the location of choice for small businesses.

Historic districts and buildings have a competitive advantage. They contain attractive buildings, spaces, and other attributes desirable to small businesses. Small businesses don't just provide convenience and local jobs; they are also the source of the commercial vitality of a neighborhood. These businesses value the unique character inherent in historic buildings and often the competitive rents in older structures. While historic districts account for 8% of all private jobs in **New York City**, these neighborhoods are the place of employment for nearly 10% of the City's jobs in small firms.

In **Saratoga Springs**, historic districts house 31% of all jobs at small firms (firms employing fewer than 20 people).

In **Savannah**, 30% of all jobs are in historic districts, but nearly half (48%) of the businesses that employ fewer than 20 people are located in these areas.

In **San Antonio**, while historic districts are home to only 4% of all jobs, fully 7% of small firm jobs have chosen to locate there.

Recent analysis of Dun and Bradstreet data show that while only 4.8% of the businesses in **Manhattan** are owned by minorities or women, 7.2% of businesses in historic districts meet that test. In fact, 12% of all women-owned businesses and 8% of minority owned businesses are located in historic districts.

Small businesses are important to a local economy, and historic districts make a great location for a disproportionate share of small businesses.



## 8. Start ups and Young Businesses

If small businesses are important, start-up and young businesses (less than 3 years old) are even more so. Almost all net new job creation comes from new businesses. Where do those businesses choose to locate? Often in local historic districts.

In **Miami-Dade County** 4.9% of all jobs are located in historic districts but 5.2% of job growth occurred in those areas. Just over 6% of jobs at start-up firms are located in historic districts. That might not seem significant, but more than one in four jobs at start-up firms were created in historic districts.

In **New York City**, historic districts are home to 8% of all private jobs, but 10.1% of jobs at start-up firms (in business for less than one year) and 10.9% of all jobs in young firms.

**Raleigh**, North Carolina is an economically vibrant and growing city. Of the new businesses in downtown Raleigh 46% of them chose a designated historic building to open their operation. Another 22% chose older buildings that were not yet historically designated.

A business' location is more than an address. Particularly new and small businesses want their physical location to be a reflection of the quality and character of the goods or services sold within. The quality and character a historic building is an appropriate choice for these entrepreneurs.



# 9. Jobs in Knowledge and Creative Class Sectors

Richard Florida may have overstated the case in *The Rise of the Creative Class* but urbanists, economists, and economic development experts note that the young, well educated, talented workers are essential for a local economy to grow and the city to be vibrant. So where are those knowledge and creative class workers choosing to live and work?

In **New York City** the three categories within which creative workers are employed are disproportionately represented in New York's historic districts. While 8% of all jobs are in historic districts, more than 10% of Professional, Scientific, and Technical Services jobs are in historic districts and more than 13% of jobs in the Information field. People can love or hate New York, but no one can argue that it is not one of the most creative cities in the world. And creatives gravitate toward neighborhoods with character. More than 20% of jobs in the Arts, Entertainment, and Recreation sector are located in historic districts in New York City.

**Pittsburgh** has seen an in-migration of young, educated workers which bodes well for the future of Pittsburgh's economic growth. But the location of the jobs held by those workers is not random. Pittsburgh's historic districts capture a disproportionate share. While around 19% of all workers in Pittsburgh hold a bachelors or advanced degree, more than 35% of workers in historic districts have reached that educational attainment. While historic districts contain slightly more than 37% of all jobs, those areas are home to 47% of the jobs in finance and insurance, 58% of the jobs in education and 44% of jobs in the information sector. These knowledge worker jobs are the growth areas in the US economy and are concentrated in historic districts in Pittsburgh.

In **San Antonio**, historic buildings and historic districts have a long history of incubating the arts. Arts related jobs in San Antonio are generally concentrated within or clustered around historic districts. This is also true of nonprofit organizations generally, 28% of which are located in San Antonio historic districts. While historic districts are home to just 4% of all jobs, there is a greater share of workers in arts and entertainment; information services; education; and professional, scientific, and technical services fields.

Firms employing "knowledge workers" are particularly attracted to historic areas. Although historic districts are home to 31% of all jobs in Savannah, 39% of

professional/scientific/technical services jobs, 57% of art/entertainment/recreation jobs, and 74% of educational services jobs are in historic districts.

**New York** and **Los Angeles** will always argue which is the more creative city. Creative class workers show a decided preference for local historic districts in New York and the same can be said for LA. Between 2005-2015 Los Angeles saw a 20% growth rate in arts related jobs, but local historic districts saw a 35% growth rate in arts related jobs.

While workers in the knowledge and creative fields will never be a large percentage of the entire workforce, they have a disproportionate impact on the economic vitality of a city. And employers of those workers are disproportionately choosing to locate in historic districts.

## IN NYC, HISTORIC DISTRICTS CONTAIN:

**8%** of all Private Jobs

**10.4%** of all Professional, Scientific, and Technical Service Jobs

**13.3%** of all Information Jobs

**20.3%** of all Arts, Entertainment, and Recreation Jobs

# 10. Millennials and Housing

In 2019 the number of Millennials (those born between 1981 and 1996) in the United States surpassed the number of Baby Boomers. That means for the next generation, that age group will have an outsized impact on how and where cities grow. So a city planning for a prosperous future must consider the needs and preferences of Millennials. Many in this age cohort might not identify themselves as “preservationists” but the qualities they are looking for in cities are the qualities found in historic neighborhoods.

One of the fastest growing cities in the nation is **Nashville**, a city particularly attractive to Millennials. While that age group makes up 29% of the population in non-historic neighborhoods, they constitute 33% of historic district residents.

New residents in a neighborhood who are renters are from all age groups, but a sizable share are Millennials. In **Raleigh**, historic districts have seen an influx of new renters in recent years, reflecting increased interest in living in the historic downtown area. Just over 60% of renters moved in since 2005, compared to around 30% of citywide renters.

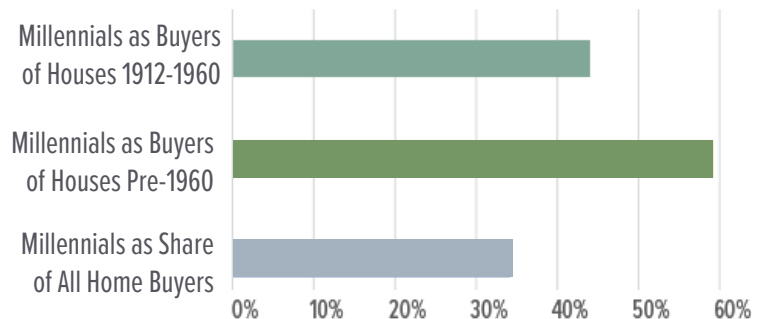
In **Los Angeles**, the number of millennial residents in historic districts grew by 9% since 2010, compared to 7% in the rest of the city. Despite making up only 1.8% of the land area, historic districts accounted for 4% of all new millennial residents between 2010 and 2016, meaning these areas punch above their weight in terms of attracting young adults.

A recent survey of the National Trust for Historic Preservation found that 44% of millennials surveyed wanted to live in historic, character rich neighborhoods. National home buying trends back this up. **Nationally**, despite making up only 34% of homebuyers, millennials account for 59% of all buyers of houses built before 1912 and 43% of buyers of houses built between 1912 and 1960.

Attracting and retaining Millennials needs to be an economic development priority for cities. Whether as renters or homeowners, Millennials have revealed a preference for historic neighborhoods.



MILLENNIALS AND HISTORIC HOUSES NATIONWIDE





# 11. Walkability/Bikeability

In 2007 Walk Score was released to the public. Since then urban planners, real estate professionals, public health workers, transportation experts, and others have stressed the importance of Walk Score; it has become a basic tool of urban analysis. But most neighborhoods in America are not very walkable. The American Journal of Preventive Medicine noted, "Neighborhoods built a half-century or more ago were designed with 'walkability' in mind. And living in them reduces an individual's risk of becoming overweight or obese." For multiple reasons people are prioritizing walkability in their choice of where to work and live. The Urban Land Institute reports that 50% of U.S. residents say that walkability is a top priority or a high priority when considering where to live.

What neighborhoods are walkable? Historic neighborhoods.

**Nashville** is notoriously unwalkable. Walk Score rated Nashville the 48th most walkable large city in the US, with a Walk Score of 28 and a Bike Score of 25. As a city, Nashville falls in the "Car Dependent" category. Yet historic districts are demonstrably more accessible earning a Walk Score of 63 and a Bike Score of 57. Nearly half of the historic districts have a Walk Score over 70, which is considered "very walkable."

In **Pittsburgh**, the Walk Score was calculated for every block in every historic district. Then the average scores for historic districts was compared with the city as a whole. The result? As Pittsburgh is a dense city, the overall Walk Score is a very respectable 60. However, the average block within historic districts in Pittsburgh achieves a Walk Score of 75. Historic neighborhoods are more walkable than in most of a quite walkable city.

As with the Walk Score, the Transit Score was calculated for every block in every historic district in Pittsburgh and then compared with the city. The results were the same. While the city of **Pittsburgh** had a Transit Score of 54, blocks in historic districts averaged a Transit Score of 66. Probably because of the number of hills and steep topography the Bike Score for the City of Pittsburgh is just under 40, while the Bike Score for Pittsburgh's historic neighborhoods is 63.

**Raleigh's** local historic districts represent some of the most walkable parts of the city. While the city of Raleigh has an average Walk Score of 29, meaning that most neighborhoods are car-dependent, Raleigh's historic districts average a 73 Walk Score.

**Savannah**, as a whole, rates a score of 41, putting it in the "Car-Dependent" category, while every local historic district scores higher ranging from "Somewhat walkable" to "Walker's Paradise."

Competitive cities need to be walkable, and walkability is found in historic neighborhoods.

## The *Walk Score* categories are:

### 90–100 Walker's Paradise

Daily errands do not require a car.

### 70–89 Very Walkable

Most errands can be accomplished on foot.

### 50–69 Somewhat Walkable

Some errands can be accomplished on foot.

### 25–49 Car-Dependent

Most errands require a car.

### 0–24 Car-Dependent

Almost all errands require a car.



Indianapolis, IN (Photo Credit: Raina Regan)

# 12. Density at a Human Scale

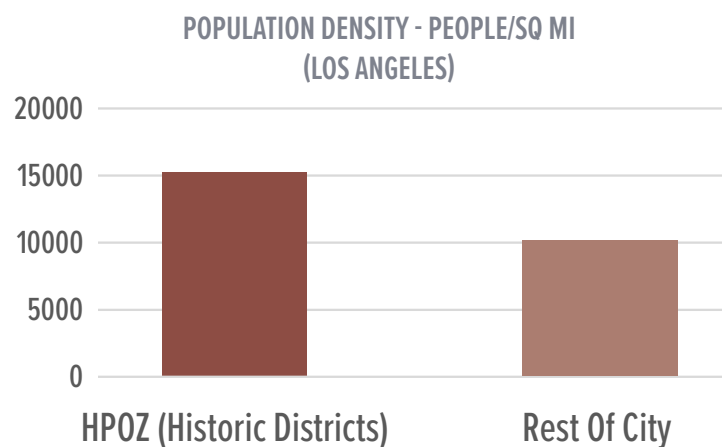
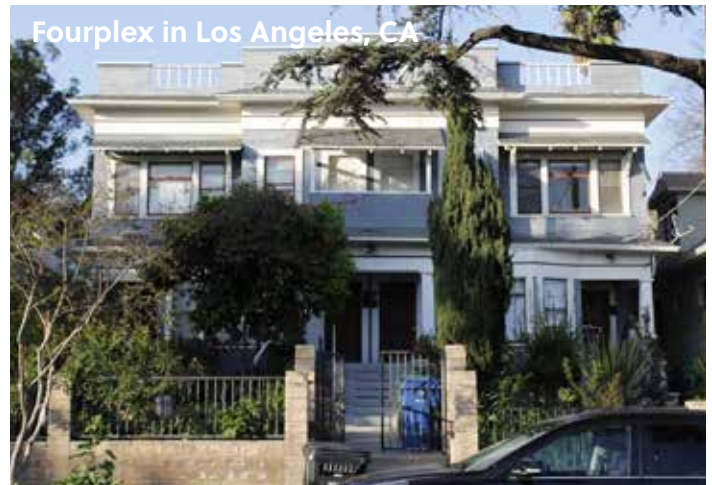
Density. The D word. Density has lots of proponents – transportation experts, infrastructure engineers, public works directors, urban planners. The argument goes like this: “We need to have density to efficiently provide public services. Everything from bus systems to school locations to fire protection to waterlines are more efficiently and cost-effectively provided if we have density.” And you know what – they are right. Cities need density. But here’s where the argument falters; density is seen as a synonym of high-rise construction. Wrong. Where is density being provided right now? In historic neighborhoods.

In **Miami-Dade County**, historic districts are some of the densest areas with population density 5 times the county as a whole and nearly 2 1/2 times the average density in the urban areas. Another argument for density is that there is much greater tax generation per acre. True, and in Miami/Dade County the historic districts represent nearly four times the assessed value per acre than the rest of the County.

A common criticism of historic preservation is that it prevents increased density, and critics claim that preservation is in opposition of new developments that would provide needed housing units. This claim is not true in **Nashville**. First, historic districts only cover 6% of the land area of Nashville, there is plenty of space elsewhere in the city beyond historic neighborhoods. Second, historic districts are disproportionately absorbing Nashville’s population growth. Third, historic districts are on average the densest parts of the city. In fact, these areas are home to 4,828 people per square mile, 1,600 more than residential neighborhoods in the rest of the city. Density is needed in Nashville and historic neighborhoods are providing it.

**San Antonio** is not a dense city overall, with a population of around 2,900 people per square mile. However, the average density for San Antonio historic districts is 5,369 persons per square mile. Individually almost every historic district has a density higher than the city-wide average.

But what is often missed by both proponents and opponents of density is that people will accept and even appreciate density if it is at a human scale. That’s what **Savannah’s** historic neighborhoods provide. As a whole Savannah is not a dense city, with just over 1,300 persons per square mile citywide. The local historic districts in Savannah are nearly five times as dense housing over 6,300 people per square mile. Importantly this is density





at a human scale. These are neighborhoods where people like to walk—not overpowered with 20-story condominiums—but lined with houses built in the close proximity envisioned by General James Edward Oglethorpe.

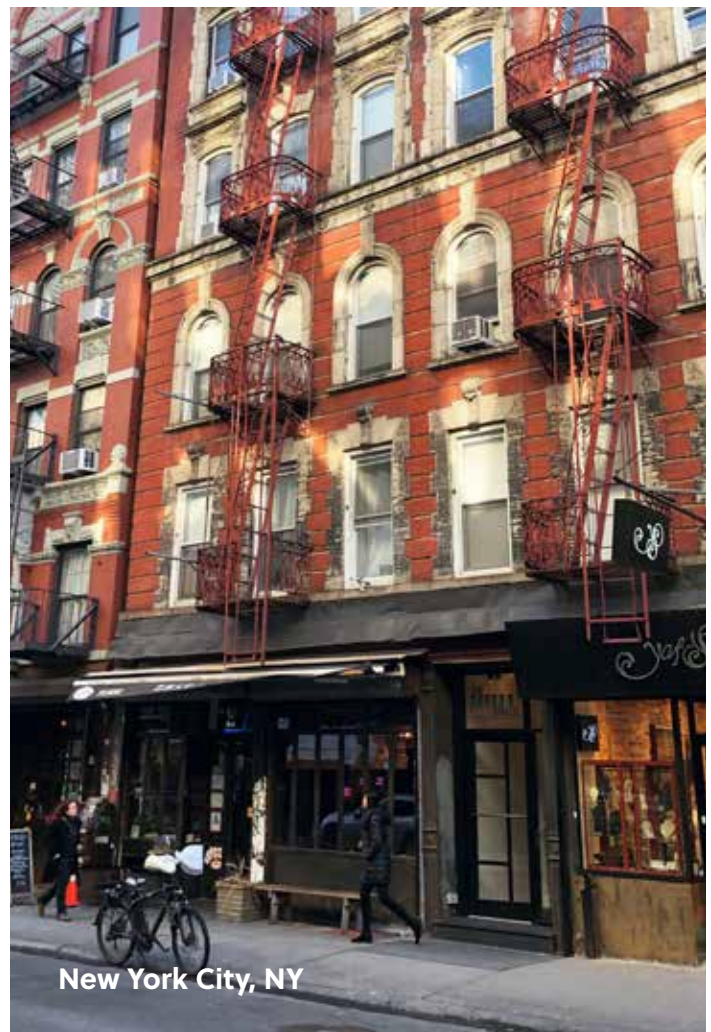
Even in a low-density city like **Los Angeles**, the local historic districts are 1 ½ time the average density as other residential neighborhoods.

The powerful and influential Real Estate Board of New York (REBNY) has made the case for weakening protections for local historic districts around four main arguments. 1) The population of **New York City** is growing. 2) The City is landlocked and so cannot grow outward. 3) Therefore, we have to grow upwards. 4) Historic districts are precluding us from building the skyscrapers that we want to build and the density the City needs. That series of posits seems very reasonable. Who could argue with that?

Preservationists both can and should and here's why. 1) Less than 5% of the developable lots in the City of New York is under the purview of the Landmarks Preservation Commission. If you can't figure out how to build your skyscrapers on the other 95% of the land, maybe you're not smart enough to be in the real estate business. 2) In every one of the five boroughs, the densest residential neighborhoods are the historic districts. 3) The density of the Census Blocks where residential highrises were built in Manhattan between 2000 and 2010, as tall as they are, still have density less than the historic districts in Manhattan. 4) Because of unit size and frequent patterns of low full-time occupancy, the density added by those skyscrapers is much less than their height would suggest.

Yes, New York City needs density, and yes, much of that needs to come from high rise development. But why does that density need to be in the 5% of the land of New York City that is already providing the highest density?

For all the whining from REBNY about the evils of historic districts, those developers certainly aren't shy about marketing what urban journalist Roberta Gratz calls their "over-the-top luxury towers catering to the foreign oligarchs or providing pied-à-terres to American one-percenters" by stressing their proximity to historic neighborhoods. Allowing them to be built in the middle of New York's historic districts would be allowing parasite buildings – using the ambiance, quality, and character of the neighborhood as the door mat for their \$6,000/square foot luxury phallic symbol.



# 13. Environmental Responsibility

It was Carl Elefante, immediate past president of the American Institute of Architects, who first coined the phrase, **"The greenest building is the one already built."** This connection between the historic built environment and environmental sustainability went unrecognized by most of the environmental movement for decades, culminating in the LEED certification program which awarded more points for a single bike rack than for reusing an entire building. This myopia led to significant recent research by both academics and practitioners including, *Stewardship of the Built Environment: Sustainability, Preservation, and Reuse*, by Robert A. Young, *Building Reuse: Sustainability, Preservation, and the Value of Design* by Kathryn Rogers Merlino, *Sustainable Heritage*, by Amalia Leifeste and Barry L. Stiefel, *Sustainable Preservation: Greening Existing Buildings*, by Jean Carroon, *Green Restorations: Sustainable Building and Historic Homes*, by Aaron Lubeck and others. These published works were supplemented by the research of the Preservation Green Lab (now called the Research & Policy Lab of the National Trust). In their first major study, the Preservation Green Lab compared the environmental responsibility between appropriately retrofitting a historic building or building a new green gizmo structure. They found among other things that it takes 10 to 80 years of operating savings of a green gizmo building to recoup the negative climate change impacts of the construction. Almost every building typology in every region of the country demonstrated a better environmental outcome through adaptive reuse than with demolition and new construction.

In **Maryland**, a study by economic analyst Joseph Cronyn and environmental economist Evans Paull compared the differences in environmental impact of rehabilitating a 50,000 square foot historic industrial building to building a new structure at the edge of town. Among their findings were: a 20%-40% reduction in Vehicle Miles Traveled; reduced travel related CO2 of 92-123 metric tons; retained embodied energy of 55,000 Million BTUs; greenfield land preserved 5.2 acres; less demolition debris in landfill of 2,500 tons; \$100,000 value of natural resources saved; and infrastructure investment saved of between \$500,000 and \$800,000. Between the environmental benefits and the fiscal savings, the Sierra Club and the Tea Party ought to be holding hands in leading the preservation parade. These findings have been confirmed in city level preservation impact studies.

Mayor Bloomberg before he left office wanted to put **New York City** on a path to be the most environmentally



responsible city on the planet. Good businessman that he is, he decided that step one should be an audit of which buildings were using how much energy today. Contrary to conventional wisdom, in fact the least energy use per square foot was found in buildings constructed more than 70 years ago. For multi-family properties, a structure built since 1980 used nearly 13% more energy per square foot than did an apartment built prior to 1920. While the energy efficiency has improved for buildings constructed over the last 30 years, still an office tower built since 1980 uses 33% more energy per square foot than one built nearly a century ago.

The U.S. Green Building Council recommends that a connected development pattern has at least 140 intersections per square mile. While Nashville's streets inside the 1963 boundary have an impressive average of 932 intersections per square mile, the historic district streets double that. The impact of shorter blocks, connectivity for transit, and traffic calming benefits are well known with more intersection density.

Apart from energy usage, the amount of waste that goes into landfills when eliminating older and historic buildings is also an important factor when evaluating environmental responsibility. To put these environmental costs in context, when a decision is made to demolish one modestly sized house in a **Raleigh** historic district, 62.5 tons of waste is generated for the landfill. That's as much waste as one person would generate in 79.5 years. When the energy cost of razing and hauling to the landfill are added to the embodied energy already within the existing building, the demolition of a modest sized historic home in Raleigh is equivalent to throwing away 15,285 gallons of gasoline.

Nearly every 4th grader in America learns that to be environmentally responsible it's necessary to reduce, reuse, recycle. The use of historic buildings does all of those things.



# 14. Smart Growth

The closest we have in the United State for a comprehensive sustainable development movement is one known as Smart Growth. And Smart Growth has a specific set of principles. They are:

- Create a range of employment opportunities.
- Mix land uses.
- Take advantage of compact building design.
- Create walkable neighborhoods and a range of housing opportunities and choices.
- Foster distinctive, attractive communities with a strong sense of place.
- Preserve open space, farmland, natural beauty, and critical environmental areas.
- Strengthen and direct development towards existing communities.
- Provide in advance a variety of transportation choices, urban and social infrastructure based on population projections.
- Make development decisions sustainable, predictable, fair, and cost effective.
- Encourage community and stakeholder collaboration in development decisions.
- Cost effectiveness in decision making.

Historic neighborhoods are the living embodiment of all ten Smart Growth principles. In fact, if a community did nothing but protect its historic neighborhoods, it will have advanced a comprehensive sustainable development agenda.

Commute time has both environmental and quality of life implications. The density and central location of **Indianapolis** historic districts have implications for the live-work balance. While the average commute in the Indianapolis is 23 minutes, nearly 35% of households in historic districts commute less than 15 minutes. This also affects the quality of life of residents, as more time spent commuting means less time spent with family, exercising, and contributing to the community.

In a 2013 report by the International Downtown Association, **Savannah's** Landmark District is considered a "high live-work" downtown with 29% of all workers also residing there. This has positive impacts not just for the worker, but for the environment, traffic congestion, businesses that serve both residents and workers, the municipal budget, and public safety issues. Density, walkability, bikeability, and live-work lifestyle are important in quality of life measurement and that is exactly what **Savannah's** historic neighborhoods provide.





Indianapolis, IN  
Photo Credit: Indiana Landmarks

The use of public transit is usually a priority for both sustainability and resilience strategies. In nearly every municipality in **Miami-Dade County**, residents of local historic districts use public transit to a greater degree than do the rest of the citizens of their community. This translates into environmental savings as households in historic districts drive 2,300 miles less per year. Less miles traveled means less greenhouse gas emissions. 92% of properties in historic districts are within .25 miles of a bus route, compared to 76% in the rest of the city. 29% of residents in historic districts are within .5 miles of a hospital, compared to 10% in the rest of the city. 75% of residents in historic districts live within .5 miles of a public school, compared to 67% in the rest of the city. In Miami/Dade County, 82% of properties in historic districts are located within 1/4 mile of a park or greenspace compared to 43% of the rest of the county. The average tree canopy coverage in historic districts is over 20% as compared to just over 12% in the county overall. The historic district tree canopy contributes more than \$19 million in economic benefits.

Roughly twice the number of workers commute into **Raleigh's** historic districts than workers who live in the districts and commute elsewhere. And nearly 40% of the incoming workers travel less than 10 miles to get to their workplace in the districts, compared to only 33% in the city as a whole. People who live around historic districts are benefiting from their concentration of businesses and jobs as well.

A public commitment to identify, protect and enhance **San Antonio's** historic neighborhoods is in and of itself Smart Growth. San Antonio's historic neighborhoods should serve as the model in how to reach the vision established for environmental sustainability.

San Antonio is known for its cohesive neighborhoods with compelling and unique personalities. Modern linked mass transit, improved infrastructure and a concerted effort to preserve and maintain our historic buildings, parks and open spaces compliment smart growth patterns. The result is a livable and vibrant community that is strongly connected to its past and maintains its small town feel. The Average Transit Score for San Antonio Historic Districts is nearly twice the citywide average.

A neighborhood that adopted the Smart Growth principles should be expected to benefit from a priority on almost everyone's list – reduced commuting time. That is already happening today in historic neighborhoods in San Antonio. Over a third of historic district residents have commute times of less than 15 minutes. That compares with less than 24% of other San Antonio residents who can make the same claim.

The conclusion for this section is simple: Historic Preservation IS Smart Growth.



# 15. Neighborhood Level Diversity

In some places historic districts are seen as exclusively the domain of the rich and white. While throughout the country there are, indeed, some historic districts that are very wealthy, that is far from the norm. Further, at PlaceEconomics, we believe that healthy neighborhoods are those that at the neighborhood level are a reflection of the economic, racial, and ethnic diversity of the entire city. We are further convinced that economic integration at the neighborhood level ought to be a public policy goal. Where are these “mirror of the city” areas? Almost exclusively in local historic districts.

Historic districts help to achieve public policy housing goals by providing housing options for a range of household sizes and incomes, while fostering a balance of neighborhood stability and healthy change. In Raleigh housing units come in a variety of sizes. The vast majority—over 75 percent—are modestly sized, with fewer than 2,500 square feet. A diversity of housing sizes results in a diversity of housing price points for both renters and potential owners. It is this range of price options that leads to economic integration within a neighborhood.

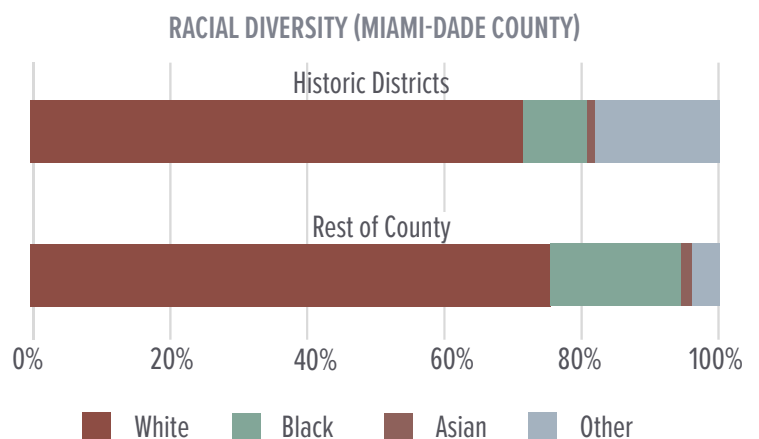
Historic districts ought to provide jobs across the demographic spectrum. When the racial makeup of workers in Pittsburgh as a whole is compared to the racial makeup of workers in historic districts, there is nearly no statistical difference. Historic districts are a virtual mirror of the city at large in terms of the race of those working there. As are the residents in Pittsburgh’s historic residential areas.

While **Miami-Dade County** as a whole is diverse, the local historic districts are particularly so. While there are differences among individual historic districts, on an aggregate basis the residents who choose to live in the county’s local historic districts are a mirror of the diversity of the county as a whole, in income, in race, and in ethnicity.

In nearly every historic neighborhood in **Nashville** there are households with very modest earnings living next to households of significant income. This is economic integration and is central to the equity goals of the city. Nashville recognizes that urban vitality is built on diversity, and it has become a basic premise of placemaking that healthy neighborhoods are neither all rich nor all poor. The historic districts in Nashville are home to households at both the bottom and the top of

the economic rungs of the city. In fact, there is almost an even distribution of households in historic districts among lower (36.1%), middle (27.3%), and upper income (36.6%) households.

In **San Antonio**, at the historic district level, neighborhoods are composed of a great diversity of incomes by household. A few – Cattleman Square and Government Hill - have a higher percentage of households making \$25,000 and under, while King William and Monte Vista have a greater share of households making more than \$150,000. Most neighborhoods are statistically near the city averages for household in each income category. Even in a perceived wealthy district like King William, the share of households earning under \$25,000 is nearly the same as the city overall. And in that district, there are more than two times as many households earning less than \$50,000 per year than those making more than \$150,000.

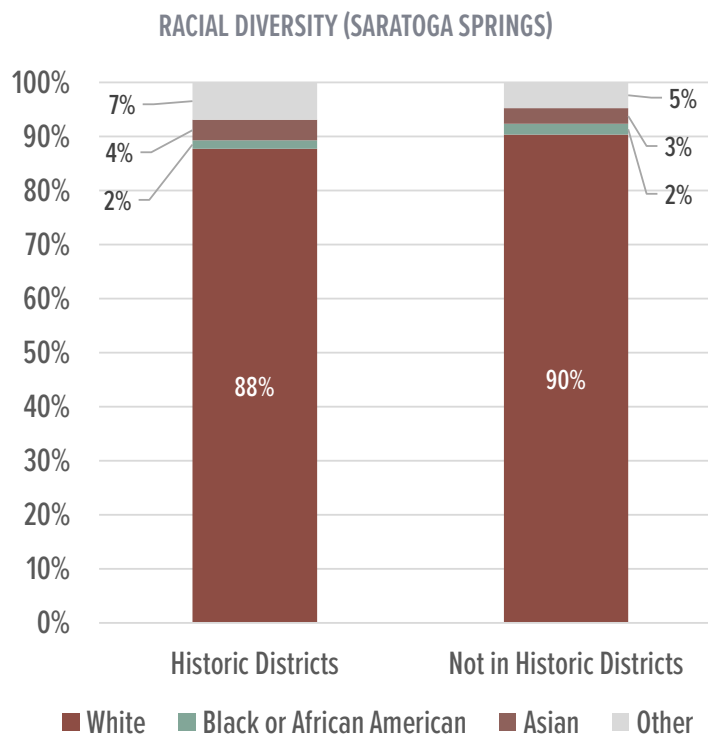


In **Saratoga Springs**, the eight historic districts are comprised of the most diverse residential populations in the city. In fact, the historic districts are home to a larger share of non-white residents than the rest of the city. While the overall population of Saratoga Springs is 90% white, the city's historic districts have greater diversity among African American, Asian, and other minority populations. Saratoga Springs historic districts help preserve the existing rental housing stock in town. As a result, many of these renters are able to call local historic districts home. Saratoga Springs' historic districts also provide a wide variety of housing sizes and models, which is another important aspect of maintaining housing. There are more housing options in historic districts than elsewhere in the city. This enables residents from a wide range of economic levels, household sizes, and age groups to live in Saratoga Springs. In fact, 40% of all apartment properties are located in historic districts —again demonstrating that historic districts, while covering only a small portion of the land area, are dense, productive, efficient and equitable.

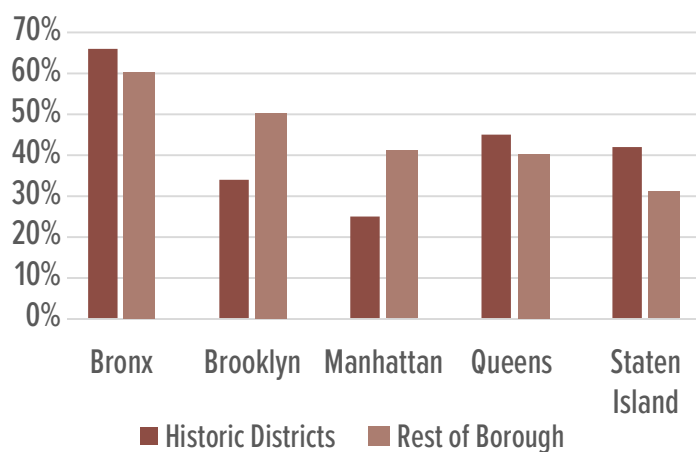
While historic districts in Manhattan are overall higher in income and lower in minority populations than the borough as a whole, in many instances the other boroughs demonstrate just the opposite. Likewise, while those households earning more than \$150,000 constitute a larger share of the population in historic districts than the borough at large in both Manhattan and Brooklyn, the other boroughs show a different reality. In the Bronx, Queens, and Staten Island, high-income households in historic districts represent virtually the same share of the population as the borough as a whole.

When compared citywide, **New York City's** historic districts have a larger share of the White population and a correspondingly smaller share of minority populations than the rest of the City. But, in fact, those overall numbers are skewed by patterns in Manhattan. When looked at on a borough by borough basis, the picture is much different. In the Bronx and Brooklyn, the Black population within historic districts is nearly a mirror image of the Black population in the rest of the borough. In Staten Island, historic districts have a larger share of the Black population than the rest of the borough. This trend continues with Hispanic populations as well. In both Manhattan and Brooklyn, there is a smaller share of Hispanics in historic districts than in the borough as a whole, but in the Bronx, Queens, and Staten Island, there is a higher share of Hispanic New Yorkers living in historic districts than in the rest of the borough.

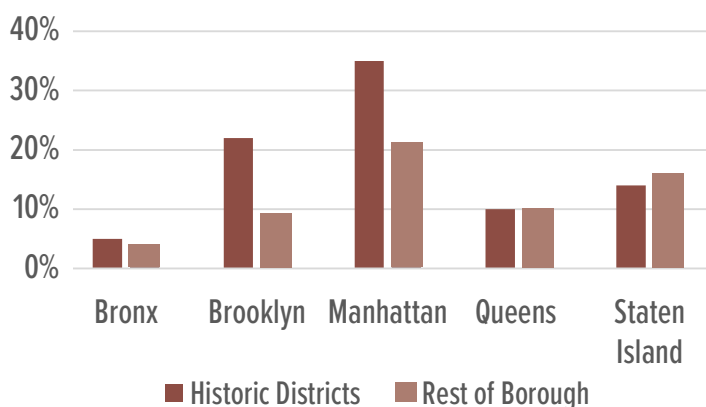
Neighborhoods ought to be available to a wide spectrum of a city's population, and more often than not it is the historic districts that are meeting that goal.



### SHARE OF NYC HOUSEHOLDS WITH INCOME LESS THAN \$50,000



### SHARE OF NYC HOUSEHOLDS WITH INCOME OVER \$150,000





# 16. Housing Affordability

There is a housing affordability crisis in many American cities. There are even some who loudly shout that the 4 or 5% of a city's land that is protected from rampant demolition through local historic districts is the cause of the affordability challenge. That's equivalent to claiming the back-up catcher on the bench of a baseball team is responsible for a losing season. There are multiple causes for the housing affordability crisis, but two things are clear: 1) You cannot build new and rent or sell cheap, unless there are very deep subsidies or you build crap; 2) We are simultaneously tearing down what is affordable and building what is not. Keeping older housing maintained and occupied, both in historic districts and elsewhere, needs to be a central strategy for housing affordability. The chances of a dwelling unit being razed and replaced by a more affordable unit is virtually non-existent.

A change has been made in recent years as to how "affordability" is measured. For years the standard was that if a household was spending more than 30% of its income on housing, it was housing cost burdened. More recently, however, there has been a recognition that it is not just the cost of rent or a mortgage payment that should be considered when calculating affordability, but also the cost of transportation. Hence the more widely used measure today is the Housing plus Transportation cost, or H+T cost. A household is considered housing cost burdened if the combination of those two expenses exceed 50% of household income. Far from being unaffordable, historic districts are often where the marketplace is providing affordable housing, usually without subsidy or assistance of any kind.

While **Nashville** sees fewer housing cost-burdened homeowners than the country as a whole, renters do not fare as well. Nashville has approximately the same share of cost-burdened rental households as the nation overall. For both owners and renters in historic districts, however, there is a lower share who are housing cost burdened. Approximately 19% of homeowners in historic districts are cost-burdened, versus approximately 26% in the rest of the city, while approximately 35% of renters in historic districts are cost-burdened, versus approximately 48% of renters in the rest of the city.

**Miami-Dade County** has been identified as one of the least affordable housing markets in the nation. Three factors are at work: 1) the overall cost of living in Miami-Dade is higher than the national average; 2) the rate of increase in the cost of living is greater than the national average; 3) median household income growth is slower than the national average. All of these factors mean

that a large share of the population is Housing Cost Burdened. 40% of Miami-Dade homeowners and more than 60% of renters fall into the housing cost burdened category. For both owners and renters, however, a lesser share of those living in historic districts are housing cost burdened.

Affordability of housing is a serious issue everywhere, but the problem is somewhat less acute in historic districts. While nearly half of all Raleigh renters are cost-burdened, only 41% of renters in historic districts are cost-burdened. People who rent— by choice or necessity—are seeing housing opportunity in Raleigh's historic districts.

**Pittsburgh** is known for the relative affordability of its housing. Along with the educational institutions and quality of life, one of the major attractions for young people moving to and moving back to Pittsburgh is affordable housing. More recent analysis has focused, however, not just on the cost of rent or the size of a mortgage payment, but what is the economic burden of housing plus transportation. By this measure not only are the historic neighborhoods of Pittsburgh affordable, but they are more affordable than the rest of the city. While the typical household in greater Pittsburgh spends fully half of its income on housing plus transportation, in historic districts that amount is less than 43%. This means that a household with \$50,000 in income and living in a historic district has nearly \$300 per month more to spend on entertainment, savings, clothes or food than a household with the same income elsewhere in Pittsburgh.

Older housing stock needs to be recognized for its contribution to nearly every city's affordable housing. The only tool most cities have to prevent the demolition of older housing stock is historic district protection. Not only are historic districts not the cause of the lack of affordable housing, they are a significant part of the solution.



Nashville, TN

# 17. First Place of Return

Many cities in the United States, primarily in the northeast and Midwest, have been losing population for decades. In recent years, however, some of them have again begun to grow in population. So a question arises – when cities begin to grow after extended periods of population decline, where within the city does that growth take place? The answer – in local historic districts.

**Philadelphia**, America's 6th largest city, lost population for half a century. While its population peaked in 1950, Philadelphia shrank by more than 24% by 2000. Then comes the 2010 Census, and the city leadership, local newspapers, and public boosters all celebrated. "We've finally turned the corner! We gained population. It wasn't much, only 8,500 people, but at least we're growing!" Except they weren't. The historic districts grew by around 14,000 people; the rest of the city still lost population.

**Washington, DC** followed the same pattern. After fifty years of population decline, the city grew between 2000 and 2010, but a disproportionate share of that growth took place in Washington's historic districts. Boston turned the corner earlier. Between 1950 and 1980, the population of Boston declined by nearly 30%. But when population growth began to occur again where it took place wasn't random. While Boston's historic districts are home to just under 23% of the population, those neighborhoods accommodated 36% of the city's growth.

**Pittsburgh**, like many other legacy cities, has lost population in recent years. Although that process has slowed, there was still a loss of 9% of the city's population between 2000 and 2010. However, the local historic districts, when aggregated, gained 4% in population. Indianapolis fared better. Although there was a population decline between 1970 to 1980, there has been a slow but steady growth for the last half century. But what is happening now? Between 2000 and 2010, Indianapolis' Urban Compact Area saw a rapid increase in population, growing an impressive 20% over those ten years. That growth slowed between 2010 and 2015, gaining 3% in the later period. However, growth in historic districts represented 17% of the total growth. Between 2010 and 2015, the local historic districts pulled more than their weight, growing 9% compared to the 2% growth in undesignated areas.

Mayors – if your city has been losing population and you want to attract people back, don't tear down your historic neighborhoods. That will be the first place of return



Philadelphia, PA



Pittsburgh, PA



# 18. Attractors of Growth

But it is not just cities who have been in population decline where the historic districts are magnets for growth. It also happens in cities that have not been shrinking.

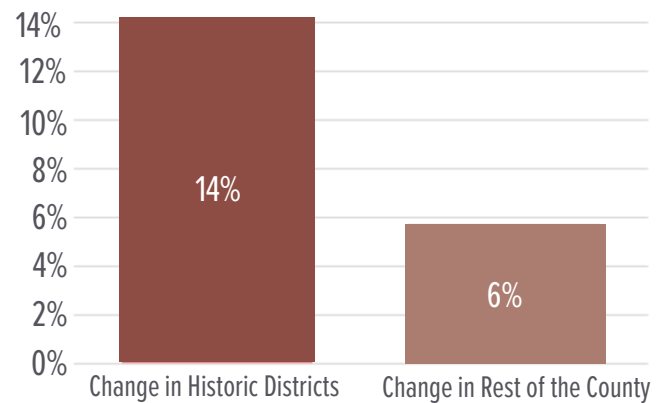
Despite making up only 6% of the land area, historic districts account for 10% of the population of **Nashville**. Population change in historic districts also outpaces that of the city as a whole. Between 2000 and 2016, the population in historic districts increased by 3.4% compared to 2.4% in the rest of the city. Between 2010 and 2016—a period of significant population increase in Nashville— historic districts accounted for 20% of the city's total population growth.

**Miami-Dade County** is growing in population and there have been concerns expressed about where that growth can be accommodated. While some believe that historic districts restrict growth, the evidence in Miami-Dade proves quite the opposite. Between 2010 and 2015, historic districts gained 14% in population while the rest of the county gained 6 percent. Overall historic districts accounted for 9% of total growth in the county. The appeal of historic districts is strong and these areas are attracting and accommodating a disproportionate share of the County's population growth.

Historic districts restricting growth? Nonsense; they are accommodating growth.

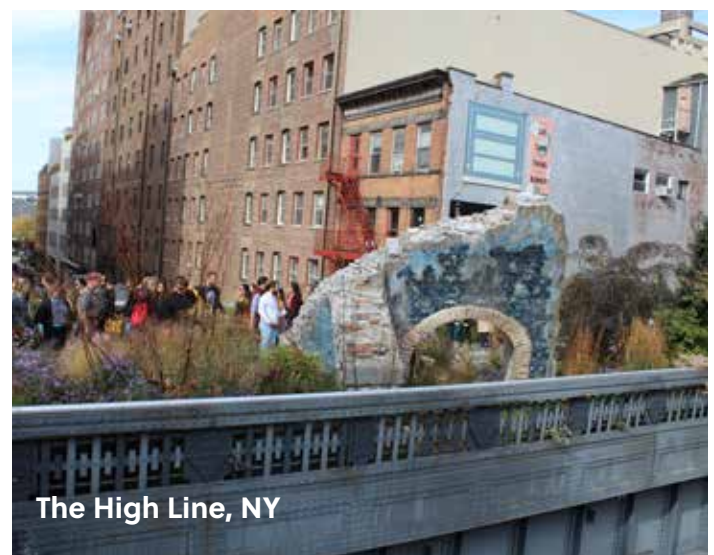


MIAMI-DADE COUNTY POPULATION GROWTH, 2010-2015



# 19. Allows Cities to Evolve

“Historic districts are largely frozen in time”. Anyone who writes that certainly hasn’t been to many historic district commission sessions. Historic districts are not museums. Preservationists recognize that they both will and should change over time. The purpose of historic districts is not to set an entire neighborhood in amber; and, in fact, none of them do that. Rather the purpose is to manage change over time so that the character and quality of the entire neighborhood is not diminished by out of scale and out of context changes. The demonstrated preservation premium in property values does not emerge because everyone looks forward to going in front of some goofy preservation commission. Rather the premium comes from a confidence that the lunatic across the street will not be allowed to make drastic changes to his property that will have an adverse impact on the value of my property.



Property rights zealots who think regulations are inherently bad for the economy forget the basic rule of real estate, that the three most important variables are location, location, location. What that means is that the value of an individual building does not somehow magically emerge from within the property boundaries, but from its larger context. The three variables are not roof, walls, and foundation. The value of real estate is driven by its context, and the protection of that context is the economic essence of historic districts. This is a rational economic act. Real estate is inherently a long-term investment. The value of that investment is not driven primarily by what an owner does within her property lines, but what happens to the surrounding area. The economic impact of historic districts is to provide a degree of protection to the value of what for most people is by far their biggest financial asset.

Historic districts change, and that is how it should be.

In **Nashville** in the last 5 years, historic districts have seen an average of \$62.8 million in permit investment and 373 projects per year, accounting for around 11% of investment and 14% projects citywide. Historic districts attract dollars, seeing more than \$445 million in investment since 2006. Far from being frozen in time as museums, historic districts welcome appropriate new development. Since 2006, more than 70% of investment in historic districts has been in new construction. Historic districts have become a magnet for investment in rehabilitation of existing historic buildings, as well as new construction. Over the last decade almost \$1.5 billion has been invested in buildings in San Antonio historic districts, almost 70% of which was for new construction.

**Savannah** is one of America's most historic cities. The protections of historic properties there are robust. But has that deterred investment? Absolutely not. Every year between 2007 and 2013 the amount invested in new construction in Savannah's historic districts was greater than the investment in rehabilitation. Over that seven-year period 53% of all investment in those districts was in new construction.

Instead of crying wolf about historic neighborhoods being frozen in place and discouraging investment, critics might take the time to look at what is actually happening there.

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# 20. Tax Generation

Mayors, city council members, and other local elected officials may have the toughest political jobs in America. They are responsible for sewers, schools, snow removal, public safety, potholes, light poles, parks, and a myriad of other tasks. Unlike their brothers and sisters in Washington or even state capitals, these elected public servants see their constituents every day, at the grocery store, their kid's soccer game, the hair salon, and at church or synagogue, or temple or mosque. They literally can't get away. At the same time, they are limited by what the state legislature allows them to do. And most challenging is that the local property tax is often the primary source of paying the bills for public services.

Most property tax is based on the value of the property – as its value goes up, so do property tax receipts (and, as many found out in the Great Recession, it also goes the other way).

The fiscal health of a city depends largely on the revenue it receives and the effectiveness of distributing its resources. The municipality relies on property taxes to pay for public school teachers, police, and other public services. **Indianapolis'** local historic districts contribute taxes at a rate disproportionately higher than their land area would suggest. The 4% land area contributes 15% of the total assessed value inside the Urban Compact Area and 5% of the total value of the city. On a per-square mile basis, these local historic districts are 4 times as valuable as non-designated acres inside the Urban Compact Area.

Both **Miami-Dade County** and the municipalities rely heavily on property taxes to pay for public goods and services. While local historic districts constitute just over 1% of the land area in Miami-Dade County, the cumulative assessed values in historic districts represent 5% of the total value. Furthermore, on a per acre value, historic districts have over 3.8 times more value than non-designated areas.

The primary beneficiary of the "preservation premium" is the homeowner. However, there is a public benefit as well. Local historic districts in **Saratoga Springs** represent only 6% of the land area but 14% of the assessed value of property within the city. On a cultural level, almost by definition historic districts contain buildings worth saving, but that is true from on a fiscal basis as well. From a tax revenue perspective, the historic districts disproportionately provide the needed revenue stream for the City of Saratoga Springs as well as Saratoga County and the local school districts.



Properties in historic districts average 2.5 times the assessed value per acre than the rest of the city.

The "preservation premium" from the faster rate of appreciation provides nearly \$10 million dollars each year to Chatham County, the City of **Savannah** and the school district. If properties within Savannah's historic districts had only appreciated at the rate of residential properties in the rest of the city, here would be the negative impact on the budgets of local government last year:

- School District: (\$3,602,221)
- City of Savannah: (\$3,080,286)
- Chatham County: (\$2,948,592)

It is legitimate to ask where each of those levels of government would make up the nearly \$10 million difference. Raise taxes? Cut services? Both? Keep in mind this is not all the taxes that the historic districts paid. This is only the amount in taxes attributable to the rate of appreciation greater than the rest of the city. What could be done with that much money?

- The School District could pay the salaries of 86 teachers.
- The County could pay a fourth of the total budget of the Sheriff's Office.
- The City could provide a \$200/month rental subsidy every month for 1,283 families.



**Raleigh, NC (Photo Credit: Raleigh Historic Development Commission)**

In **Raleigh** two neighborhoods were compared. The only criteria in choosing them were: 1) they were the same size in land area; and 2) one was a historic district and the other a newer subdivision. Here were the findings:

|  | <b>Oakwood</b> | <b>Reedham Oaks/Wyndham</b> |
|--|----------------|-----------------------------|
| Population                                 | 1,664          | 507                         |
| Size (acres)                               | 114.5          | 114.0                       |
| Housing Units                              | 794            | 127                         |
| Average Year of Construction               | 1925           | 1992                        |
| Average Size of House (Square Feet)        | 2,473          | 3,515                       |
| Average Value                              | \$315,004      | \$524,077                   |
| Taxes per Unit                             | \$2,887        | \$4,805                     |
| Population per Acre                        | 14.5           | 4.4                         |
| Square Feet of Road per Unit               | 1,045          | 2,209                       |
| Taxes per Acre                             | \$22,022       | \$5,531                     |
| Water/Sewer Line Replacement Cost per Unit | \$8,881        | \$24,781                    |
| Annual Property Taxes                      | \$2,292,278    | \$610,235                   |

Which neighborhood is the most efficient and cost-effective for Raleigh taxpayers?



# 4 ADDITIONAL REASONS (FOR GOOD MEASURE)

## PRESERVATION AS CATALYST

The redevelopment and reuse of a historic building is often the catalyst that spurs additional investment nearby in both additional historic preservation and new construction. The area around the Sewell Cadillac Building in **New Orleans** saw virtually no investment between Katrina and 2012. Then the 50s International Style building was transformed into Rouses Market. This project catalyzed \$140 million of new construction in the following four years.

In inner-city **Baltimore** the H.F. Miller & Son Building was built to manufacture bricks. After years of vacancy it was redeveloped as Millers Court, a mixed-use housing development providing discounted rents to teachers and non-profit organizations. While the City of Baltimore continued to lose population, the area immediately around Miller Court grew by more than 10%.

## HOME TO SOCIAL AND CULTURAL INSTITUTIONS

In **Nashville** 9% of non-profits are located in historic districts. 31% of historic district residents live within walking distance of a museum, compared to 19% in the rest of the city. 40% of historic district residents live within 1/2 mile of a library, compared to 24% in the rest of the city. 84% of historic district residents live within walking distance of public art, compared to 47% in the rest of the city.

The wealth of social capital located in historic districts is further reinforced through institutions that honor the

heritage of people and place and through organized events that celebrate the history and culture of its residents. 30% of nonprofits in **Indianapolis** are located in historic districts as well as 56% of museums. In **Miami/Dade County**, 15% of nonprofits and 30% of museums are located in historic districts.

In **San Antonio**, 28% of historic district residents are within a quarter mile of a public school. That is true of only 4% of the population as a whole. 3% of historic district residents are within a quarter mile of a library and nearly one in ten are that close to a college or university. Both numbers are significantly higher than for the city at large.



## NEIGHBORHOOD STABILITY AND COMMUNITY ENGAGEMENT

Nearly 40% of renters in **Raleigh** have lived in their historic district residence for more than a decade, moving in before 2004. Long-term residents are a strong indicator of neighborhood stability. People who have lived for years in a place often feel a heightened sense of responsibility to maintain their homes and shared community spaces. They are more likely to invest physically, monetarily, and socially in the neighborhood. Historic district homeowners stay put. Over 27% of Raleigh historic district homeowners moved into their current residence in 1989 or earlier—nearly double the citywide number of 15 percent.

An analysis of Keep **Indianapolis** Beautiful's Adopt-a-Block program revealed, of active blocks, 18% are located within historic districts.

## HOUSING VACANCY

The biggest adverse impact on the value of a house is proximity to a vacant or abandon property. In **Indianapolis** the strength in the market is further reflected in the lack of neglected or abandoned properties in historic districts. Less than 2% of the city's nearly 3,000 abandoned properties inside the urban context area are located in historic districts.

# Coverage of the City

So preservationists have thrown their regulatory net over nearly the entire city, stifling growth, making housing unaffordable, precluding the downtrodden real estate industry from making needed investments. Wait, really? In Indianapolis local historic districts cover 4% of the land area or 5% of the parcels within the urban context area.

Locally designated historic districts in **Miami-Dade County** represent 1.4% of the land area and 3.5% of the population.

Historic preservation and conservation overlay districts make up just 12% of parcels and 6% of the land area in **Nashville**.





**Saratoga Springs** has 8 local historic districts that collectively cover 6% of the land area and 9% of the properties within city limits.

**Savannah's** historic districts comprise 8% of the city's land area, 15% of its buildings; 16% of its population. 2.6% of the parcels and 3.4% of the total land area in the City of Los Angeles have been designated as a Historic-Cultural Monument or a Historic Preservation Overlay Zone.

And where the "too much preservation" whine is heard the loudest – **New York City** — 3.4% of New York City's total lots are under the purview of the Landmarks Preservation Commission, and that includes designated historic districts, individual landmarks, and interior landmarks. Specifically, 3.3% of the lots are within historic districts and a mere 0.1% of the lots are individual or interior landmarks. Citywide, those 3.4% of LPC-designated lots cover only 4.4% of New York City's total lot area, leaving over 95% of the land to be developed without LPC oversight.

The author of that "Historic Designations Are Ruining Cities" raised the alarm that, "In some places it's clear that historic designations have gone overboard. One analysis finds that over 19% of **Washington, DC's** properties are covered by a historic designation, compared to only about 2% in Philadelphia and Chicago." Is it remotely possible that Washington, DC, is the national capital, and that much of what is historically designated is the National Mall, the White House and Lafayette Square, the Federal Triangle, the Tidal Basin and Jefferson Memorial, St. Elizabeth's Hospital, Rock Creek Park, the Capitol, and, and, and...? No, if that were the case, surely a PhD in economics would have recognized that.

## Approval Rates

"Those damn preservation commissioners, arbiters of what they think is good taste, the preservation police, all they do is tell people what they can't do."

In **Raleigh**, over a fifteen-year period, 40% of applications were approved at the staff level, 58% approved by the Raleigh Historic Development Commission, and less than 2% were denied.

In the last five years 5000 applications for Certificate of Appropriateness were filed with the **Indianapolis** Historic Preservation Commission. 60% of them were approved at the staff level; less than 1% were denied.

In **Nashville** nearly 60% of all applications are approved at the staff level. For those that appear before the Metropolitan Historic Zoning Commission less than two or three a year are denied.

In **New York City**, the Landmarks Preservation Commission reviews 12,000 to 13,000 applications annually. Nearly 95% of those applications do not require applicants to appear at the Commission's public hearings and are resolved at the staff level. Over the last fifteen years of those that went to a Commission hearing, an average of 86.7% of applications were approved, 12.9% were withdrawn or deactivated, and 3/10 of 1% or less were denied. Over the last five years more people have been struck by lightning in New York City than have had their application denied at the Landmarks Preservation Commission.



# CONCLUSION

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Let's be honest, we preservationists haven't done a great job of making our case for historic preservation and its contributions to active, vibrant, prosperous cities. Too often the general public only hears us rambling on about paint colors or obsessing about window replacements. We need to do better.

The good news is the facts are on our side. When the first studies of the impact of historic preservation were done twenty-five years ago, there wasn't much to measure – jobs, heritage tourism, property values, and downtown revitalization. That was about it. Today with the availability of big data, GIS, and smart young people who know how to use the technology, we've found dozens of ways historic preservation is great for cities. Every time PlaceEconomics takes on a new assignment we find more positive preservation impacts.

It's perfectly fine when we talk among ourselves to argue about cornices and gargoyles. But when we are talking to those who don't call themselves "preservationists"—when we talk to mayors and bankers and minority communities and housing advocates and real estate developers—we need to expand our vocabulary.

It is to the credit of the clients of PlaceEconomics that we've been privileged to conduct these studies. The "factoids" found in this report are only a small part of what we've been learning. But those lessons are important and need to be in the arsenal of preservationists making the case. Thank you for doing so.



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**"People who alter or  
destroy works of art and  
our cultural heritage for  
profit or as an exercise of  
power are barbarians."**

**George Lucas**

# TWENTY-FOUR REASONS

HISTORIC PRESERVATION  
IS GOOD FOR YOUR  
COMMUNITY



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