

Heritage Conservation and the Local Economy

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Heritage conservation has *multiple* values: cultural, aesthetic, educational, environmental, social, historical, and others. A more recent addition to this litany of values is the economic value of heritage conservation.

Studies over the last decade have identified the five major measurables of the economic impacts of heritage conservation: 1) jobs and household income; 2) center city revitalization; 3) heritage tourism; 4) property values; and 5) small business incubation.

First, jobs and household income. For most professionals in the economic development field, the top priorities are creating jobs and increasing local household income. The rehabilitation of historic buildings is particularly potent in this regard. The costs of new construction in the US will be half materials and half labor. The costs of rehabilitation will be 60 to 70% labor with the balance being materials. (*the author goes on to state that although the materials may be imported the labour will likely be local and wages earned will filter to other local businesses*) In fully developed economies there are always some economists and politicians who would argue that in economic downturns, public expenditures should be made to create employment. And around the world, among politicians' favorite forms of public works is building highways.

David Listokin at the Center for Urban Policy Research at Rutgers has calculated the relative impact of public works. Suppose a level of government spends \$1 million building a highway. This means 34 jobs; \$1.2 million in ultimate household income; \$100,000 in state taxes; and \$85,000 in local taxes.

Or the government could construct a new building for \$1 million. The result: 36 jobs; \$1,223,000 in household income; \$103,000 in state taxes; and \$86,000 in local taxes.

Or that million dollars could be spent rehabilitating an historic building. It would create 38 jobs; \$1,300,000 in household income; \$110,000 in state taxes; and \$92,000 in local taxes. It is clear which one of these options is the most economically impacting in public works projects.[\[12\]](#)

Ultimately, economic development is about jobs, and heritage conservation not only provides jobs, it provides good jobs and more of them.

The second area of the impact of heritage conservation is center city revitalization. There is a resurgence of downtowns all over America. One would be hard pressed to identify a single example of sustained success in center city revitalization where heritage conservation wasn't a key component. Conversely, the examples of very expensive failures in downtown revitalization have all had the destruction of historic buildings as a major element.... In British Columbia in Canada, they've concluded that downtown heritage revitalization has increased economic prosperity without requiring large-scale new development.

The next category is heritage tourism...In the state of Virginia, a study contrasted the spending patterns of heritage visitors with tourists who did no heritage activities. They found that heritage

visitors stay longer, visit twice as many places, and so, on a per trip basis, spend 2.5 times more than other visitors. Worldwide, wherever heritage tourism has been evaluated, this same basic tendency is observed: heritage visitors stay longer, spend more per day, and, therefore, have a significantly greater per trip economic impact.^[16]...*(For example the author explains)* Biltmore, a great estate in North Carolina, commissioned a study of its local impact. Here are the numbers: 760 employees, \$215 million to the local economy, \$5 million in taxes, \$9.5 million in direct payroll, and \$8.4 million in indirect payroll. But the most impressive number is this one: for every \$1 a visitor spent at Biltmore, \$12 was spent elsewhere—hotels, restaurants, gas stations, retail shops, etc. Biltmore was the magnet that drew visitors, but for every dollar that Biltmore reaped, others garnered \$12.^[17]

the area that has been studied most frequently is the effect of historic districts on property values. The most common result? Properties within historic districts appreciate at greater rates than the local market overall, and they appreciate faster than similar non-designated neighborhoods. The worst case is that historic district houses appreciate at rates equivalent to the overall local market.

In England, they've found that a pre-1919 house is worth on average 20% more than an equivalent house from a more recent era, and the premium becomes even greater for an earlier historic home^[21]. On the commercial side, the Royal Institute of Chartered Surveyors has tracked the rates of return for heritage office buildings for the past 21 years and found listed buildings have consistently outperformed the comparable unlisted buildings.^[22] **Similar analyses in Canada demonstrated that 1) heritage buildings had performed much better than average in the market place over the last 30 years, 2) there is no evidence that designation reduces property values, and 3) the price of heritage houses was not affected by cyclical downturns in property values.**

An underappreciated contribution of historic buildings is their role as natural incubators of small businesses. In America, 85% of all net new jobs are created by firms employing less than 20 people. That ratio is similar in Europe. One of the few costs firms of that size can control is rent. A major contribution to the local economy is the relative affordability of older buildings... the start up firm is not located in the office park or the shopping center—they cannot afford the rents there. Historic buildings become natural incubators, usually with no subsidy of any kind.

One area affected by preservation is a bit less obvious. Today in most countries, many people diligently recycle their aluminum soft drink cans. It's a pain in the neck, but we do it because it's good for the environment. Landfill throughout the United States is increasingly expensive in both dollars and environmental quality.

Yet, a quarter of everything dumped at the landfill is construction debris. The link between the environment and the demolition of heritage buildings is often missed, but that link is a crucial one. A typical small commercial building in the United States is 25 feet wide, 120 feet deep, 2 stories, and made of brick. If that small building is demolished today, the entire environmental benefit from the last 1,344,000 aluminum cans that were recycled is lost. Not only has an historic building been thrown away, months of diligent recycling by the residents of the community have been wasted. Why doesn't every environmentalist have a bumper sticker saying, "Recycle your aluminum cans AND your historic buildings"?

Belinda Yuen of Singapore National University says, "...the influences of globalization have fostered the rise of heritage conservation as a growing need to preserve the past, both for continued economic growth and for strengthening national cultural identity."^[27]

In the twenty-first century, only the foolish city will make the choice between historic preservation and economic development. The wise city will utilize its historic built environment to meet the economic, social, and cultural needs of its citizens far into the future.

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