

# Preservation Boosts Local Economies

by Edward T. McMahon

Historic district zoning is frequently controversial, but it almost always has a beneficial effect on property values, commercial revitalization, business investment, and increased tourism. This was the finding of a wide ranging 1995 study by the Preservation Alliance of Virginia. According to David J. Brown, Executive Director of the Alliance, "Historic preservation is economic growth and the reality is that preservation means dollars in the pockets of Virginians."

The Virginia study addressed four aspects of preservation's economic impact: tourism, job creation, property values, and downtown revitalization. On tourism, the study found that historic preservation visitors are a major portion of the state's \$9 billion a year tourism industry. Seven out of ten first time visitors come to the state to visit historic sites, museums, and battlefields. The study also found that history minded visitors stay longer and spend more: two-and-a-half times more money than the amount spent by other visitors to the state.

The second issue the study examined was job creation that resulted from the rehabilitation of some 900 historic buildings in Virginia pursuant to the federal Historic Rehabilitation Tax Credit. This program created over 6,600 jobs in the construction trades and over 6,000 in spin off areas. Construction related historic preservation activity resulted in a total of \$275 million in household income in Virginia: \$153 million for construction workers, and \$122 million for employees in other fields.

The study also examined the impact of Virginia's Main Street Program. Between 1985 and 1995, the 20 small communities in the Main Street Program – whose goal is downtown revitalization

within the context of historic preservation – netted more than 1,100 new businesses, spurred the rehabilitation of 1,622 historic buildings and resulted in a net gain of 2,170 new jobs. In just one small town, Bedford, \$3.4 million was invested, 234 buildings rehabilitated, and 52 new businesses employing 116 people created.

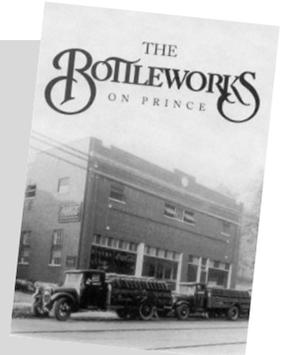
As for property values, the study found that property values appreciated more in historic districts than in other areas of the cities. These results are similar to those of a separate independent study conducted by the Government Finance Officers Association's research center. This study found that property values in the historic districts in Galveston, Texas and Fredericksburg, Virginia grew 1.5 to 5 times faster than comparable areas not in historic districts.

**The marketplace increasingly recognizes both the short and long term economic value of historic properties. Just compare almost any neighborhood or commercial area that has embraced historic preservation with those that have not. Historic preservation and economic development represent an effective partnership – as a growing number of communities and businesses have come to realize.** ♦

Edward McMahon is Vice President of The Conservation Fund and a noted speaker on land use topics. The above is excerpted from, "Historic Districts and Property Values," in PCJ #23 (Summer 1996). The studies cited by McMahon: *Virginia's Economy and Historic Preservation: The Impact on Jobs, Businesses, and Community; and The Economic Benefits of Preserving Community Character, Case Studies: Galveston, Texas and Fredericksburg, Virginia*, are available from the National Trust for Historic Preservation, <[www.preservationbooks.org](http://www.preservationbooks.org)>.



The "Bottleworks" in Athens, Georgia, built in 1927 for use as part of a Coca-Cola bottling plant, has been converted to a mix of residential, office, and retail space



Many other studies have also documented the property value impacts of historic preservation. For example, in Athens-Clarke County, Georgia, "Property assessment values show that designated districts, especially locally designated, have increased in value faster than their non-designated comparison areas. Downtown Athens has shown especially strong results." *Case Study on Economic Benefits of Historic Preservation*, Athens-Clarke County Planning Department (1997). For more information contact Evelyn Reece, [evelynreece@co.clarke.ga.us](mailto:evelynreece@co.clarke.ga.us).

Similarly, studies in Colorado have found that: "Historic designation does not decrease property values. Property values in the designated areas experienced value increases that were either higher than, or the same as, nearby undesignated areas," and also that "Rehabilitation projects from 1981 to 2000 have accounted for \$4.0 million in total business income taxes, \$10.8 million in total personal income taxes, and \$27.4 million in total Colorado sales taxes. *Economic Benefits of Historic Preservation in Colorado*, <[www.coloradohistoryoahp.org/publications/1620.htm](http://www.coloradohistoryoahp.org/publications/1620.htm)>.

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