

# 12 Economic Benefits of Historic Preservation

Compiled by Jenny Buddenborg, Field Officer with the National Trust for Historic Preservation

## 1 Rehab Costs Are Roughly the Same as Building New

- If no demolition is required, a major rehabilitation will **cost between 12% less and 9% more than new construction.**
- If constructing a new building requires demolition of a significant existing structure, the cost savings from rehabilitation will be between **3% and 16%.**
- Life spans for new buildings are often **30-40 years** vs. more than **100 years** for most historic structures.

## 2 Creates Jobs

- In a typical rehabilitation project, **60% to 70% of the total cost is labor.**
- Laborers are almost always hired locally. They, in turn, spend their money locally, supporting the local economy.
- A California study found that rehabilitation resulted in **10% greater wholesale purchases and 43% greater retail purchases** from suppliers than the same amount spent on new construction activity.
- **\$1M** spent on building rehabilitation creates:
  - **12 more jobs** than \$1M spent on manufacturing in Michigan
  - **20 more jobs** than \$1M spent mining coal in West Virginia
  - **29 more jobs** than \$1M spend pumping oil in Oklahoma
  - **22 more jobs** than \$1M spend cutting timber in Oregon

## 3 Increases Property Values

- In a study of National Register districts in Philadelphia, homes in historic districts received a **sales price premium of 131%** over comparable properties in undesignated neighborhoods.
- A study of nine Texas cities found that local designation **increased property values from between 5% and 20%.**

## 4 Conserves Resources

- Approximately **25% of the material** being added to the **landfills is demolition and construction waste.**
- Demolishing **one typical two story commercial building** on Main Street **eliminates** all of the environmental **benefits of recycling 1,344,000 aluminum cans.**
- Historic buildings **contain significant embodied energy.** That's the amount of energy associated with extracting, processing, manufacturing, transporting and assembling building materials.

## 5 Uses Existing Public Investments

- Every community has significant investments in public infrastructure, including roads, sewers, parks and schools.
- Historic preservation **directs development to places where infrastructure is already in place.**
- Rehabbing historic schools instead of building new saves money for education and often creates a better learning environment.

## 6 Supports Small Business

- **75%** of all **net new jobs** in the U.S. are **created by small businesses.**
- Older buildings make ideal locations for small, independent businesses and for start-ups.
- **60 cents** of every dollar **spent at independent businesses** remains in the local economy vs. **less than 10 cents at national discounters.**

## 7 Revitalizes Main Street

Since 1980, local Main Street programs have:

- Stimulated **\$51.1 billion** in total private and public investment.
- Created **99,508 net new businesses**.
- Generated **436,909 net new jobs**.
- Generated a **reinvestment ratio of \$16 to \$1 per community**.\*

\* The average number of dollars generated in each community for every dollar used to operate local Main Street Program.

## 8 Attracts Investment

*"In economics, it is the **differentiated product that commands a high premium**.*

*If in the long run we want to attract capital, to attract investment in our communities, we must differentiate them from anywhere else."*

-Donovan Rypkema

## 9 Attracts Visitors

- **78%** of U.S. leisure travelers (**118 million adults**) participate in cultural and/or heritage activities when traveling.
- Cultural heritage travelers spend, on average, **\$994 per trip compared to \$611 for all U.S. travelers**.
- Cultural/heritage travelers took an **average of 5 trips** in 2008-2009 compared with **slightly less than 4 trips** for non-cultural/heritage travelers.

## 10 Prevents Sprawl

- Saving historic buildings and keeping our towns and cities healthy **reduces the pressure to pave the countryside**.
- In 1970, the state of Maine spent **\$8.7M** to bus students to and from school. By 1995, with fewer students enrolled, the cost had risen to **\$54M**.
- When we reinvest in older neighborhoods, we are **reinvesting in inherently sustainable communities** that are generally dense, walkable, transit-accessible, and feature mixed-uses.

## 11 Creates Affordable Housing

- To replace current housing units occupied by lower income residents would cost **\$335 billion**.
- In 2005, **1,101 units of affordable housing** were created in historic buildings using the federal rehabilitation tax credits.
- Historic structures are often located close to services and public transportation, **reducing transportation costs for residents**.

## 12 Is Good Economic Development

- In **Nebraska**, historic preservation generates **\$170 million per year**:
  - Between 2001 and 2005, an estimated total of \$1.5 billion was spent on rehabilitation of buildings.
  - **Twenty-two jobs** are created for **every \$1M spent on historic preservation**, which supported **3,869 jobs** in the state in 2009.
  - Historic designation of neighborhoods and downtowns **enhances and protects property values**. Of the districts studied, **property values as a whole showed increases in historic districts**.

### References

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