

# THE ECONOMIC IMPACT OF HISTORIC PRESERVATION IN PHILADELPHIA

Updated Final Report Submitted To:  
Preservation Alliance for Greater Philadelphia  
1616 Walnut Street Suite 1620  
Philadelphia PA 19103

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Updated Final Report Submitted By:  
Econsult Corporation  
3600 Market Street 6<sup>th</sup> Floor  
Philadelphia PA 19104

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## EXECUTIVE SUMMARY

Historic preservation has been an important contributor to economic development and other efforts within the City of Philadelphia. A 1999 study commissioned by the Preservation Alliance for Greater Philadelphia (PAGP), "Dollars and Sense of Historic Preservation: The Economic Benefits of Preserving Philadelphia's Past," made a compelling case for the economic impact of historic preservation; and our analysis of historic preservation efforts since then strengthen this notion.

First, historic preservation has had a significant impact on the regional economy, in the form of expenditures, employment, and earnings. During the ten-year period between 1998 and 2008, direct expenditures on historic preservation resulted in annual impacts of over \$660 million in total expenditures supporting over 2,800 jobs and over \$100 million in earnings each year within the City of Philadelphia, as well as over \$6 million in tax revenues for the City of Philadelphia (see Figure ES.1); and in annual impacts of over \$1.1 billion in total expenditures supporting over 9,500 jobs and over \$350 million in earnings within the Commonwealth of Pennsylvania, as well as over \$24 million in tax revenues for the Commonwealth of Pennsylvania (see Figure ES.2).

**Figure ES.1 – Total Annual Economic Impact of Various Historic Preservation Efforts (in 2010 Dollars)**

City of Philadelphia	Federal Tax Credit Projects	Investment by Private Owners	Investment by Government and Non-Profit Entities	Residential Conversions of Historic Properties	Total Annual Impact, All Project Types
Total Output (\$M)	\$224	\$257	\$67	\$115	\$662
Total Employment	960	1,100	290	490	2,840
Total Earnings (\$M)	\$36	\$42	\$11	\$19	\$107
Total Local Tax Revenues (\$M)	\$2.2	\$2.6	\$ 0.7	\$1.2	\$6.6

*Source: Econsult Corporation (2008, 2010)*

Figure ES.2– Estimated Total Economic Impact of Historic Preservation Efforts on the Commonwealth of Pennsylvania, 1978-1998 vs. 1998-2008

	1998-2008 Total (in 2010 \$)	1978-1998 Total (in Current \$)	1998-2008 Annualized (in 2010 \$)	1978-1998 Annualized (in 2010 \$)
Direct Expenditures (\$M)	\$4,504	\$1,568	\$450	\$148
Indirect & Induced Expenditures (\$M)	\$6,510	N/A	\$651	N/A
Total Output (\$M)	\$11,014	N/A	\$1,101	N/A
Total Employment	95,630	55,825	9,560	2,791
Total Earnings (\$M)	\$3,529	\$1,335	\$353	\$126
Total State Tax Revenues (\$M)	\$243	N/A	\$24.3	N/A

Source: Econsult Corporation (2008, 2010)

Historic preservation efforts also accrue a number of **additional benefits to the City**:

- By conservative estimates, **heritage tourism** in the Philadelphia 5-county area contributes over \$3 billion in total output, supporting over 45,000 jobs and \$975 million in earnings, within the Commonwealth of Pennsylvania each year.
- Philadelphia's historic buildings make the City a favored **backdrop for movies and television shows**.
- Historic preservation **safeguards irreplaceable cultural and architectural landmarks, protects the urban form, and combats less environmentally sensitive forms of development**.
- Historic districts have been shown, both in overall academic literature and in our own rigorous econometric study of properties within the City, to have a **positive effect on property values**; for example, in Philadelphia, holding all other factors constant, homes within an actual district trade at

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a significant premium to homes that are not in historic districts, historic designation's positive effect is both immediate and ongoing, and even proximity to a historic district has a positive effect.

Accordingly, we urge that the City explore a number of action steps to further leverage the power of historic preservation. Data collection recommendations include the synchronization of databases and processes across departments, and the regular compilation of data on internal rehabilitations and on preservation efforts by government and non-profit entities. Meanwhile, the multiplying effect of historic preservation activities provides cause for further contemplation of **tax and other public incentives at the local and state level**: Pennsylvania is alone among top historic preservation states and among most of its neighbors in not offering a state-level historic preservation tax incentive program, while many cities have introduced innovative incentive programs to encourage preservation efforts.

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## 1.0 INTRODUCTION

In 1999, the Preservation Alliance for Greater Philadelphia (PAGP) commissioned a study called “Dollars and Sense of Historic Preservation: The Economic Benefits of Preserving Philadelphia’s Past,” in which it made a strong case for the economic impact of historic preservation. It was a compelling case, but a somewhat incomplete one, as it only accounted for properties that have utilized a federal tax credit program for historic rehabilitations.

PAGP has therefore hired Econsult Corporation to update the 1999 study, and, in determining the **economic impact of historic preservation**, account for additional historic preservation work. We thus begin this report by updating economic impact figures for projects that benefitted from federal tax credits, and estimating the economic impact of other private real estate projects, rehabilitations by government and non-profit entities, and residential conversions. We also recommend a number of data collection and reporting changes that can lead to the more effective administration of the function of historic preservation (Chapter 2).

Significantly, there are a number of **additional benefits to historic preservation**. To the extent that historic preservation is considered a public function, it can and does yield public benefits, such as stewardship of cherished cultural resources, preservation of the urban form, and environmental sustainability. The City of Philadelphia is also an archetypal example of what has come to be known as “heritage tourism,” and thus historic preservation translates into a more robust tourism industry, not to mention an attractive backdrop for filming movies and television shows. Finally, a brief literature review and our own analysis of the real estate landscape within the City indicates that historic designations can and do have a positive effect on property values (Chapter 3).

We conclude our report with a look at **economic incentives for historic preservation**. From a policy standpoint, we consider in particular state and local tax incentive programs and other initiatives in other parts of the country, to determine if and where the City can influence policy changes that benefit the work of historic preservation (Chapter 4).

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## 2.0 ECONOMIC IMPACT OF HISTORIC PRESERVATION

Based on a brief literature review of economic impact studies, historic preservation can be a significant contributor to a regional economy, particularly in older cities, via several avenues:

- Construction and other jobs are created by rehabilitation, since this work tends to be quite labor-intensive.
- Heritage tourism, which is defined as “traveling to experience the places, artifacts, and activities that authentically represent the stores and people of the past and present,” has become a significant sub-category of tourism.<sup>1</sup>
- On a related note, a city’s historical buildings and districts represent a powerful although oftentimes underutilized image branding and marketing tool.
- Historic preservation is a way to earn a return in the present on events and structures from the past.

In this chapter, we focus on the expenditures, employment and earnings generated by historic preservation work. Specifically, we consider **four categories of investments associated with historic preservation**, which together represent the diversity in size, geography, and institutions of historic preservation work efforts in the City (see Figure 2.1).

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<sup>1</sup> From the National Trust for Historic Preservation website. This is a particularly attractive export industry for a local economy, bringing money in from outside and generating a positive wage to outsiders.

**Figure 2.1 – Historic Preservation Investment Categories Considered in This Analysis**

<i>Category</i>	<i>Illustrative Example</i>	<i>Source</i>
Investment on projects that benefitted from federal tax credits (Chapter 2.1)	Budd Manufacturing Plant	Pennsylvania Historical and Museum Commission
Investment on other private real estate projects (Chapter 2.2)	Rehabilitation of exterior of a privately-owned historically designated property	Philadelphia Historical Commission, City of Philadelphia Licenses & Inspections
Investment in historic properties by major government and non-profit institutions (Chapter 2.3)	Please Touch Museum	Greater Philadelphia Cultural Alliance, City of Philadelphia Licenses & Inspections
Residential conversions via rehabilitation of older properties (Chapter 2.4)	The Left Bank	Center City District, City of Philadelphia Licenses & Inspections

Despite data limitations, careful efforts were made to collect relevant information. Where subjective decisions had to be made, we tended to err on the conservative side, so that amounts represent a lower bound. These data collection efforts and methodological assumptions are further detailed below.

As for translating initial expenditures into economic impact, we utilize an input-output model developed by the US Department of Commerce called RIMS II (Regional Input-Output Modeling System) to estimate total expenditures, employment, and earnings,<sup>2</sup> as well as an internally constructed model that generates detailed estimates of the increases in state and local tax collections that result from those expenditures, employment, and earnings.<sup>3</sup>

<sup>2</sup> Any expenditure generates additional economic activity in a particular geographic area via the mechanism of the Keynesian consumption multiplier, an established behavioral characterization of the nature of economic activity in a market economy. In other words, in measuring the total economic impact of an initiative, one must account for the countless inter-industry relationships within a region, and specifically the manner in which an increase in output in a particular industry results in increases in outputs by other industries. See Appendix A for a summary of our economic impact methodology.

<sup>3</sup> The Econsult Corporation fiscal model combines the RIMS II output with US Census Bureau County Business Patterns data to produce estimates of the distribution of additional employment and earnings by county. In addition, the 2000 Census "Journey to Work" data on commuting flows are utilized to estimate income earned by residents of each county within the region, regardless of where they work. The fiscal model can then estimate the increase in earned income taxes by county, as well as for the state as a whole. See Appendix B for a summary of our fiscal impact analysis methodology.

## 2.1 Investment on Projects That Benefitted from Federal Tax Credits

Owners of properties listed in the National Register of Historic Places may be eligible for a 20 percent federal investment tax credit for the certified rehabilitation of income-producing certified historic structures.<sup>4</sup> The Pennsylvania Historical and Museum Commission provided an inventory of 204 tax credit recipients from 1999 to 2009, which sum to **\$1.4 billion in direct investments** during that 11-year period (see Figure 2.2).<sup>5</sup>

This works out to a total of \$1.67 billion when expressed in 2010 dollars, or \$152 million per year.<sup>6</sup> In comparison, the 1999 Preservation Alliance report identified \$1.57 billion in direct investments between 1978 and 1998, or \$148 million per year in 2010 dollars.<sup>7</sup>

**Figure 2.2 – Federal Historic Preservation Tax Credit-Eligible Investment on Projects within the City of Philadelphia by Year<sup>8</sup>**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
# Projects	14	23	11	16	31	57	17	10	6	5	14	204
Total (in Current \$M)	\$196.6	\$200.5	\$163.7	\$55.2	\$260.1	\$147.2	\$64.4	\$85.9	\$105.5	\$7.0	\$114.5	\$1,400.7
Total (in 2010 \$M)	\$259.3	\$257.4	\$202.6	\$67.5	\$310.2	\$172.2	\$73.2	\$93.9	\$112.9	\$7.2	\$117.5	\$1,673.9
											1999-2009 Average (in 2010 \$M)	\$152.2
											1978-1998 Average (in 2010 \$M)	\$147.5

*Source: Pennsylvania Historical and Museum Commission (2010), Econsult Corporation (2010)*

<sup>4</sup> National Register of Historic Places website.

<sup>5</sup> These amounts represent total project investments, not necessarily the portions of project investments that are tax-eligible, since the existence of the tax credit led to the entire project investment amount and not just the tax-eligible amount. See Appendix C for investment amounts by historic district by year.

<sup>6</sup> Throughout this section, dollar amounts were expressed in 2010 terms using the Consumer Price Index as of January of each year, as reported by the US Department of Labor Bureau of Labor Statistics. Inflation from this time period averaged roughly 3 percent per year.

<sup>7</sup> In order to translate that figure into an annual average expressed in 2010 dollars, we assume the \$1.57 billion figure to be in current dollars and to have been expended in equal amounts over the 20-year period from January 1, 1978 to January 1, 1998.

<sup>8</sup> These amounts only include the tax-eligible portions of such projects, and do not include any additional, non-eligible expenditures that may have been incurred on these projects. These non-eligible amounts are relatively insignificant but not zero; for example, from 2004 to 2009, when tax-eligible investments totaled \$524.5 million, non-eligible portions of such projects accounted for an additional \$60.5 million, for an aggregate investment total of \$585.0 million.

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This type and amount of direct expenditure generates a significant amount of economic activity for the City and Commonwealth. Each year on average, **the City enjoyed \$224 million in total expenditures supporting 960 jobs and \$36 million in earnings, while the Commonwealth enjoyed \$372 million in total expenditures supporting 3,230 jobs and \$119 million in earnings;**<sup>9</sup> **the City also received \$2.2 million in tax revenues each year, while the Commonwealth received an additional**<sup>10</sup> **\$8.2 million in tax revenues each year** (see Figure 2.3).<sup>11</sup> In comparison, the 1999 Preservation Alliance report estimated that direct investments between 1978 and 1998 had supported approximately 56,000 jobs, or almost 2,800 jobs per year. It further estimated that direct investments had supported approximately \$1.35 billion in earnings, or \$126 million per year in 2010 dollars.<sup>12</sup>

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<sup>9</sup> Because Philadelphia is located in Pennsylvania, the Pennsylvania figures include the Philadelphia figures; the difference between the two sets of figures represents the economic impact generated by investment on projects within the City of Philadelphia that then has a multiplier effect in the parts of Pennsylvania outside of Philadelphia.

<sup>10</sup> Because local taxes are different from state taxes, the Philadelphia figures are not included in the Pennsylvania figures, but rather each set of figures represents the amounts going to those respective governments.

<sup>11</sup> The City of Philadelphia tax revenue amount conservatively does not include property tax revenues that can be attributed to historic preservation efforts. It is difficult to translate preservation expenditures into property tax revenues, because the uncertainty of the ratio of market value to direct expenditures (i.e. for every \$1,000 invested in a house, its market value goes up by \$X) and of assessed value to market value (i.e. for every \$1,000 increase in a house's market value, assessed value goes up by \$X).

Nevertheless, the property tax revenue impact of historic preservation efforts is likely to be large: even accounting for just this subset of historic preservation efforts (investments on projects that benefitted from federal tax credits) and using conservative assumptions (50 cents in market value increase for every \$1 invested in historic preservation, 20 cents in assessed value increase for every \$1 increase in market value) would yield additional tax revenues to the City and School District of Philadelphia of well over \$1 million per year.

<sup>12</sup> Again, in order to translate that figure into an annual average expressed in 2010 dollars, we assume the \$1.35 billion figure to be current dollars and to have been earned in equal amounts over the 20-year period from January 1, 1978 to January 1, 1998.

Figure 2.3 – Total Economic Impact Resulting From Investment on Projects within the City of Philadelphia That Benefitted from Federal Tax Credits, 1999-2009 Annual Average (in 2010 Dollars)

	City of Philadelphia <sup>13</sup>	Commonwealth of Pennsylvania	Commonwealth of Pennsylvania
	1999-2009 Annual Average (in 2010\$M)		1978-1998 Annual Average (in 2010\$M)
Direct Expenditures (\$M)	\$152	\$152	\$148
Indirect & Induced Expenditures (\$M)	\$72	220	N/A
<b>Total Output (\$M)</b>	<b>\$224</b>	<b>\$372</b>	<b>N/A</b>
<b>Total Employment</b>	<b>960</b>	<b>3,230</b>	<b>2,790</b>
<b>Total Earnings (\$M)</b>	<b>\$36</b>	<b>\$119</b>	<b>\$126</b>
Income Tax Revenues (\$M)	\$1.3	\$3.7	N/A
Sales Tax Revenues (\$M)	\$0.2	\$3.6	N/A
Business Tax Revenues (\$M)	\$0.8	\$1.0	N/A
<b>Total Tax Revenues (\$M)</b>	<b>\$2.2</b>	<b>\$8.2</b>	<b>N/A</b>

Source: Econsult Corporation (2008, 2010)

<sup>13</sup> Totals may not add up exactly due to rounding.

## 2.2 Investment on Other Private Real Estate Projects

Private owners of locally designated properties must also submit an application to the Philadelphia Historical Commission when they apply to Licenses and Inspections (L&I) for a building permit. The Philadelphia Historical Commission provided an inventory of permit applications for the first six months of 2008, which totaled **almost 700 projects and an estimated \$102 million in direct expenditures** during that time period (see Figure 2.4); the estimated total for investments made in 2008 is \$170 million.<sup>14</sup>

**Figure 2.4 - Investment on Other Private Real Estate Projects within the City of Philadelphia by Month**

	<i>Jan 08</i>	<i>Feb 08</i>	<i>Mar 08</i>	<i>Apr 08</i>	<i>May 08</i>	<i>Jun 08</i>	<i>Total</i>
Total (Count)	99	120	89	131	110	129	678
Total (In Current \$M)	\$10.6	\$11.5	\$4.9	\$17.9	\$13.7	\$43.6	\$102.2

*Source: City of Philadelphia Licenses and Inspections (2008), Philadelphia Historical Commission (2008), Econsult Corporation (2010)*

This type and amount of direct expenditure generates a significant amount of economic activity for the City and Commonwealth. Conservatively using 2008 as a typical year,<sup>15</sup> on annual basis **the City enjoyed \$257 million in total expenditures supporting 1,100 jobs and \$42 million in earnings, while the Commonwealth enjoyed \$427 million in total expenditures supporting 3,710 jobs and \$137 million in earnings;**<sup>16</sup> the City received \$2.6 million in tax revenues each year, while the Commonwealth received an additional<sup>17</sup> \$9.4 million in tax revenues each year (see Figure 2.5).

<sup>14</sup> See Appendix D for investment amounts by type by month.

<sup>15</sup> Permit approval counts in 2008 were well below the average for the full years between 1998 and 2007.

<sup>16</sup> Because Philadelphia is located in Pennsylvania, the Pennsylvania figures include the Philadelphia figures; the difference between the two sets of figures represents the economic impact generated by investment on projects within the City of Philadelphia that then has a multiplier effect in the parts of Pennsylvania outside of Philadelphia.

<sup>16</sup> Because Philadelphia is located in Pennsylvania, the Pennsylvania figures include the Philadelphia figures; the difference between the two sets of figures represents the economic impact generated by investment on projects within the City of Philadelphia that then has a multiplier effect in the parts of Pennsylvania outside of Philadelphia.

<sup>17</sup> Because local taxes are different from state taxes, the Philadelphia figures are not included in the Pennsylvania figures, but rather each set of figures represents the amounts going to those respective governments.

Figure 2.5 – Total Economic Impact Resulting From Investment on Other Private Real Estate Projects within the City of Philadelphia, 2008 Annualized (in 2010 Dollars)<sup>18</sup>

	City of Philadelphia	Commonwealth of Pennsylvania
Direct Expenditures (\$M)	\$175	\$175
Indirect & Induced Expenditures (\$M)	\$82	\$252
<b>Total Output (\$M)</b>	<b>\$257</b>	<b>\$427</b>
<b>Total Employment</b>	<b>1,100</b>	<b>3,710</b>
<b>Total Earnings (\$M)</b>	<b>\$42</b>	<b>\$137</b>
Income Tax Revenues (\$M)	\$1.5	\$4.2
Sales Tax Revenues (\$M)	\$0.2	\$4.1
Business Tax Revenues (\$M)	\$0.9	\$1.1
<b>Total Tax Revenues (\$M)</b>	<b>\$2.6</b>	<b>\$9.4</b>

Source: Econsult Corporation (2008, 2010)

<sup>18</sup> Totals may not add up exactly due to rounding.

### 2.3 Investment by Government and Non-Profit Entities

Rehabilitation and other efforts by non-private entities such as government agencies, cultural institutions, universities, and non-profit organizations constitute another, significant source of historic preservation activity. By starting with a list of major institutions and projects, and obtaining permit information from L&I, we have identified the vast majority of such activities, **totaling over 40 major projects and over \$320 million in direct expenditures in the nine-year period from 2000 to 2008** (see Figure 2.6).<sup>19</sup>

**Figure 2.6 - Investment by Government and Non-Profit Entities within the City of Philadelphia by Year**

	2000	2001	2002	2003	2004	2005	2006	2007	2008 <sup>20</sup>	Total
Total (in Current \$M)	\$23.7	\$24.6	\$25.2	\$25.7	\$23.0	\$25.3	\$56.0	\$73.0	\$50.5	\$327.1
Total (in 2010 \$M)	\$30.1	\$30.2	\$30.1	\$29.8	\$25.9	\$27.6	\$59.4	\$75.2	\$50.5	\$358.9

*Source: City of Philadelphia Licenses and Inspections (2008), Greater Philadelphia Cultural Alliance (2008), Preservation Alliance for Greater Philadelphia (2008), Partners for Sacred Places (2008), Econsult Corporation (2010)*

This type and amount of direct expenditure generates a significant amount of economic activity for the City and Commonwealth. Each year on average, **the City enjoyed \$67 million in total expenditures supporting 290 jobs and \$11 million in earnings, while the Commonwealth enjoyed \$111 million in total expenditures supporting 960 jobs and \$35 million in earnings;**<sup>21</sup> the City also received \$0.7 million in tax revenues each year, while the Commonwealth received an additional<sup>22</sup> \$2.4 million in tax revenues each year (see Figure 2.7).

<sup>19</sup> See Appendix F for investment amounts by institution by year. Note that this is not meant to be an exhaustive list, although it is intended to include all major projects. Therefore, the total amount of direct expenditures is probably actually higher than our figure, to the extent that we may have omitted some efforts.

<sup>20</sup> First six months only, but conservatively we use this figure to represent the entire year.

<sup>21</sup> Because Philadelphia is located in Pennsylvania, the Pennsylvania figures include the Philadelphia figures; the difference between the two sets of figures represents the economic impact generated by investment on projects within the City of Philadelphia that then has a multiplier effect in the parts of Pennsylvania outside of Philadelphia.

<sup>22</sup> Because local taxes are different from state taxes, the Philadelphia figures are not included in the Pennsylvania figures, but rather each set of figures represents the amounts going to those respective governments.

Figure 2.7 – Total Economic Impact Resulting From Investment by Government and Non-Profit Entities within the City of Philadelphia, 2000-2008 Annual Average (in 2010 Dollars)<sup>23</sup>

	City of Philadelphia	Commonwealth of Pennsylvania
Direct Expenditures (\$M)	\$45	\$45
Indirect & Induced Expenditures (\$M)	\$21	\$65
<b>Total Output (\$M)</b>	<b>\$67</b>	<b>\$111</b>
<b>Total Employment</b>	<b>290</b>	<b>960</b>
<b>Total Earnings (\$M)</b>	<b>\$11</b>	<b>\$35</b>
Income Tax Revenues (\$M)	\$0.4	\$1.1
Sales Tax Revenues (\$M)	\$0.0	\$1.1
Business Tax Revenues (\$M)	\$0.2	\$0.3
<b>Total Tax Revenues (\$M)</b>	<b>\$0.7</b>	<b>\$2.4</b>

Source: Econsult Corporation (2008, 2010)

<sup>23</sup> Totals may not add up exactly due to rounding.

## 2.4 Residential Conversions of Historic Properties

Finally, residential conversions of historic buildings represent yet another facet of historic preservation. In this case, we looked up major residential developments and pulled L&I permit data to isolate those projects that involved re-use of historic properties. This universe of activity **totaled over 40 major conversions and over \$500 million in direct expenditures in the eight-year period from 2000 to 2007** (see Figure 2.8).<sup>24</sup>

**Figure 2.8 – Residential Conversions of Historic Properties within the City of Philadelphia by Year**

<i>Project</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>Total</i>
Total (in Current \$M)	\$67.8	\$60.6	\$41.1	\$115.0	\$26.8	\$71.4	\$48.8	\$105.0	\$546.4
Total (in 2010 \$M)	\$87.0	\$75.0	\$50.3	\$137.1	\$31.4	\$81.1	\$53.3	\$112.4	\$627.7

*Source: City of Philadelphia Licenses and Inspections (2008), Center City District (2008), Econsult Corporation (2010)*

This type and amount of direct expenditure generates a significant amount of economic activity for the City and Commonwealth. Each year on average, **the City enjoyed \$115 million in total expenditures supporting 490 jobs and \$19 million in earnings, while the Commonwealth enjoyed \$192 million in total expenditures supporting 1,670 jobs and \$61 million in earnings;**<sup>25</sup> the City also received \$1.2 million in tax revenues each year, while the Commonwealth received an additional<sup>26</sup> \$4.2 million in tax revenues each year (see Figure 2.9).

<sup>24</sup> See Appendix G for a list of projects included. Note that this is not meant to be an exhaustive list, although it is intended to include all major projects. Therefore, the total amount of direct expenditures is probably actually higher than our figure, to the extent that we may have omitted some efforts. For example, in a September 2008 publication, Center City District reports that there were condominium conversions totaling 2,557 units and apartment conversions totaling an additional 3,678 units between 1998 and 2007. To be sure, not all of these conversions involved historic buildings, but even those that did not represented an important trend towards the reuse and rehabilitation of existing structures.

<sup>25</sup> Because Philadelphia is located in Pennsylvania, the Pennsylvania figures include the Philadelphia figures; the difference between the two sets of figures represents the economic impact generated by investment on projects within the City of Philadelphia that then has a multiplier effect in the parts of Pennsylvania outside of Philadelphia.

<sup>26</sup> Because local taxes are different from state taxes, the Philadelphia figures are not included in the Pennsylvania figures, but rather each set of figures represents the amounts going to those respective governments.

Figure 2.9 – Total Economic Impact Resulting From Residential Conversions of Historic Properties within the City of Philadelphia, 2000-2008 Annual Average (in 2010 Dollars)<sup>27</sup>

	City of Philadelphia	Commonwealth of Pennsylvania
Direct Expenditures (\$M)	\$78	\$78
Indirect & Induced Expenditures (\$M)	\$37	\$113
<b>Total Output (\$M)</b>	<b>\$115</b>	<b>\$192</b>
<b>Total Employment</b>	<b>490</b>	<b>1,670</b>
<b>Total Earnings (\$M)</b>	<b>\$19</b>	<b>\$61</b>
Income Tax Revenues (\$M)	\$0.7	\$1.9
Sales Tax Revenues (\$M)	\$0.1	\$1.9
Business Tax Revenues (\$M)	\$0.4	\$0.5
<b>Total Tax Revenues (\$M)</b>	<b>\$1.2</b>	<b>\$4.2</b>

Source: Econsult Corporation (2008, 2010)

<sup>27</sup> Totals may not add up exactly due to rounding.

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## 2.5 Combined Results

Combining the economic and fiscal impacts of these four types of historic preservation efforts, one can see the significant role such efforts can play in a local economy (see Figure 2.10), and the increase in activity over the past decade, when compared to similar results published for 1978-1998 (see Figure 2.11). This is a persuasive reminder of the importance of historic preservation as an economic development tool: **over \$4.5 billion was spent on historic preservation efforts during the ten-year period between 1998 and 2008, resulting in annual average impacts of \$662 million in total expenditures supporting 2,840 jobs and \$107 million in earnings within the City of Philadelphia, and annual average impacts of \$1.1 billion in total expenditures supporting 9,560 jobs and \$353 million in earnings within the Commonwealth of Pennsylvania;**<sup>28</sup> the City also received \$6.6 million in tax revenues each year, while the Commonwealth received an additional<sup>29</sup> \$24.3 million in tax revenues each year.

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<sup>28</sup> Because Philadelphia is located in Pennsylvania, the Pennsylvania figures include the Philadelphia figures; the difference between the two sets of figures represents the economic impact generated by investment on projects within the City of Philadelphia that then has a multiplier effect in the parts of Pennsylvania outside of Philadelphia.

<sup>29</sup> Because local taxes are different from state taxes, the Philadelphia figures are not included in the Pennsylvania figures, but rather each set of figures represents the amounts going to those respective governments.

Figure 2.10 – Total Annual Economic Impact of Various Historic Preservation Efforts (in 2010 Dollars)

City of Philadelphia	Federal Tax Credit Projects	Investment by Private Owners	Investment by Government and Non-Profit Entities	Residential Conversions of Historic Properties	Total Annual Impact, All Project Types <sup>30</sup>
Total Output (\$M)	\$224	\$257	\$67	\$115	\$662
Total Employment	960	1,100	290	490	2,840
Total Earnings (\$M)	\$36	\$42	\$11	\$19	\$107
Total Local Tax Revenues (\$M)	\$2.2	\$2.6	\$ 0.7	\$1.2	\$6.6
Commonwealth of Pennsylvania	Federal Tax Credit Projects	Investment by Private Owners	Investment by Government and Non-Profit Entities	Residential Conversions of Historic Properties	Total Annual Impact, All Project Types
Total Output (\$M)	\$372	\$427	\$111	\$192	\$1,101
Total Employment	3,230	3,710	960	1,670	9,560
Total Earnings (\$M)	\$119	\$137	\$35	\$61	\$353
Total State Tax Revenues (\$M)	\$8.2	\$9.4	\$2.4	\$4.2	\$24.3

Source: Econsult Corporation (2008, 2010)

<sup>30</sup> Totals may not add up exactly due to rounding. There is always a danger, when summing total impacts of multiple projects within the same jurisdiction, of double-counting indirect or induced impacts. However, this effect is likely small if existent at all, and since conservative assumptions have been employed throughout this analysis, we are comfortable that these results are not aggressive.

Figure 2.11 – Estimated Total Economic Impact of Historic Preservation Efforts on the Commonwealth of Pennsylvania, 1978-1998 vs. 1998-2008<sup>31</sup>

	1998-2008 Total (in 2010 \$)	1978-1998 Total (in Current \$)	1998-2008 Annualized (in 2010 \$)	1978-1998 Annualized (in 2010 \$)
Direct Expenditures (\$M)	\$4,504	\$1,568	\$450	\$148
Indirect & Induced Expenditures (\$M)	\$6,510	N/A	\$651	N/A
Total Output (\$M) <sup>32</sup>	\$11,014	N/A	\$1,101	N/A
Total Employment	95,630	55,825	9,560	2,791
Total Earnings (\$M)	\$3,529	\$1,335	\$353	\$126
Total State Tax Revenues (\$M)	\$243	N/A	\$24.3	N/A

Source: Econsult Corporation (2008, 2010)

<sup>31</sup> The 1978-1998 likely do not account for all historic preservation efforts and therefore may not be the perfect comparison for the 1998-2008 figures; however, they represent the only available results for comparison purposes.

<sup>32</sup> Totals may not add up exactly due to rounding.

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## 2.6 Data Recommendations

Improved data collection efforts can lead to a better understanding of historic preservation's impact over time, as it allows for the sorts of calculations delineated in this report to be done more quickly, accurately, thoroughly, and comprehensively. The Nutter Administration certainly subscribes to the theory that that which is important from a policy standpoint must be measured, and measurement requires timely, correct, and sufficient information.

Achieving goals like this often involve **the synchronization of databases and processes across departments, a difficult but achievable task**. In this case, it is the Historical Commission and the Department of Licenses and Inspections that should coordinate efforts. Specifically, the Historical Commission should be particularly mindful to record the following items associated with permits it processes:

- Board of Revision of Taxes (BRT) address
- Cost estimate
- Written description of work
- Permit number
- Date approved

Knowing that these characteristics are properly recorded for each permit allows the right information to be obtained when aggregating activity into various historic preservation categories. It also allows for various permits to be mapped to different parts of the City, and most notably to historic districts, so that activity by district can be monitored over time.

Additional data collection in at least two other areas can be of use to the cause of historic preservation. First, although the Historical Commission is chiefly interested in exterior alterations, it does collect data on interior alterations. **Internal work on historically designated properties represents a not insignificant amount of historic preservation activity**, and better accounting of this work can aid a more comprehensive picture of historic preservation in the City.

Second, **the importance of the government and non-profit sectors** to the local economy, and their natural intersection with historic preservation, merits special attention and thus argues for an ongoing effort to track preservation work by such institutions. This could be another way to measure the impact of these sectors, in that their efforts to restore, rehabilitate, and reclaim historic sites adds to the aesthetic fabric of the City and has a significant positive economic impact in the form of output, employment, and earnings.

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### 3.0 ADDITIONAL BENEFITS OF HISTORIC PRESERVATION

Thus far, we have spoken of the relatively quantifiable benefits of historic preservation efforts: the extent to which direct expenditures on a variety of projects ripple through the economy and result in a significant total impact on output, jobs, and earnings. Our results indicate that historic preservation deserves to be an important component in any municipality's economic development strategy.

Furthermore, historic preservation's unique characteristics distinguish it from other economic activities, resulting in additional impacts. By adding texture and distinctiveness, historic preservation is **an invaluable element to the region's tourism industry**; whether directly or indirectly, historic sites are a major reason visitors choose to come to Philadelphia and spend their money there (Chapter 3.1). In a related manner, the City of Philadelphia's growing **film industry** owes some of its locational attractiveness to historic preservation, to the extent that filmmakers and other location decision-makers seek out the City because of specific historic locations and/or an overall historical look (Chapter 3.2).

Preserving historic sites and districts also contributes to the City's celebration of and investment in the **urban form**. As Philadelphia and Philadelphians more eagerly embrace the City's urbanness, historic preservation safeguards that urbanness, and goes hand in hand with current investment initiatives in neighborhoods, commercial corridors, and Center City. It also encourages an infill approach to development and improvement, a vital counterbalance to less environmentally forms of development that contribute to regional decentralization (Chapter 3.3). Finally, a brief literature review and our own analysis of the real estate landscape within the City indicates that **historic designations can and do have a positive effect on property values** (Chapter 3.4).

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### 3.1 Heritage Tourism

Tourism is big business in the Philadelphia region. According to Global Insight, the tourism industry in the five-county region<sup>33</sup> was responsible for over \$10 billion in total expenditures in 2006, supporting over 128,000 jobs and almost \$4 billion in earnings, and generating almost \$1.5 billion in federal, state, and local taxes.<sup>34</sup>

History is, of course, a major driver of much of this tourism activity, not just confined to initiatives such as Historic Philadelphia<sup>35</sup> but influencing the vast majority of trips and spending.<sup>36</sup> Not surprisingly, historic sites dominate any list of top attractions in the City (see Figure 3.1).

Based on a survey commissioned by the Philadelphia Convention and Visitors Bureau, high proportions of overseas travelers capitalized on Philadelphia's historical sites: 47.5 percent visited historical places, 28.3 percent visited cultural heritage sites, and 7.9 percent visited ethnic heritage sites.<sup>37</sup> In general, heritage tourism is a sizeable and growing part of America's travel industry: 81 percent of the 146 million adults who took a trip of 50 miles or more away from home in 2005 included historical or cultural activities on at least one of those trips, and heritage tourists spend over a third more than other tourists.<sup>38</sup>

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<sup>33</sup> Philadelphia, plus Bucks County, Chester County, Delaware County, and Montgomery County.

<sup>34</sup> "Tourism 2008 Report to the Region," Greater Philadelphia Tourism Marketing Corporation (2008). In the same report, D.K. Shifflet & Associates estimates that the five-county region received 26.4 million visitors and 9.3 million overnight person-trips; and that 74 percent of visitors came for leisure, while 26 percent were here for business, both leisure and business categories split fairly evenly between day trips and overnight trips.

<sup>35</sup> A joint initiative of the Greater Philadelphia Tourism Marketing Corporation, Independence National Historical Park, the National Constitution Center, Once Upon A Nation, the Independence Visitor Center, and others, which is designated as the area between Front and 7<sup>th</sup> Streets and between Race and Spruce Streets.

<sup>36</sup> "History" is one of GPTMC's five brand components, the others being "fun," "authenticity," "accessibility," and "discovery."

<sup>37</sup> "Overseas Travelers to Philadelphia 2007 Report," CIC Research (2007). Multiple responses allowed.

<sup>38</sup> "The Power of Travel," Travel Industry Association of America (2006). Cultural and heritage tourists spend \$623 per trip, versus \$457 per trip for other tourists; these figures do not include transportation to and from the destination.

**Figure 3.1 – Top 30 Attractions (by Visitor) within the City of Philadelphia (\* denotes historical site)<sup>39</sup>**

1	* Independence Visitor Center	2,368,344	16	Please Touch Museum	181,799
2	* Liberty Bell Center	2,031,021	17	* Christ Church	166,882
3	Franklin Institute	1,750,400	18	* City Tavern	136,332
4	Philadelphia Zoo	1,114,040	19	* Carpenter's Hall	124,424
5	* National Constitution Center	962,256	20	* Second Bank	110,880
6	Franklin Square	750,000	21	* Printing Office	98,129
7	* Independence Hall	681,525	22	Independence Seaport Museum	88,750
8	Philadelphia Museum of Art	668,383	23	PA Academy of the Fine Arts	75,000
9	* Congress Hall	269,581	24	* Free Quaker Meeting House	70,191
10	* Franklin Court	243,961	25	National Liberty Museum	65,000
11	* Betsy Ross House	223,856	26	* Independence Living History Center	35,988
12	Academy of Natural Science	199,685	27	Federal Reserve Bank, Money In Motion	26,923
13	US Mint	196,244	28	* New Hall Military Museum	24,373
14	Eastern State Penitentiary	190,882	29	Masonic Temple	15,500
15	City Hall	187,197	30	Poe House	14,258

Source: Center City District (2008)

No direct data exists on heritage tourism in the City, but one can conservatively extrapolate from previous studies to determine the proportion of region-wide tourism activity that can be reasonably associated with heritage tourism. For example, a 1999 study on heritage tourism in Pennsylvania estimated that heritage tourism conservatively represented 12 percent of visitors and 25 percent of spending.<sup>40</sup>

<sup>39</sup> Many of the non-starred attractions are themselves quite historic; for example, the Philadelphia Zoo is the oldest zoo in the US, chartered in 1859 and opened in 1874. However, the historic nature of the Zoo and many other non-starred attractions is not considered a primary reason to visit, whereas the starred attractions are clearly sites that are visited for their historic significance.

<sup>40</sup> "Pennsylvania Heritage Tourism Study," D.K. Shifflet & Associates (1999). Notably, these figures only include the universe of heritage tourists for whom heritage tourism was a very important factor in their destination decision. If one also includes heritage tourists for whom other factors were equal to or greater than heritage tourism, those proportions rise to 26 percent of visitors and 40 percent of spending.

It would be additionally conservative to project that heritage tourism represented the same proportions in the five-county region and not greater proportions, given the high proportion of tourist destinations within the region that are obviously historic in nature. Based on such assumptions, we estimate that heritage tourism represents **at least 3.1 million visitors and \$1.5 billion in direct expenditures per year for the region**. The total annual economic impact resulting from heritage tourism is similarly impressive: **over \$3.2 billion in total expenditures supporting over 45,000 jobs and over \$970 million in earnings, as well as over \$110 million in tax revenues, for the Commonwealth** (see Figure 3.2).<sup>41</sup>

Figure 3.2 – Total Annual Economic Impact to Commonwealth of Pennsylvania Resulting From Heritage Tourism within the 5-County Philadelphia Region (in 2008 Dollars)<sup>42</sup>

	Commonwealth of Pennsylvania
Direct Expenditures (\$M)	\$1,500
Indirect & Induced Expenditures (\$M)	\$1,781
<b>Total Output (\$M)</b>	<b>\$3,281</b>
<b>Total Employment</b>	<b>45,094</b>
<b>Total Earnings (\$M)</b>	<b>\$975</b>
State Personal Income Tax Revenues (\$M)	\$30
State Sales Tax Revenues (\$M)	\$61
State Corporate Net Income Tax Revenues (\$M)	\$23
<b>Total State Tax Revenues (\$M)</b>	<b>\$114</b>

*Source: Econsult Corporation (2008)*

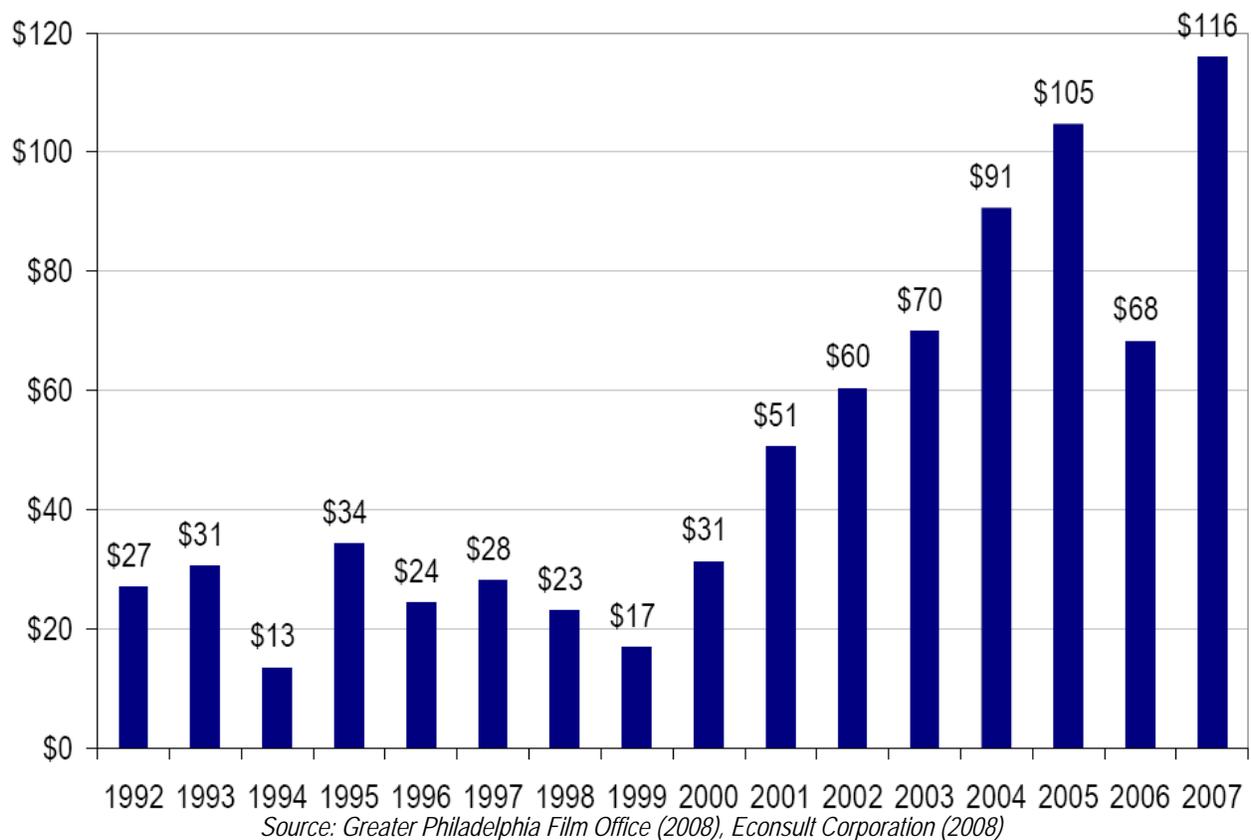
<sup>41</sup> Again, if we also included visitors to historical sites who had other reasons equal to or greater than heritage tourism for visiting the region, but for whom historic sites were still an important consideration, heritage tourism's impact would be greater, by a factor of 60 percent more or even higher.

<sup>42</sup> Totals may not add up exactly due to rounding.

### 3.2 Historic Philadelphia and the Film Industry

Even as American filmmakers have been increasingly willing to shoot scenes anywhere in the world, Philadelphia has grown as a **favoured backdrop for movies and television shows** (see Figure 3.3). *Beloved* (1997), *National Treasure* (2003), and a number of M. Night Shyamalan’s movies specifically benefit from Philadelphia’s historic monuments, buildings, and neighborhoods. To be sure, there are other reasons besides history that movies and television shows are filmed in Philadelphia; nevertheless, the preservation of historical sites throughout the City has an important ancillary effect on the City’s attractiveness as a location for film, television, and video production.

Figure 3.3 – Direct Spending in Philadelphia Attributable to Film, Television, and Video Production (in 2007 \$Millions)



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### 3.3 Historic Preservation and the Urban Form

Ofentimes, historic preservation is a controversial subject because real estate development is a controversial subject. Almost no one would approve of bulldozing all old buildings and building anew, nor would hardly anyone support regulations that restricted virtually all modifications and additions; the tension lies in finding a healthy middle ground, which safeguards Philadelphia's unique physical character while simultaneously embracing growth and the vibrant new development that comes with it.

Historic preservation thus finds itself **at the intersection of a number of key citywide initiatives**, including the rewrite of the now 40+ year old zoning code, commercial corridor investment initiatives, and downtown revitalization efforts. A progressive new mayoral administration has placed Philadelphia squarely in the national and international spotlight, and both public sector and private sector leaders are embracing the notion that what makes Philadelphia attractive is its urbanness.

Importantly, what infuses that urbanness with such uniqueness and texture is the City's rich history, as reflected in **landmarks, architecture, and the overall urban form**. In this sense, in addition to generating private value to individual property owners in the form of enhanced property values, historic preservation safeguards the irreplaceable public asset of a built environment that returns public benefits to the City's residents and visitors.

In addition to the aesthetic and cultural benefits the public accrues from historic preservation, **safeguarding of the urban form also produces environmental benefits to the region**. Denser urban settings combat decentralization's negative effects: far-flung suburbs, dependence on the automobile, and excess pollution. On a similar note, rehabilitation and in-fill are superior forms of development in terms of upfront and ongoing resource consumption.

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### 3.4 Real Estate Impact of Historic Designation

Studies differ as to the impact of historic preservation on property values at the local level. Conceptually, one could make a case in either direction. Local historic designations can provide a property or set of properties with a certain status, as well as with the security that comes from knowing that basic form will be preserved. However, others may contend that such designations may result in the displacement of existing low-income residents and small businesses.

Still others are unconvinced that historic designations necessarily lead to higher property values. First, they can increase maintenance costs and impose additional regulations for property owners, thus reducing values; and second, some describe historic designations as a form of “taking,” to the extent that denser or otherwise higher-valued uses are restricted.<sup>43</sup>

Nevertheless, the majority of studies tend to conclude that **historic designations have a positive effect on property values.**<sup>44</sup> This was our general finding in a detailed regression analysis we conducted using Philadelphia historic designation and residential real estate transaction data:<sup>45</sup>

- **Homes within an actual district trade at a significant premium** to homes that are not in historic districts. This premium is 14.3 percent for national districts and 22.5 percent for local districts.
- **Historic designation's positive effect is both immediate and ongoing.** Homes in local historic districts enjoy an immediate 2 percent increase in values relative to the city average, once local designation has taken place; and thereafter, they appreciate at an annual rate that is 1 percent higher than the city average. Given that average annual house price appreciation historically tends to be between 3 and 5 percent over time, an additional 1 percent bump-up per year is noteworthy,

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<sup>43</sup> “The Contributions of Historic Preservation to Housing and Economic Development,” Rutgers University (1998); “The Impact of Historic Districts on Residential Property Values,” New York City Independent Budget Office (September 2003).

<sup>44</sup> See Appendix H for a brief literature review, including findings from three illustrative studies.

<sup>45</sup> Regression analyses control for all relevant variables, and thus isolate the specific effect of historic designation on property values. Thus, if it is determined that homes within an actual district trade at a premium to homes that are not in historic districts, this does not mean that homes within districts command higher prices than homes not within districts; clearly, that is not always true. What it does mean is that the price of homes, whether within districts or not within districts, are made up of a number of factors, both positive and negative; and being in a historic district has been determined to have a positive effect.

To use another example, if it is determined that historic designation has either an immediate and/or an ongoing positive effect on house prices, this does not mean that historic designation automatically results in an upfront and/or annual increase in house prices; clearly, that is not always true. What it does mean is that changes in prices of homes over time, whether within districts or not within districts, are made up of a number of factors, both positive and negative; and being in a historic district has been determined to have a positive effect over time.

Investigations on the impact of local historic districts controlled for the main factors in house prices and house price appreciation, namely the location and characteristics of the houses themselves. Importantly, they also controlled for the existence of national historic districts, and vice versa. See Appendix I for our spatial analysis methodology, and Appendix J and Appendix K for our property value impact findings.

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especially over time.<sup>46</sup> Interestingly enough, these immediate and ongoing effects were not noticeably different for Center City districts versus other, non-downtown districts.

- **Even proximity to a historic district has a positive effect.** House prices increase by an average of 1.6 percent with each mile closer to a national historic district that a house is located, and house prices increase by an average of 0.5 percent with each mile closer to a local historic district, lending credence to the notion that homebuyers view historic districts as amenities that are worth being near.

To the extent that historic preservation enhances property values, this enhances the wealth of property owners and can lead to **increased property tax revenues for the City**. Our analyses suggest that this is in fact taking place in the City, and our results are reasonably consistent with those of other, similar studies.<sup>47</sup>

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<sup>46</sup> Another promising element of this incremental enhancement is the fact that it means that homes in local historic districts retain their value better during market downturns. For example, according to our house price indices, all homes have fallen by 5.7 percent from their 2007 peak, but homes in local historic districts have only fallen by 4.7 percent during the same period.

<sup>47</sup> For example, as noted above, we isolate that the effect of local district designation over time is an additional 1.04 percent per year. A 2003 study on New York City reported a 1.2 percent per year positive difference, while a 2000 study on South Carolina reported a 1.5 percent per year positive difference (see Appendix H).

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## 4.0 ECONOMIC INCENTIVES FOR HISTORIC PRESERVATION

Clearly, historic preservation produces a number of significant and important benefits, both quantitative and qualitative. Direct expenditures on a variety of historic preservation efforts are a large contributor to the local and regional economy, in terms of output, employment, and earnings. Historic preservation also accrues additional benefits outside these more quantifiable measures: heritage tourism is a major industry in its own right, historic sites draw filmmakers to Philadelphia, preservation efforts go hand in hand with other citywide efforts to preserve and celebrate Philadelphia's unique urban form, and historic designations have a positive effect on property values.

Accordingly, **historic preservation merits an important part of citywide policy discussion.** As public sector and private sector leaders attempt to improve the City's overall environment for residents, businesses, and visitors, and as they seek to enhance the City's standing in national and international circles, historic preservation should be seen as an important strategy.

To be sure, it is important to encourage policy tools that are of benefit to all development work, including but not limited to historic preservation activities, such as the current citywide 10-year abatement on property taxes for new construction and major improvements. Also, there are existing public and private sector efforts that have been effective in inducing historic rehabilitation work and ensuring the healthy role of historic preservation in the City's overall real estate and economic development efforts. Nevertheless, it is useful to consider **incentive programs in other parts of the country**, to see if there might be other ways to catalyze additional historic preservation efforts, for the benefit of the City as a whole.

## 4.1 Incentive Programs in Other Cities

Not surprisingly, given the amount of history contained within their respective jurisdictions, the City of Philadelphia and the Commonwealth of Pennsylvania have a number of efforts to encourage historic preservation, with a number of active entities at both the local and state level, as is the case with a number of other cities we researched (see Figure 4.1).<sup>48</sup> However, programmatically, there are **a number of innovative practices from other cities and states that merit further exploration**, for possible local implementation and in conjunction with other policy efforts in related categories such as affordable housing, commercial corridor revitalization, and neighborhood preservation (see Figure 4.2). Importantly, in the midst of a real estate downturn and in a municipality in which costs and regulations constrain construction, it will be necessary to implement solutions that become useful resources for developers, and not yet another layer of administrative or financial burden.

Figure 4.1 – Historic Preservation Incentive Program Types Offered in Selected Cities

<i>City</i>	<i>Grant</i>	<i>Loan</i>	<i>Tax Credit</i>	<i>Other</i>
Philadelphia	✓	✓		✓
Atlanta	✓			
Baltimore	✓		✓	
Boston	✓	✓		✓
Cambridge	✓			
Dallas			✓	
Denver				✓
Detroit	✓		✓	
District of Columbia	✓			✓
Houston	✓		✓	
Jacksonville				✓
Los Angeles			✓	
Miami	✓			

<sup>48</sup> See Appendix L for information on historic preservation entities in selected cities and regions.

<i>City</i>	<i>Grant</i>	<i>Loan</i>	<i>Tax Credit</i>	<i>Other</i>
New York	✓	✓		
Phoenix	✓			
Portland	✓	✓		
San Antonio	✓			
San Francisco		✓		✓
Seattle	✓			✓
Trenton	✓	✓		✓
Total	15/20	6/20	5/20	8/20

*Source: various*

**Figure 4.2 – Selected Historic Preservation Incentive Programs in Other Cities and States That May Be Of Particular Relevance to the City of Philadelphia**

<i>Topic of Interest</i>	<i>Illustrative Historical Preservation Program</i>
Affordable housing	The City of Phoenix has a Low Income Historic Housing Rehabilitation Program, which encourages the repair and rehabilitation of historic residential properties providing housing opportunities for low-income families. Grant funds can be used for structural stabilization, building maintenance, and rehabilitation of historic features. <sup>49</sup>
African American history	The State of Indiana has an African American Heritage Grant Program, which provides a resource at the local level in support of civic organizations, schools, libraries, historical societies, and other non-profit groups. The program funds initiatives that promote preservation of places of significance in African American history. Resources offered include survey support to better inventory historic sites, technical assistance for program providers, and outreach and educational programming. <sup>50</sup>

<sup>49</sup> From the City of Phoenix website.

<sup>50</sup> From the Historic Landmarks Foundation of Indiana website.

<i>Topic of Interest</i>	<i>Illustrative Historical Preservation Program</i>
Commercial corridors	The City of Portland (OR) has a Storefront Improvement Program, which provides assistance to business owners in eligible neighborhoods to install new windows, repaint, or perform other similar improvements. The intention of this initiative is to rebuild business districts in some of the city's oldest and most beloved neighborhoods. <sup>51</sup>
Façade easements	The City of Detroit's Historic Brush Park Façade Easement Program uses Community Development Block Grant funds to provide forgivable loans to owners of eligible owner-occupied houses, in exchange for their donating a perpetual façade easement to the Brush Park Development Corporation (BPDC), a non-profit organization. This protects properties against future demolition or deterioration. <sup>52</sup>
Historic restorations	The City of New York's City Ventures Fund provides grants and loans to non-profit developers to retain the period details of non-landmark but architecturally significant buildings being converted to affordable housing and other services that benefit lower income communities. <sup>53</sup>
Main Streets	Boston Main Streets was the first urban, multi-district Main Street program in the US. Support of historic renovations through a revolving loan fund is an important element of its work in 19 business districts, which also includes other financial and technical assistance from the local and national level. <sup>54</sup>
Neighborhood preservation	The City of Baltimore offers a Historic Restoration and Rehabilitation Tax Credit aimed at preserving historic neighborhoods. A ten-year tax credit for all interior and exterior renovations, the most generous tax incentive available in the City, encourages property owners to initiate major rehabilitation projects. <sup>55</sup>
Neighborhood preservation	The City of Dallas provides property tax exemptions, conservation easements, and transfers of development rights in support of the preservation of historic buildings and the revitalization of older neighborhoods. Eligibility and incentive amounts depend on the type of historic district in which the property is located. <sup>56</sup>

<sup>51</sup> From the Portland Development Commission website.

<sup>52</sup> From the City of Detroit's website.

<sup>53</sup> From the New York Landmarks Conservancy website.

<sup>54</sup> From the City of Boston website.

<sup>55</sup> From the City of Baltimore website.

<sup>56</sup> From the City of Dallas website.

<i>Topic of Interest</i>	<i>Illustrative Historical Preservation Program</i>
Regulatory relief	The City of Seattle offers zoning code and building code relief to owners of landmark properties. Specifically, the Director of the Department of Planning and Development may authorize a use not otherwise permitted in a certain zone, or modify specific requirements of the building code for a landmark building. <sup>57</sup>
Rehabilitation in low-income communities	The District of Columbia's Targeted Historic Preservation Assistance Amendment Act of 2006 provides grants to qualified low- and moderate-income homeowners in 12 historic districts for certified exterior repairs, rehabilitation, and structural work, as well as grants participating local governments (cities and counties) the authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties while receiving property tax relief. <sup>58</sup>
State-enabling legislation	The State of California's Mills Act grants participating local governments the authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties; in exchange, they receive property tax reductions. <sup>59</sup>
Tourism	The State of Maryland has a Museum Advancement Grant Program, which matches non-state dollars to reward high-performing museums with significant historical collections that offer quality public programs, thus simultaneously preserving important cultural treasures and enhancing the state's attractiveness as a tourist destination. <sup>60</sup>

*Source: various*

<sup>57</sup> From the City of Seattle website.

<sup>58</sup> From the District of Columbia website.

<sup>59</sup> From the State of California website.

<sup>60</sup> From the Maryland Historical Trust website.

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## 4.2 Incentive Programs in Other States

In addition to programming at the local and state level, states can influence the amount of historic preservation that takes place within their borders through state-level tax incentives. Specifically, an important way that states can attract additional federal historic preservation tax credits is to offer **accompanying state-level tax credits**. Notably, Pennsylvania is one of 21 states out of 50, and one of only 7 states out of the 26 that lie east of the Mississippi River, that does not currently offer state-level tax credits for historic preservation (see Figure 4.3).<sup>61</sup> In fact, in a recent ranking of federal historic preservation tax credits received by state, all of the states that ranked ahead of Pennsylvania offered state-level tax credits (see Figure 4.4).<sup>62</sup>

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<sup>61</sup> "State Tax Credits for Historic Preservation: A State by State Summary," National Trust for Historic Preservation (July 2007). See also Appendix M for information on historic preservation tax credit programs at the state level.

<sup>62</sup> "Federal Tax Incentives for Rehabilitating Historic Buildings: Annual Report for 2007," US Department of the Interior – National Park Service (February 2008).



Figure 4.4 – Ranking of States by Federal Tax Incentives Received in 2007  
 \* = states that offer historical preservation tax credits

Ranking #	Approved Proposals	Certified Projects	Certified Expenses
1	MO*	MO*	MO*
2	VA*	OH*	PA
3	MD* / NC*	VA*	CA
4	LA*	NC*	VA*
5	OH*	VT*	CT*
6	KY*	PA	IN*
7	NY*	MD*	RI*
8	PA	LA* / MI*	NJ
9	MA*	NY*	NY*
10	MI*	CT*	LA*

*Source: US Department of the Interior – National Park Service (2008)*

The State of Missouri, which claimed the top ranking in all three categories in 2007, has been at or near the top for the past several years. Their state rehabilitation tax credit was instituted in 1997, and resulted in a doubling of rehabilitation activity that has utilized federal tax credits between 1997 and 2004; illustrative projects included the restoration of a hospital historically significant for its role in training African American physicians, Main Street rehabilitations, and the conversion of the historic Liggett and Myers Building in St. Louis into loft apartments.<sup>63</sup> State officials are careful to point out that they do not view their incentive programs as a form of public subsidy, since they more than return any upfront dollars invested in the form of taxes generated and jobs created, often by out-of-state businesses investing in Missouri.<sup>64</sup>

<sup>63</sup> "Federal Tax Incentives for Rehabilitating Historic Buildings: Annual Report for 2004," US Department of the Interior – National Park Service (February 2005).

<sup>64</sup> "Trailblazing Missouri Leads Historic Rehabs," "St. Charles County Business Record" (October 2004).

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## 5.0 CONCLUSION

In conclusion, historic preservation has been an important contributor to economic development and other efforts within the City of Philadelphia. A 1999 study commissioned by the Preservation Alliance for Greater Philadelphia (PAGP), "Dollars and Sense of Historic Preservation: The Economic Benefits of Preserving Philadelphia's Past," made a compelling case for the economic impact of historic preservation; and our analysis of historic preservation efforts since then strengthen this notion:

- **Historic preservation has had a significant impact on the local economy**, in the form of expenditures, employment, and earnings.
- Historic preservation efforts also accrue a number of **additional benefits to the City**, including bolstering the City's growing heritage tourism efforts, attracting film and television opportunities, safeguarding cherished cultural resources, preserving the City's distinct urban form, and enhancing property values.

Accordingly, we recommend that the City explore a number of action steps to further leverage the power of historic preservation. **Improved data collection efforts** can enable better measurement and evaluation of historic preservation efforts over time, while the multiplying effect of historic preservation activities provides cause for further contemplation of **tax and other public incentives at the local and state level**.

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## APPENDIX A – ECONOMIC IMPACT MODEL METHODOLOGY

The economic impact estimates presented in this report were derived from the regional Input-Output (I-O) model developed and maintained by the U. S. Department of Commerce, Bureau of Economic Analysis (BEA). This model, the Regional Input-Output Modeling System (RIMS II), is widely used to estimate the economic impacts of regional projects or programs. The results generated from the RIMS II model are widely recognized as plausible, and defensible, in cases where the input data to the model are accurate and based on reasonable assumptions. This section describes the basic concepts that underlie RIMS II.

An I-O model provides a compact means of summarizing interindustry relationships within regions. The model itself is essentially an accounting framework, expressed as a matrix or array. For each industry in the region, the model shows the distribution of inputs purchased and outputs sold to all other regional industries. The RIMS II model is based on the BEA National I-O model, which shows the input and output structure for nearly 500 industries, and the BEA regional economic accounts, which are used to adjust the information in the national model to reflect a given regions' industrial structure and interindustry trading patterns.

The data that drive the I-O model are the planned expenditures associated with the project or program being studied. In the jargon of I-O models, those expenses make up the "direct expenditures", which form one part of the programs' total economic impact on the region. Assuming that the planned project is a new store, the direct expenditures are the sum of all spending needed to construct, equip and operate that facility.

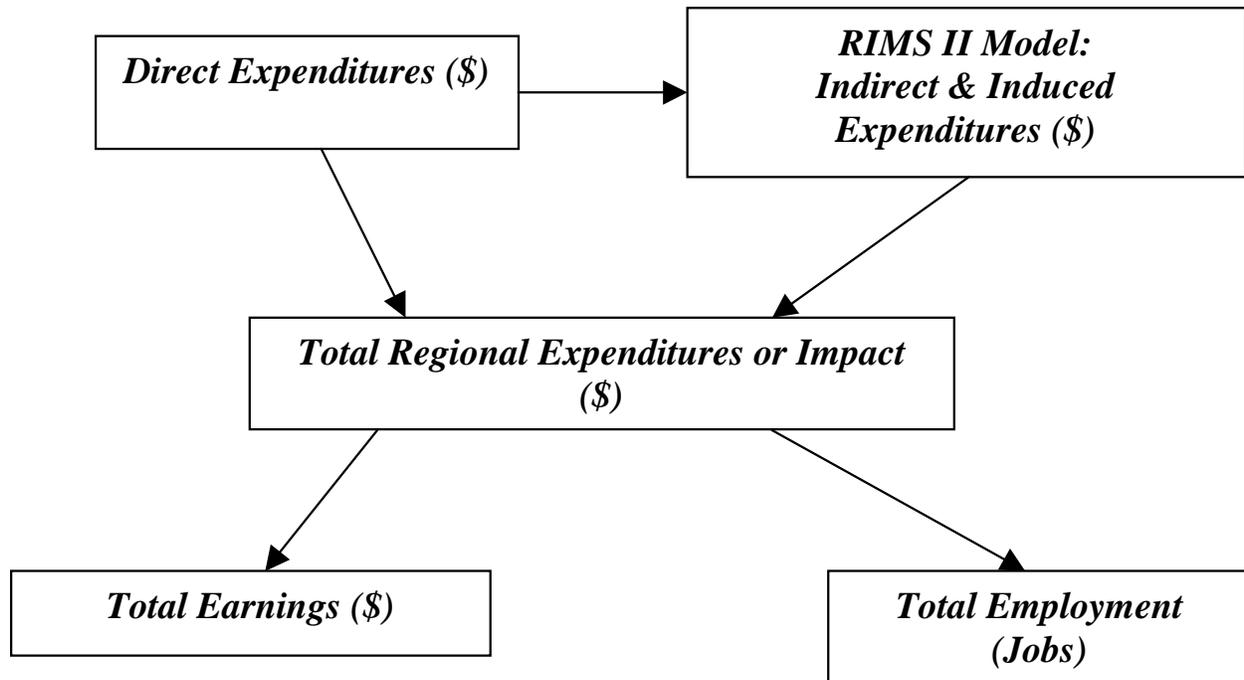
Some of that spending will be to purchase goods and services from other businesses in the region, causing those firms to increase production. In turn, the firms supplying the new store will need to increase purchases from their suppliers, to meet their new orders. The sum of all of this interindustry spending is the "indirect expenditures" associated with the new store.

All of the economic activity resulting from the new store, whether direct or indirect, will require workers who must be paid. Some of their earnings will be spent at businesses within the region on various goods and services, creating another round of economic activity like that described above. These expenditures equal the "induced expenditures" associated with the new store.

The sum of the direct, indirect and induced expenses represents the total economic impact of the new store on the region. In addition to measuring that impact in dollars as output or expenditures, the RIMS II model produces estimates of the proportion of that spending paid to regional households as wages and salaries. Finally, the RIMS II model generates estimates, by industry, of the number of full- and part-time jobs related to the new store. Both the earnings and employment estimates are useful alternative measures of the regional economic impact of the new project.

The following schematic depicts the flow of data, from inputs to outputs, through the model (see Figure A.1):

Figure A.1 - Input-Output Model Flow Chart



Source: Econsult Corporation (2008)

The overall “success” of the economic impact analysis depends in large part on the initial design of the analysis. For example, if the project involves both construction and operation phases, it is important to separate the total expenditures between the two, and run the RIMS II model for each set of expenditures. The phases occur at different points in time, and have different impacts on the regional economy. Hence, the accuracy of the results depends on recognizing those differences, and treating them appropriately.

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## APPENDIX B – FISCAL IMPACT MODEL METHODOLOGY

The RIMS II model provides estimates of the economic impact of a new project or program on the regional economy. It does not, however, estimate the fiscal impact of the increased economic activity on state and local governments. Econsult has constructed a model that takes the output from the RIMS II model and generates detailed estimates of the increases in state and local tax collections that arise from the new project. Those revenues are in fact a part of the total economic impact of a new project that is often ignored in conventional economic impact analyses.

The RIMS II model provides estimates of direct, indirect, and induced expenditures, earnings, and employment within the defined region. The Econsult fiscal model combines the RIMS II output with U. S. Census Bureau County Business Patterns data to produce estimates of the distribution of additional employment and earnings by county. In addition, the 2000 Census “Journey to Work” data on commuting flows are utilized to estimate income earned by residents of each county within the region, regardless of where they work. The fiscal model can then estimate the increase in earned income taxes by county and for the state as a whole resulting from the new project. For complex cases, like Philadelphia, the model can differentiate between residents and nonresidents and apply the proper wage tax rate. Pennsylvania state business and sales taxes, as well as business taxes in Philadelphia, are estimated based on the most recent data on average sales tax base per employee by major industry, as contained in publications from the Pennsylvania Department of Revenue.

### APPENDIX C – INVESTMENT ON PROJECTS THAT BENEFITTED FROM FEDERAL TAX CREDITS, BY HISTORIC DISTRICT AND YEAR (IN CURRENT \$M)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Brewerytown Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$26.9	\$26.9
Broad Street Historic District	\$0.0	\$144.2	\$11.0	\$17.0	\$37.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$18.2	\$227.5
Center City West Historic District	\$31.8	\$24.1	\$7.9	\$0.0	\$6.6	\$22.1	\$0.0	\$12.8	\$10.0	\$0.0	\$6.7	\$122.0
Chestnut Hill Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2
Cobbs Creek Automobile Suburb Historic District	\$0.0	\$4.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$4.7
Colonial Germantown Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5
Diamond Street Historic District	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
East Center City Historic District	\$1.3	\$1.3	\$0.0	\$2.2	\$43.5	\$44.0	\$4.0	\$3.7	\$0.0	\$0.0	\$5.6	\$105.6
Girard Avenue Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.8
Manayunk Main Street Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$2.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.2
Northern Liberties Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$5.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.8
Old City Historic District	\$2.1	\$1.9	\$1.9	\$4.3	\$0.5	\$11.4	\$0.0	\$0.0	\$0.0	\$0.8	\$11.7	\$34.7
Overbrook Farms Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5
Parkside Historic District	\$0.0	\$5.7	\$0.0	\$0.0	\$2.3	\$4.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$12.0
Pennsylvania Institute for the Deaf and Dumb	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.3	\$0.0	\$0.0	\$0.0	\$0.0	\$6.3
Philadelphia Naval Shipyard Historic District	\$0.0	\$9.8	\$0.0	\$0.0	\$0.0	\$5.0	\$8.4	\$37.0	\$40.7	\$6.2	\$3.0	\$110.0

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Rittenhouse Historic District	\$15.6	\$0.0	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.8	\$0.0	\$0.0	\$17.4
Schuylkill Historic District	\$20.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$20.0
Society Hill Historic District	\$0.0	\$0.0	\$0.0	\$1.6	\$10.0	\$0.0	\$0.4	\$0.0	\$0.0	\$0.0	\$7.7	\$19.7
Southwark Historic District	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3
Spring Garden Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$8.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$8.1
Tulpehocken Station Historic District	\$0.0	\$0.0	\$0.0	\$0.5	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.7
Washington Square West Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.2	\$0.0	\$0.0	\$6.2
Washington Square West Historic District	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$1.1	\$0.0	\$0.0	\$0.0	\$0.0	\$1.3
West Philadelphia Streetcar Suburb Historic District	\$0.0	\$0.9	\$0.0	\$0.0	\$4.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.1	\$6.1
No Historic District on Record	\$125.4	\$7.6	\$141.8	\$29.6	\$153.4	\$47.1	\$42.4	\$32.2	\$47.8	\$0.0	\$33.6	\$660.9
Total (in Current \$M)	\$196.6	\$200.5	\$163.7	\$55.2	\$260.1	\$147.2	\$64.4	\$85.9	\$105.5	\$7.0	\$114.5	\$1,400.7
Total (in 2010 \$M)	\$259.3	\$257.4	\$202.6	\$67.5	\$310.2	\$172.2	\$73.2	\$93.9	\$112.9	\$7.2	\$117.5	\$1,673.9

Source: Pennsylvania Historical and Museum Commission (2008, 2010), Econsult Corporation (2008, 2010)

**APPENDIX D – INVESTMENTS ON OTHER PRIVATE REAL ESTATE PROJECTS, BY TYPE AND MONTH**

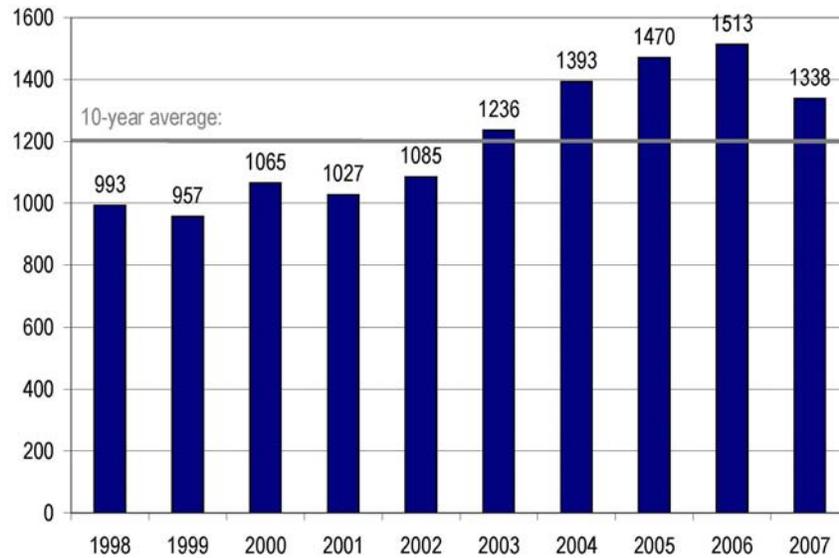
<i>Count</i>	<i>Jan 08</i>	<i>Feb 08</i>	<i>Mar 08</i>	<i>Apr 08</i>	<i>May 08</i>	<i>Jun 08</i>	<i>Total</i>
Exterior	38	54	27	68	44	60	291
Interior	56	64	61	49	48	57	335
Both	5	2	1	10	16	12	46
Blank/Misc	0	0	0	4	2	0	6
Grand Total	99	120	89	131	110	129	678

<i>\$M</i>	<i>Jan 08</i>	<i>Feb 08</i>	<i>Mar 08</i>	<i>Apr 08</i>	<i>May 08</i>	<i>Jun 08</i>	<i>Total</i>
Exterior	\$0.7	\$8.7	\$1.5	\$3.3	\$3.5	\$1.6	\$19.5
Interior	\$5.8	\$2.7	\$3.3	\$3.3	\$5.9	\$4.5	\$25.6
Both	\$4.1	\$0.0	\$0.0	\$11.2	\$4.3	\$37.5	\$57.1
Blank/Misc	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Grand Total	\$10.6	\$11.5	\$4.9	\$17.9	\$13.7	\$43.6	\$102.2

*Source: Philadelphia Historical Commission (2008), Econsult Corporation (2008)*

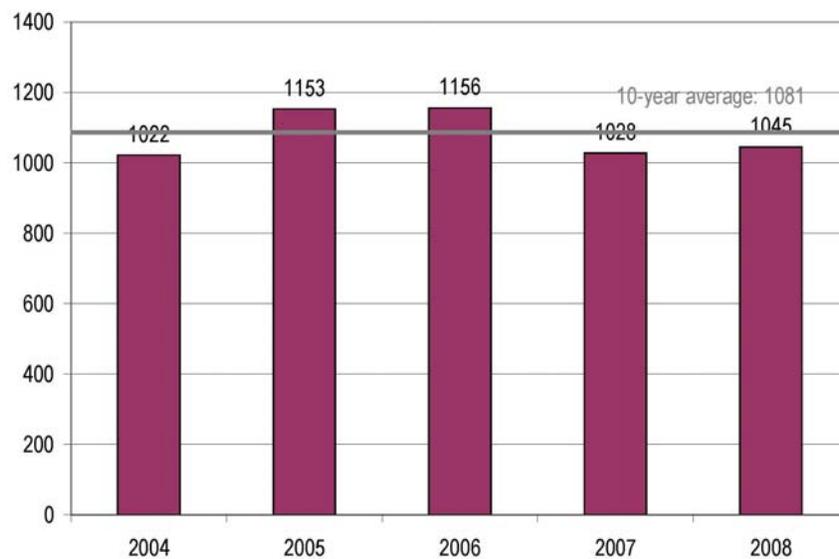
**APPENDIX E - PRIVATE REAL ESTATE PROJECT PERMIT APPROVALS OVER TIME**

**Figure A.2 – Private Real Estate Project Permit Approvals (Full Year)**



Source: Philadelphia Historical Commission (2008)

**Figure A.3 – Private Real Estate Project Permit Approvals (First Nine Months)**



Source: Philadelphia Historical Commission (2008)

**APPENDIX F – INVESTMENTS BY GOVERNMENT AND NON-PROFIT ENTITIES, BY YEAR (IN CURRENT \$M)<sup>65</sup>**

<i>Organization Name</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>Total</i>
American Philosophical Society	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Atwater Kent Museum	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Carpenters' Hall	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$0.2
Chamounix Mansion International Hostel & Meeting Center	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5
Chemical Heritage Foundation	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5	\$0.0	\$0.0	\$8.0	\$0.0	\$9.5
Chestnut Hill Academy	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$7.7	\$1.1	\$8.8
City Hall	\$8.9	\$8.9	\$8.9	\$8.9	\$8.9	\$8.9	\$8.9	\$8.9	\$8.9	\$80
City of Philadelphia Mural Arts Program	N/A	N/A	N/A	N/A	\$0.04	\$0.3	\$1.0	N/A	N/A	\$1.34
Cliveden of the National Trust	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1	\$0.0	\$0.2
College of Physicians of Philadelphia	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Concord Schoolhouse	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Eastern State Penitentiary Historic Site, Inc	\$0.0	\$0.0	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.7	\$1.4
Elfreth's Alley Association	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fort Mifflin on The Delaware	\$0.0	\$0.0	\$0.0	\$0.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.6

<sup>65</sup> Investments made over a span of multiple years were evenly distributed between those years unless detailed information was available.

<i>Organization Name</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>Total</i>
Franklin Institute Science Museum	\$0.8	\$1.1	\$0.7	\$2.3	\$0.2	\$0.0	\$0.0	\$0.0	\$1.8	\$6.9
Free Library of Philadelphia	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.7	\$0.0	\$2.7
Gershman Y Branch of Jewish Community Centers of Greater Philadelphia	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1	\$0.0	\$0.0	\$0.3
Glen Ford on the Delaware	N/A	N/A	N/A	N/A	\$0.2	\$0.02	\$0.01	\$0.1	N/A	\$1.15
John Bartram Association	N/A	N/A	N/A	N/A	N/A	\$0.1	\$0.01	\$0.1	N/A	\$1.2
Johnson House (Museum of Underground Railroad)	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Masonic Library and Museum of Pennsylvania	\$0.0	\$0.6	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$6.0	\$7.7
Mother Bethel	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.3	\$0.0	\$1.3
Pennsylvania Academy of Fine Art	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
Philadelphia Museum of Art	\$0.0	\$0.0	\$0.0	\$0.1	\$0.5	\$1.0	\$0.3	\$0.0	\$0.0	\$2.0
Perelman Quadrangle	\$0.1	\$0.5	\$0.0	\$2.3	\$0.0	\$0.1	\$0.0	\$0.0	\$0.6	\$3.5
Please Touch Museum	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$29.3	\$29.3	\$29.3	\$88.0
Rosenbach Museum & Library	\$2.0	\$2.0	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0
The Academy of Natural Sciences	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$0.1	\$0.0	\$0.5
The Academy of Vocal Arts	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3
The Curtis Institute of Music	\$0.2	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5
Rodeph Shalom	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.8	\$0.2	\$0.4	\$1.4	\$5.8

<i>Organization Name</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>Total</i>
The Ruth and Raymond G Perelman Building	\$11.3	\$11.3	\$11.3	\$11.3	\$11.3	\$11.3	\$11.3	\$11.3	\$0.0	\$90.0
The University of the Arts	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
Union League	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$2.1	\$0.0	\$5.1
Wagner Free Institute of Science	N/A	N/A	N/A	\$2	\$2	\$2	\$3	N/A	N/A	\$9
Walnut Street Theater	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.2
Water Works	\$0.0	\$0.0	\$1.3	\$0.0	\$0.0	\$0.0	\$2.5	\$0.0	\$0.0	\$3.8
Woodmere Art Museum	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Wyck Association	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Zoological Society of Philadelphia	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total (in Current \$M)	\$23.7	\$24.6	\$25.2	\$25.7	\$23.0	\$25.3	\$56.0	\$73.0	\$50.5	\$327.1
Total (in 2008 \$M)	\$30.1	\$30.2	\$30.1	\$29.8	\$25.9	\$27.6	\$59.4	\$75.2	\$50.5	\$358.9

*Source: Preservation Alliance for Greater Philadelphia (2008), Philadelphia Historical Commission (2008), Greater Philadelphia Cultural Alliance (2008), Partners for Sacred Places (2008), City of Philadelphia Department of Licenses and Inspections (2008), Econsult Corporation (2008)*

**APPENDIX G – RESIDENTIAL CONVERSIONS INVOLVING HISTORIC SITES, BY YEAR**

<i>Property</i>	<i>Address</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>Total</i>
1016 Cherry St	1016-18 Cherry St			\$3.8						\$3.8
1220 Bottonwood St	1210-26 Bottonwood St						\$6.2			\$6.2
1222 Arch St	1222-26 Arch St			\$6.0						\$6.0
13th St Lofts	112 S 13th St			\$0.9						\$0.9
1601 Sansom	110-16 S 16th St		\$13.6							\$13.6
1700 Walnut St	1700 Walnut St	\$8.6								\$8.6
1920 Chestnut St	1920-22 Chestnut St			\$3.5						\$3.5
1930 Chestnut	1930-34 Chestnut St				\$17.6					\$17.6
200 Christian St Condominiums	200 Christian St				\$3.0					\$3.0
207 N Broad	207-09 N Broad				\$3.1					\$3.1
2200 Arch St	2200 Arch St								\$45.0	\$45.0
246 Fitzwater	246 Fitzwater St	\$2.5								\$2.5
315 Arch	315 Arch St		\$8.6							\$8.6
428 N 13th St	428-40 N 13th St		\$13.2							\$13.2
Adelphia House	1229-1237 Chestnut St	\$40.1								\$40.1

<i>Property</i>	<i>Address</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>Total</i>
After Six Conversion	2121-41 Market St		\$25.3							\$25.3
Blum Building	1300-06 Chestnut St	\$16.7								\$16.7
Kardon Building	1825-51 N 10th St			\$12.5						\$12.5
Le Crillon	1734-36 Chestnut St						\$6.0			\$6.0
Lippincott Building	227-31 S 6th St						\$3.4			\$3.4
Merchants Row	57-63 N 03rd St				\$6.0					\$6.0
Mulford Building	630-640 N Broad						\$45.0			\$45.0
Pitcairn Building	1027-31 Arch St						\$8.7			\$8.7
Saunders Building	220 W Washington Sq									\$9.9
Sunshine Court	524 Christian St						\$2.1			\$2.1
Ten Ten Race	1010 Race St				\$13.1					\$13.1
Textile Flats	217-19 Chestnut St			\$1.1						\$1.1
The Ayer	210 W Washington Sq								\$60.0	\$60.0
The Grandview	1100 Vine St				\$36.0					\$36.0
The Lanesborough	220-24 S 16th St				\$27.8					\$27.8
The Lofts at 509 Vine	509-19 Vine St				\$8.5					\$8.5
The Old Shoe Factory	314-22 N 12th St			\$13.3						\$13.3

<i>Property</i>	<i>Address</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>Total</i>
The Olive and the Barcelona	1723-29 Fairmount Ave					\$1.8				\$1.8
The Phoenix	1600-08 Arch St							\$48.8		\$48.8
The Victory	1001 Chestnut St					\$25.0				\$25.0
Two Fifty South 17th St	250 S 17th St		\$0.0							\$0.0
Total (In Current \$M)		\$67.8	\$60.6	\$41.1	\$115.0	\$26.8	\$71.4	\$48.8	\$105.0	\$546.4
Total (In 2008 \$M)		\$85.9	\$74.5	\$49.1	\$133.4	\$30.2	\$78.0	\$51.8	\$108.2	\$620.9

*Source: Center City District (2008), City of Philadelphia Department of Licenses and Inspections (2008), Econsult Corporation (2008)*

## APPENDIX H – REAL ESTATE EFFECT OF HISTORIC DISTRICT DESIGNATIONS

The intention of this appendix is by no means to offer an extensive literature review,<sup>66</sup> but rather to touch on the main arguments and offer a summary of a few studies that have sought to understand what the data suggest (see Figure A.4). Many studies are careful to point out that it is possible for historic designations to negatively impact individual properties even as they positively impact overall neighborhoods; there is also insufficient evidence to conclude that the historic designations themselves cause the higher prices or price appreciations. Nevertheless, most studies tend to conclude that historic designations are associated with higher property values.

Figure A.4 – Selected Studies on Historic Preservation and Property Values

<i>Report</i>	<i>Methodology</i>	<i>Findings</i>
"The Impact of Historic Districts on Residential Property Values," New York City Independent Budget Office (September 2003)	"This study uses the statistical technique known as linear regression to analyze how the price of a house is influenced by inclusion in an historic district, as well as by other structural and neighborhood characteristics."	"Prices of houses in historic districts are higher than those of similar houses outside historic districts." "Over the entire 1975-2002 period, historic properties increased in value an average of 10.2 percent per year, while non-historic properties experienced a rate of growth of 9.0 percent per year."
"Historic Districts Are Good For Your Pocketbook: The Impact of Local Historic Districts on House Prices in South Carolina," South Carolina Department of Archives and History (January 2000).	(Columbia) "A repeat sales methodology was used to measure the effect of local districts on house prices over time." (Beaufort) "A real estate appraisal model that calculates the value of unique or significant features was used to measure the value of local historic designation."	"The annualized rate of return for houses in the two local districts was 7.3%, while for the entire Columbia market it was 5.8%." "The average house in the local historic district sold for 21% more than a hypothetical identical house in an adjacent but non-designated area."

<sup>66</sup> For such a review, please see: "Economics and Historic Preservation: A Guide and Review of the Literature," Brookings Institution Metropolitan Policy Program (September 2005) and "Preservation and Residential Property Values: The Case of Philadelphia," Prema Katari (2005). See also our bibliography of references in Appendix M.

<i>Report</i>	<i>Methodology</i>	<i>Findings</i>
	<p>(Greenville) "An event-study technique was used to determine the impact on house prices of local district designation."</p>	<p>"In East Park Avenue, the mean price per square foot increased from \$39.45 before designation to \$49.97 after designation. In Hampton-Pinckney, the mean price per square foot increased from \$14.05 before designation to \$31.84 after."</p>
<p>"Historic Preservation and Residential Property Values: An Analysis of Texas Cities," Urban Studies (2001).</p>	<p>"The study employs hedonic regression models to estimate housing prices in historic districts and comparable neighborhoods in nine Texas cities."</p>	<p>"Results suggest that, in most cases, historic designation is associated with higher property values."                      "Historic designation is associated with average property value increases ranging between 5 percent and 20 percent of the total property value."</p>

*Source: various*

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## APPENDIX I – SPATIAL ANALYSIS METHODOLOGY

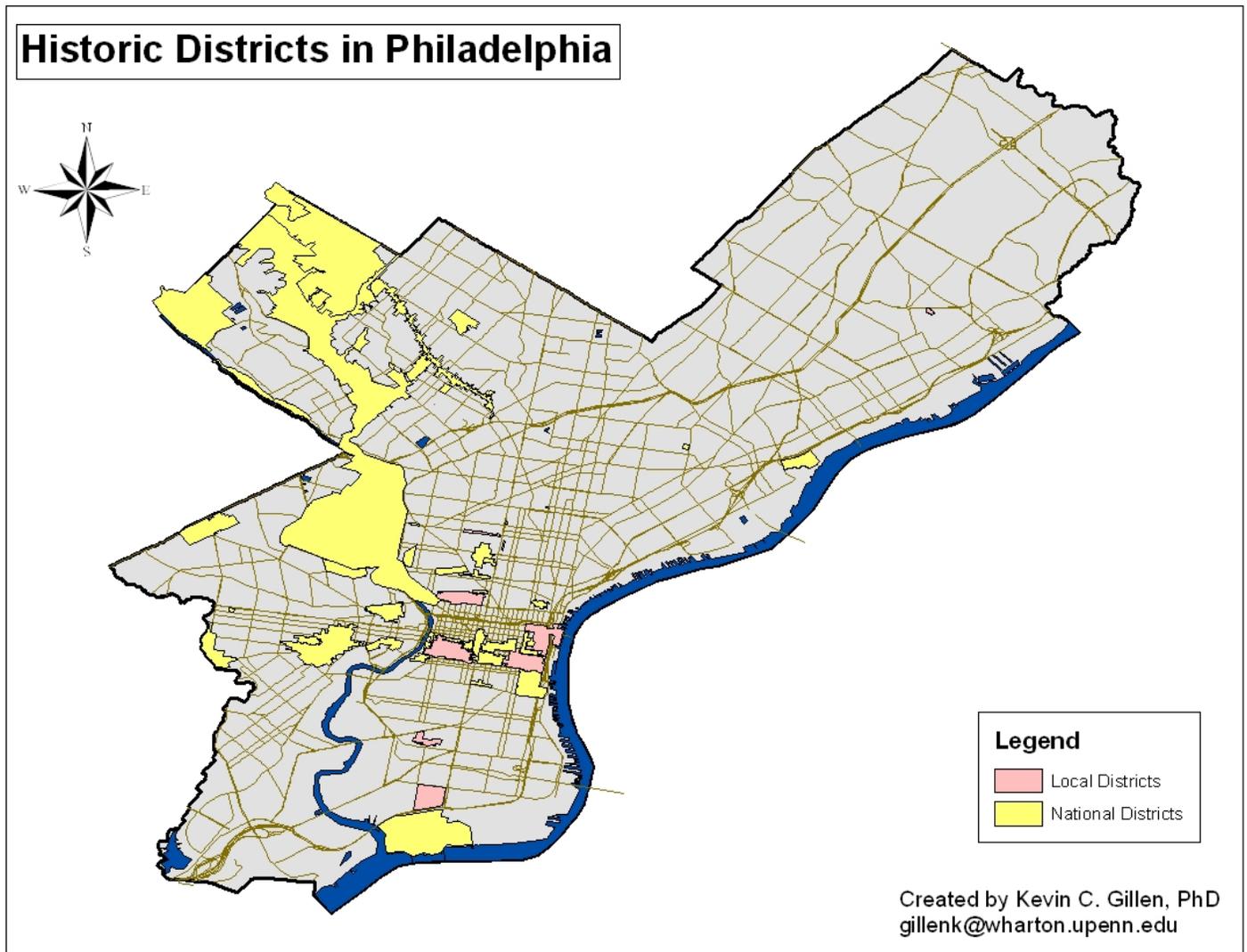
As noted earlier, there is some disagreement in viewpoints, less so in the economic literature, concerning the effect of historic district designations on property values. Econometrically, this can be explored with data specific to the experience here in the City of Philadelphia, by looking at arms-length transactions that took place within the City and determining the impact of being in or near one or more of the local or national historic districts within the City, holding other characteristics constant. This has the effect of isolating the extent to which historic designations are an amenity or a disamenity, amenities being positive characteristics that increase house prices and that people prefer to be closer to rather than further away from, and disamenities being the opposite.

Between 1980 and 2008, there were over 400,000 arms-length transactions.<sup>67</sup> Records on each of these transactions contain information such as location, price, and the characteristics of the structure itself. We began our analysis by geocoding each of these records, and calculating the distance of each property to each of the local and national historic districts located within the City of Philadelphia (see Figure A.5 and Figure A.6).

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<sup>67</sup> Data was taken from Board of Revision of Taxes and compiled by Kevin C. Gillen, PhD.

Figure A.5 – Local and National Historic Districts Located within the City of Philadelphia as of 2008



Source: Board of Revision of Taxes (2008), Kevin C. Gillen, PhD (2008)

Figure A.6 – Arms-Length Home Sales within the City of Philadelphia between 1980 and 2008



Source: Board of Revision of Taxes (2008), Kevin C. Gillen, PhD (2008)

The average transaction price of a home during this period was \$72,388. The typical home has 1,338 square feet of space, occupies a lot with a size of 1,832 square feet, has a floor-area ratio of 0.98, is 6.16 miles from City Hall, and has a thirty percent chance of being renter-occupied. The average dwelling is also 1.47 miles from a historic district, and four percent of all transactions are located within an historic district (see Figure A.7).

This methodology allows us to statistically separate out various factions - positive and negative - influencing the market value (or price) of the property.

**Figure A.7 – Summary Statistics on Home Sales within the City of Philadelphia from 1980 to 2008**

<i>Variable</i>	<i>Definition</i>	<i>N</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>Min.</i>	<i>Max.</i>
Price	Transaction Price	406,690	\$72,388	\$85,007	\$2,000	\$3,689,182
Lot_sqft	Lot Square Footage	406,690	1,832	1,663	500	15,000
bldg_sqft	House Square Footage	406,690	1,338	506	700	14,976
FAR	Floor Area Ratio	406,690	0.98	0.46	0.05	14.45
rental	=1 if renter-occupied	406,690	0.30	0.46	0.00	1.00
dist_cbd	Distance to CBD (mi.)	406,674	6.16	3.46	0.28	17.34
YEARBUILT	Year that District was built	406,690	1846	67	1682	1933
yr_dsgntd	Year District was designated	406,676	1984	12	1966	2001
yr_expnd	Year that District was expanded	26,289	1987	1	1983	1987
Dist_HDstrct	Distance to District	406,690	1.47	1.64	0.00	9.00
HistDist	=1 if in Historic District	406,690	0.04	0.19	0	1

*Source: Board of Revision of Taxes (2008), Econsult Corporation (2008)*

We then estimated a series of four regressions. These regressions use the (natural log of) price for each dwelling as the dependent variable. Several dozen characteristic variables, such as size, condition, year, location and season were used as independent variables. In other words, our goal is to assess the extent to which these various characteristics contribute, either positively or negatively, to the price of a particular home.

To measure the effect that proximity to a historic district might have on a home's value, the following four variables were created:

(1)  $\text{Dist\_national}$  and  $\text{Dist\_local}$  = Distance to the nearest historic district, in miles.<sup>68</sup>

If a home is located within a district, this variable equals zero.

(2a)  $\text{HistDist\_national} = 1$  if " $\text{Dist\_national}$ " = 0, and 0 if " $\text{Dist\_national}$ " > 0

(2b)  $\text{HistDist\_local} = 1$  if " $\text{Dist\_local}$ " = 0, and 0 if " $\text{Dist\_local}$ " > 0

Two dummy variables that take the value of "1" if a home is located in a historic district (national or local), and a value of "0" if it is not.

(3)  $\text{CC\_local} = 1$  if " $\text{HistDist\_local}$ " = 1, and it is one of the four Center City districts.

An additional dummy variable that indicates whether a house is located in one of the four local historic districts that are in Center City.<sup>69</sup>

(4)  $\text{Hyear}_i = \text{year}_i \times \text{HistDist}$ , for  $i=1980, 1981, \dots, 2008$

A vector of 29 dummy variables, one for each year from 1980 to 2008, which take a value of "1" if a home transacted in that year and is in a historic district, and "0" if otherwise.

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<sup>68</sup> Distance to nearest national district and distance to nearest local district are treated as independent regressors. Thus, as with other variables analyzed, any effect of local historic districts controls for the existence or non-existence of national historic districts, and vice versa.

<sup>69</sup> Old City, Spring Garden, Rittenhouse-Fitler Squares, and Society Hill.

## APPENDIX J - PROPERTY VALUES IMPACT IN AND NEAR HISTORIC DISTRICTS

These variables were iteratively added to the full hedonic specification and the regression was estimated, yielding the following results (see Figure A.8):<sup>70</sup>

Figure A.8 – Historic District Impact Summary Regression Results<sup>71</sup>

<i>Variable</i>	<i>Est. Coeff.</i>	<i>Exp</i> <sup>72</sup>	<i>T-Score</i>	<i>R-Squared</i>
dist_natl	-0.0160	-0.0159	-2.94	0.6922
dist_local	-0.0054	-0.0054	-0.99	0.6922
HistDist_natl	0.1340	0.1434	16.27	0.6926
HistDist_local	0.2031	0.2252	12.97	0.6926
CC_local	0.0099	0.0099	1.32	0.6926

*Source: Econsult Corporation (2008)*

- Reg3 looks more closely at the four local historic districts that are also in Center City, to see if there is anything different about the impact of Center City historic districts versus non-Center City historic districts. The results indicate that being in a Center City local historic district increase a home's

<sup>70</sup> Regression analyses control for all relevant variables, and thus isolate the specific effect of historic designation on property values. Thus, if it is determined that homes within an actual district trade at a premium to homes that are not in historic districts, this does not mean that homes within districts command higher prices than homes not within districts; clearly, that is not always true. What it does mean is that the price of homes, whether within districts or not within districts, are made up of a number of factors, both positive and negative; and being in a historic district has been determined to have a positive effect.

Investigations on the impact of local historic districts controlled for the main factors in house prices and house price appreciation, namely the location and characteristics of the houses themselves. Importantly, they also controlled for the existence of national historic districts, and vice versa.

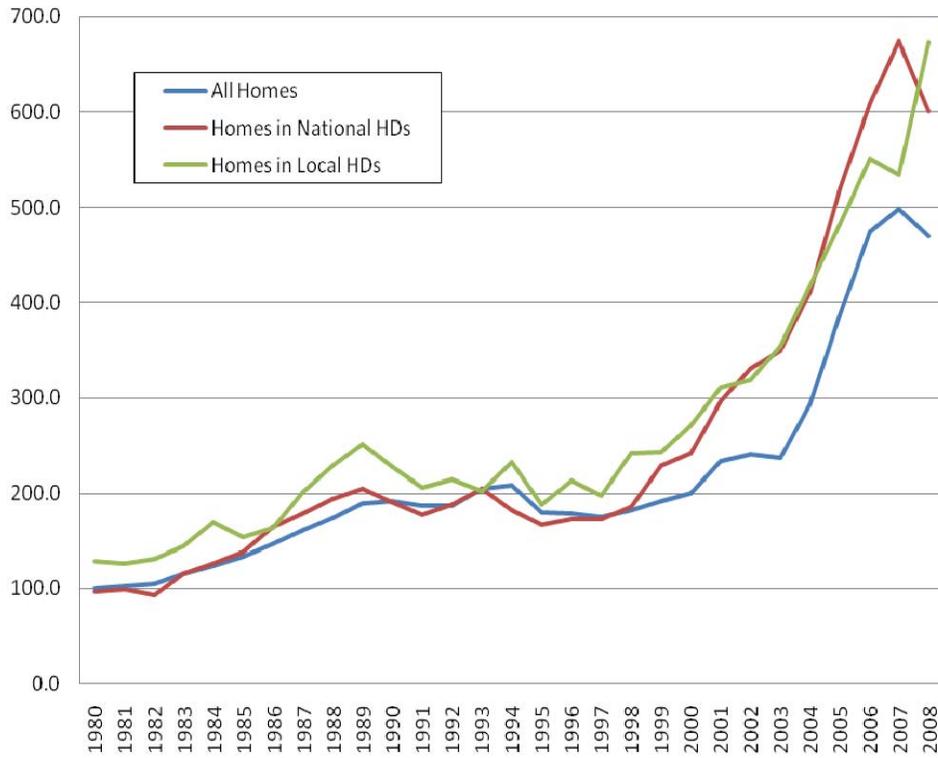
<sup>71</sup> Each column contains the results from one regression, including the estimated parameter coefficients, t-scores and R-squared. R-squareds are just below 70 percent (out of a possible 100 percent), which indicates that 70 percent of the variation in house prices can be explained by the variables in this regression. The remaining 30 percent of variation is likely due to variables that are omitted from the regression, like type of house, age of house or quality of finishes, which are not available in the City.

<sup>72</sup> Because these regressions use the natural log of price, converting these coefficients into percentage increases and decreases involves raising  $e$  to the coefficient's power, and then subtracting 1. Thus, the estimated coefficient for dist\_natl is -0.0160, which means that house prices in areas that would eventually receive historic designations were priced, on average,  $\exp(-0.0160)-1 = -0.0159$ , or 1.6 percent lower.

value by 0.99 percent; however, this finding is not statistically significant. This suggests that there does not appear to be any additional value associated with being in a district located in Center City versus a district that is not in Center City, likely because there are so many other distinct features of Center City locations that contribute to income values there. In other words, the effect of historic districts is largely equally positive for non-Center City districts as for Center City districts.

- Reg2 indicates that **homes within an actual district trade at a significant premium** to homes that are not in historic districts. **This premium is 14.34 percent for national districts and 22.52 percent for local districts**, and is very statistically significant.
- Reg3 looks more closely at the four local historic districts that are also in Center City. The results indicate that being in a Center City local historic district increase a home's value by 0.99 percent; however, this finding is not statistically significant. This suggests that **there does not appear to be any additional value associated with being in a district located in Center City versus one that is not**, likely because there are so many other distinct features of Center City locations that contribute to home values there.
- Reg4 allows us to measure how homes in historic districts appreciated over time, relative to the City's average house price appreciation rate. It indicates that **homes in both national and local historic districts appreciated in value at a higher rate than homes outside of historic districts during the recent housing boom from 1996 through 2008: 10.05 percent per year for homes in local districts and 10.92 percent per year for homes in historic districts, versus 8.38 percent per year for all homes** (see Figure A.9).

Figure A.9 – House Price Appreciation Over Time (Indexed, 1980 = 100)



Source: Kevin C. Gillen, PhD (2008)

## APPENDIX K – PROPERTY VALUE IMPACT BEFORE AND AFTER A HISTORIC DISTRICT DESIGNATION

Previously, we had compared property values across space, isolating the differences between houses within historic districts and houses not in historic districts, as well as houses at varying distances from historic districts. Because some historic district designations are relatively recent, we can also compare property values across time, and look at the “before” and “after” of a particular property that is in a newly designated district.

To formally test whether receiving a historic designation has an effect on neighborhood property values, we estimate one more regression called an “event study.” This regression has several variables denoting the timing of, and time from, a given event. There are four variables, defined as follows:

$$(5) \text{ Pre\_Hist} = \begin{cases} 0 & \text{if Dist\_HDistrict} > 0 \\ 1 & \text{if Dist\_HDistrict} = 0 \end{cases}$$

Variable (5), “Pre\_Hist,” is a dummy variable that measures if the level of house prices in an area that will receive a historic designation is meaningfully different from prices citywide, *before receiving the designation*.

$$(6) \text{ Pre\_Trend} = T * \text{Pre\_Hist}, \text{ for } T=1,2,\dots,29$$

Variable (6), “Pre\_Trend,” is a time trend variable that measures if the path of house price appreciation in an area that will receive a historic designation is meaningfully different from house price appreciation citywide, *before receiving the designation*.

$$(7) \text{ Post\_Hist} = \begin{cases} 1 & \text{if Pre\_Hist} = 1 \text{ and sale year} > \text{designation year} \\ 0 & \text{otherwise} \end{cases}$$

Variable (7), “Post\_Hist,” is a dummy variable that measures if the level of house prices in an area that has received a historic designation is meaningfully different from prices citywide, *after receiving the designation*.

$$(8) \text{ Post\_Trend} = T * \text{Post\_Hist}, \text{ for } T=1,2,\dots,29$$

Variable (8), “Post\_Trend,” is a time trend variable that measures if the path of house price appreciation in an area that has received a historic designation is meaningfully different from house price appreciation citywide, *after receiving the designation*.

Besides providing a formal test of whether the actual event of a designation has a meaningful impact, there is another advantage to estimating an event study. The event study variables measure the level and trend in house prices both before and after the neighborhood receives a designation. As such, it is able to disentangle movements in house prices from the event itself.

As the previous plot indicated, house prices in designated areas have appreciated more measurably than house prices in non-designated areas. However, the regression that estimated these house price indices cannot identify the direction of causation: did receiving a designation make a neighborhood more attractive to homebuyers, thus leading to the higher rate of appreciation; or, did the revitalization of this neighborhood and investment in its housing lead to it receiving a designation? By decomposing the movements in house prices into both pre- and post-designation periods, the regression can test if the movements in both periods were meaningfully different from each other.

The full regression was estimated with these four variables serving as the variables of interest, plus all of the other control variables used in the previous regression (see Figure A.10):<sup>73</sup>

- The coefficient for Pre\_Hist\_local suggests that **house prices in areas that would eventually receive local historic designations were priced, on average, 32.58 percent higher than house prices citywide.** This result is statistically significant.
- The coefficient for Pre\_Trend\_local suggests that **house values in areas that would eventually receive local historic designations appreciated at an annual rate of 1.20 percent less than the citywide average.** In other words, if house values were to grow by 3.00 percent per year citywide, then house prices in these to-be-designated areas would grow by 1.80 percent per year. This result is also statistically significant.
- The coefficient for Post\_Hist\_local suggests that **the immediate effect of receiving a local historic designation was for house prices in these districts to increase by 1.98 percent relative to the city average.** This result is not statistically significant.
- The coefficient on the Post\_Trend\_local variable indicates that, **following designation, house prices in these areas appreciated at an annual rate that was 1.04 percent higher than the city average.** This result is statistically significant. While this number may seem small, it should be remembered that the historical average of house price appreciation is only 3 to 5 percent per year, so adding on an additional percentage point to that is a meaningful increase, especially when compounding over multiple years.

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<sup>73</sup> Regression analyses control for all relevant variables, and thus isolate the specific effect of historic designation on property values. Thus, if it is determined that historic designation has either an immediate and/or an ongoing positive effect on house prices, this does not mean that historic designation automatically results in an upfront and/or annual increase in house prices; clearly, that is not always true. What it does mean is that changes in prices of homes over time, whether within districts or not within districts, are made up of a number of factors, both positive and negative; and being in a historic district has been determined to have a positive effect over time.

Investigations on the impact of local historic districts controlled for the main factors in house prices and house price appreciation, namely the location and characteristics of the houses themselves. Importantly, they also controlled for the existence of national historic districts, and vice versa.

Figure A.10 – Event Study Summary Regression Results – Local Designations<sup>74</sup>

<i>Variable</i>	<i>Est. Coeff.</i>	<i>Exp</i> <sup>75</sup>	<i>T-Score</i>	<i>R-Squared</i>
Pre_Hist_local	0.2821	0.3258	8.69	0.6931
Pre_Trend_local	-0.0120	-0.0120	-5.23	0.6931
Post_Hist_local	0.0196	0.0198	0.19	0.6931
Post_Trend_local	0.0104	0.0104	2.26	0.6931

*Source: Econsult Corporation (2008)*

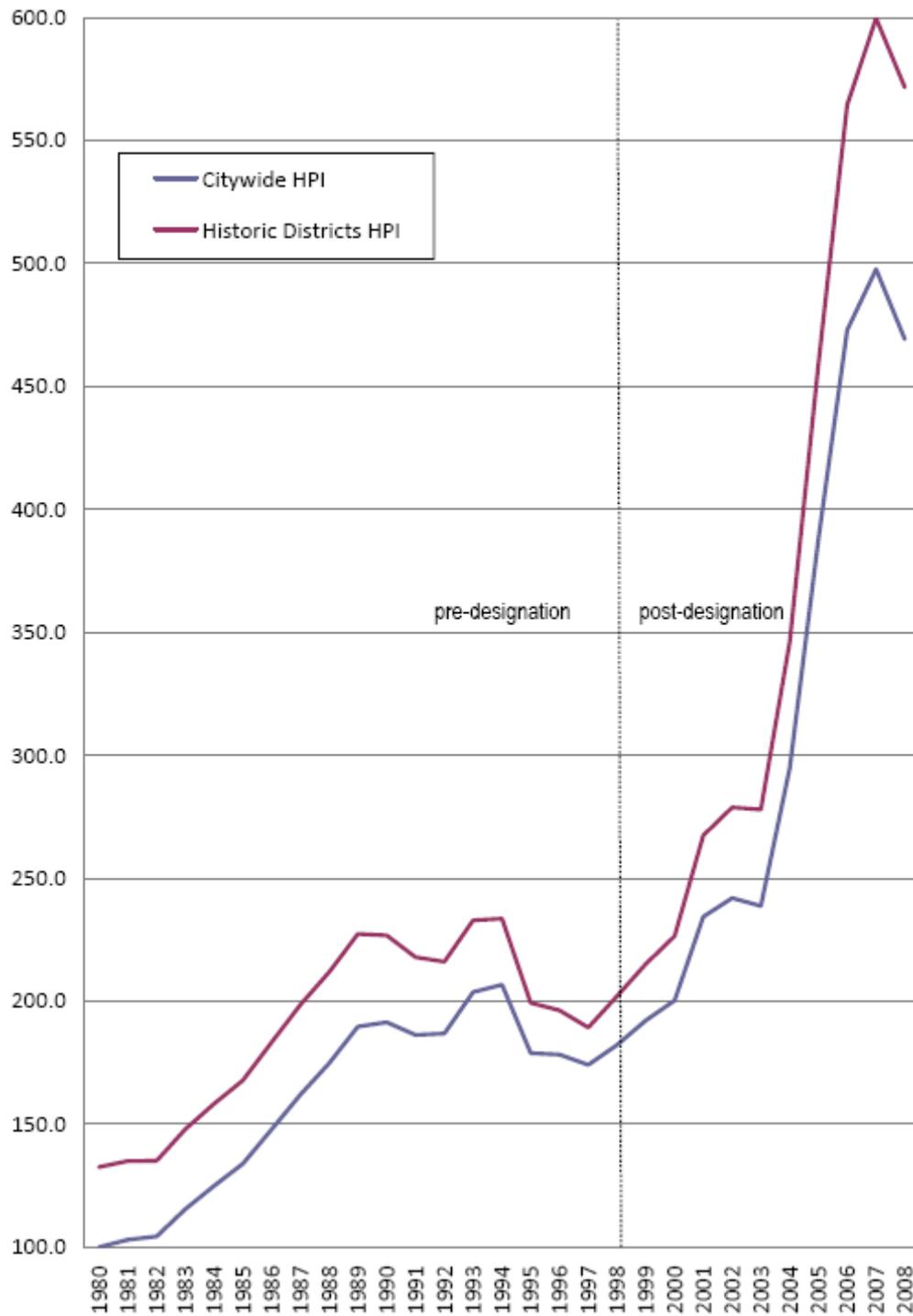
To see how these initial and ongoing effects play out over time, we plugged these regression coefficients into a spreadsheet and generated a separate house price index for historically designated districts, relative to the citywide average. Since this exercise requires the specification of a single year as the year of the event, we chose 1998, which is the average designation year across all districts (see Figure A.11).

<sup>74</sup> National designations were also explored, controlling for the existence or non-existence of local historic districts, with the following results:

<i>Variable</i>	<i>Est. Coeff.</i>	<i>Exp</i> <sup>74</sup>	<i>T-Score</i>	<i>Explanation</i>
Pre_Hist_natl	0.0077	0.0077	0.35	House prices in areas that would eventually receive national historic designations were priced 0.77 percent higher than house prices citywide, although the result is statistically insignificant.
Pre_Trend_natl	0.0004	0.0004	0.2	House values in areas that would eventually received national historic designations appreciated at an annual rate of 0.04 percent less than the citywide average, although the result is statistically insignificant.
Post_Hist_natl	-0.1572	-0.1455	-5.97	The immediate effect of receiving a national historic designation was for house prices in these districts to drop by 14.55 percent relative to the city average; this result is statistically significant.
Post_Trend_natl	0.0158	0.0159	7.59	Following designation, house prices in national historic districts appreciated at an annual rate that was 1.59 percent higher than the city average; this result is statistically significant.

<sup>75</sup> Because these regressions use the natural log of price, converting these coefficients into percentage increases and decreases involves raising  $e$  to the coefficient's power, and then subtracting 1. Thus, the estimated coefficient for Pre\_Hist\_local is 0.2821, which means that house prices in areas that would eventually receive historic designations were priced, on average,  $\exp(0.2821)-1 = 0.3258$ , or 32.6 percent higher.

Figure A.11 – House Price Indices for Homes within Local Historic Districts and All Homes, Assuming a Designation Year of 1998 (1980 = 100)



Source: Econsult Corporation (2008)

The chart shows house price indices for homes within districts (in red) versus homes outside of districts (in blue). Both indices have a value of 100 in 1980, so the percent change in the index between any two years gives the average percent change in house values during that period. The dashed vertical line represents the year of the historic designation.

Prior to designation, house prices in historic districts were above the citywide average, and appreciated essentially in tandem with citywide movements; following designation, the index for historic districts appreciates at a faster rate: in the 10 years after receiving their local historic designation, house prices in those districts appreciated by 10.96 percent per year, versus 9.92 percent per year for all homes. That 1 percent incremental difference compounds over time to yield greater and greater premiums between homes in historic districts, all other variables held constant.<sup>76</sup>

Hence, the results seem to indicate that **house prices in local historic districts appreciate at a measurably higher rate than house prices that are not in local historic districts**. As noted earlier, this does not necessarily prove that historic designations themselves cause the higher prices and price appreciations; and of course even if on average houses in historic districts increase property values relative to citywide averages, that does not negate the fact that some individual properties may decline relative to citywide averages, or that other factors may cause homes in certain local historic districts to enjoy lower appreciation rates than homes in other neighborhoods. Nevertheless, our analysis attempts to isolate the effect of local historic designation on houses within those newly created districts, and finds a statistically meaningful increase over time in house prices when compared with houses not in local historic districts.

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<sup>76</sup> In fact, another promising element of this incremental enhancement is the fact that it means that homes in local historic districts retain their value better during market downturns. For example, according to our house price indices, all homes have fallen by 5.7 percent from their 2007 peak, but homes in local historic districts have only fallen by 4.7 percent during the same period.

**APPENDIX L – HISTORIC PRESERVATION INCENTIVE PROGRAMS AT THE LOCAL LEVEL<sup>77</sup>**

**PHILADELPHIA, PA**

City of Philadelphia  
<http://www.phila.gov>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
City of Philadelphia Home Improvement Loan Program	Loan		
City of Philadelphia Property Tax Abatement	Tax Relief		
City Council Ordinance 961	Tax Relief		Exemption of real estate taxes of 100% of improvement to a residential property
City Council Ordinance 1130	Tax Relief		Exemption of real estate taxes on 100% of improvements to an industrial, commercial or other business property with no owner occupants.
City Council Ordinance 970274	Tax Relief		Exemption of real estate taxes on 100% of improvements to a deteriorated industrial or business property which has been converted to a commercial residential use

<sup>77</sup> Information obtained from individual agency websites.

**Pennsylvania Historical & Museum Commission**  
<http://www.phmc.state.pa.us>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Certified Local Government Grant Program	Grant	\$15,000+	Funding for all projects available through PHMC program grant categories; Covers staffing and training, pooling and third-party admin.
Keystone Historic Preservation Grant Program	Grant	\$100,000	Funding for Preservation, Restoration, and Rehabilitation
Technical Assistance Grants	Grant	\$1,500	N/A
<i>Pennsylvania History &amp; Museum Grant Program</i>	Grant		<i>(see below for individual grant details)</i>
Archives and Records Management Grants	Grant	\$15,000	Access and Preservation Programs, and County Records Improvement Programs
Collection Management Program Grants	Grant	\$15,000	Make public aware of needs of museum collections
Education, Public & Local History	Grant	\$15,000	Research, development, and execution of public programs that support original research regarding Pennsylvania life
General Operating Grants	Grant	\$150,000	General Operating
General Operating Grants for Official County Historical Societies	Grant	\$10,000	

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<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Preservation Project Grants	Grant	\$15,000	Funding for Cultural Resource Surveys, National Register Nominations, Planning and Development Assistance, Education and Interpretive Programs, and Archaeology
Historical Marker Grants	Grant	\$800	
Organizational Planning and Development Project Grants	Grant	\$15,000	
Statewide Conference Grants	Grant	\$5,000	
Statewide Organization Grants	Grant	\$100,000	

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**Preservation Alliance**  
<http://www.preservationalliance.com>

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<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Properties Repair Program	Grant	\$20,000	Grants for exterior repairs and restoration work to residential properties; For low-to-moderate income households
Preservation Alliance Easement Program	Donation		Allow donations to fund the maintenance of historic buildings; Tax easement as a result of donation

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**Parkside Historical Commission Corp.**

<http://www.parksidehistoric.com>

**Fairmount Park Historic Preservation Trust**  
<http://www.fairmountparktrust.org>

**Philadelphia Society for the Preservation of Landmarks**  
<http://www.philalandmarks.org>

**Preservation PA**  
<http://www.preservationpa.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Preservation Fund of PA	Grant/ Loan	\$50,000	Either "2/3 Loan, 1/3 Grant" or "100% Loan"- Restoration or rehabilitation of specific historic properties
Technical Assistance Grants (TAG)	Grant	\$1,500	Assist small PA organizations with issues concerning preservation planning

**ATLANTA, GA**

**Georgia Trust for Historic Preservation**  
<http://www.georgiatrust.org>

**Atlanta Preservation Center**  
<http://www.preserveatlanta.com/>

**Georgia Historic Preservation Division**  
<http://hpd.dnr.state.ga.us>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Georgia Heritage Grant Program	Grant	Varies	\$20,000 for predevelopment projects; \$40,000 for development projects
Historic Cemetery Heritage Tourism Grant Program	Grant	\$2,500	Matching; Assist communities in promoting historic cemeteries
Historic Preservation Fund Grant	Grant	N/A	From Congress through NPS; 60/40 matching grants for CLG to undertake preservation projects

**City of Atlanta: Urban Design Commission/ Historic Preservation**  
<http://www.atlantaga.gov/government/urbandesign.aspx>

**BALTIMORE, MD**

**Preservation Maryland**  
<http://www.preservemd.org/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Preserve Maryland Heritage Fund	Grant	N/A	Matching basis;
Tobacco Barn Restoration Fund	Grant	N/A	

**City of Baltimore, Maryland: Commission for Historic and Architectural Preservation**  
<http://www.ci.baltimore.md.us/government/historic/taxcredit.php>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Restoration and Rehab. Tax Credit	Tax Credit	N/A	Various stipulations and tax credit levels for projects

**Baltimore County: Historic Preservation**

[http://www.baltimorecountymd.gov/Agencies/planning/historic\\_preservation/index.html](http://www.baltimorecountymd.gov/Agencies/planning/historic_preservation/index.html)

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
County Historic Tax Credit	Tax Credit	N/A	Varies with residential and commercial properties

**Baltimore Heritage**

<http://www.baltimoreheritage.org>

**Maryland Historical Trust**<http://www.marylandhistoricaltrust.net>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Capital Historic Preservation Grant Program	Grant	\$50,000	
Non-Capital Historic Preservation Grant Program	Grant	\$50,000	\$5,000 to \$50,000; Local dollar-for-dollar matching program
Museum Advancement Grant Program	Grant	Mixed	Various levels: Education and Planning Grants; Challenge Project Grants; Enhancement Challenge Grants
Certified Local Government Grants	Grant	\$25,000	Projects that assist local governments in protecting historical resources; 60/40 matching basis
Historic Preservation Loan Program	Loan	N/A	~\$100,000; offers special loan for homeowners in districts

**BOSTON, MA**

**Boston Department of Neighborhood Development**  
<http://www.cityofboston.gov/dnd/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Boston Main Streets	Grant	N/A	Total BMS grants 1995 to 2006: \$1,776,167; Private investment leveraged: \$10,060,285

**Boston Preservation Alliance**  
<http://www.bostonpreservation.org/>

**Historic Boston Inc.**  
<http://www.historicboston.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Revolving Loan	Loan	N/A	**Most significant project; all about catalyzing change; Funding from assets, dynamic
Historic Neighborhood Centers	Mixed	N/A	Current projects are occupied/underutilized properties
Steeple Project Program	Grant	N/A	Matching basis; Helps religious congregations carry out comprehensive rehabilitation/capital improvements; Exterior lighting projects

**Preservation MASS**<http://www.preservationmass.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Boston Main Streets	Grant	N/A	Total BMS grants 1995 to 2006: \$1,776,167; Private investment leveraged: \$10,060,285

**Cambridge Historical Commission**<http://www.cambridgema.gov/~Historic/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Preservation Grant Program	Grant	Varies	Homeowner: \$15,000; Agency: \$50,000
Institutional Preservation Grant Program	Grant	N/A	For the rehab. of significant Cambridge buildings

**Essex National Heritage Commission (Partnership Grant Program)**<http://www.essexheritage.org/commission/index.shtml>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Thomas M. Leonard Educational Grants	Grant	\$2,500	Nuture future historic preservationists
Heritage Interpretation and Programming	Grant	\$5,000	\$1,000 to \$5,000; increase awareness of historical resources
Heritage Preservation and Resource Stewardship	Grant	\$7,500	\$1,000 to \$7,500; Preserve and protect historic structures, heritage landscapes and resources
Archives and Historical Records	Grant	\$5,000	\$1,000 to \$5,000; Promote public access to records and/or preserve documents

**Massachusetts Historical Commission**<http://www.sec.state.ma.us/mhc/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Survey and Planning Grants	Grants	N/A	50% matching with federal funds
Mass. Preservation Projects Fund	Grants	N/A	50% matching plus additional features/options

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**CHARLOTTE, NC**

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**Historic Charlotte**  
<http://www.historiccharlotte.org>

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<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Leaky Roof Fund	N/A	N/A	N/A

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**Charlotte-Mecklenburg Historic Landmarks Commission**  
<http://www.cmhpf.org>

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**CHICAGO, IL**

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**Preservation Chicago**

<http://www.preservationchicago.org>

**Landmarks Illinois**

<http://www.landmarks.org>

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<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Preservation Heritage Grant	Grant	N/A	Matching basis;

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**COLUMBUS, OH**

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**City of Columbus: Historic Preservation**

[http://td.ci.columbus.oh.us/NeighborhoodsandResidents/historic\\_preservation/index.asp](http://td.ci.columbus.oh.us/NeighborhoodsandResidents/historic_preservation/index.asp)

**Columbus Landmarks Foundation**

<http://www.columbuslandmarks.org>

**Ohio Historic Preservation Office**

<http://www.ohiohistory.org/resource/histpres/>

**DALLAS, TX**

**City of Dallas: Historic Preservation**

[http://www.dallascityhall.com/development\\_services/historic\\_preservation.html](http://www.dallascityhall.com/development_services/historic_preservation.html)

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Tax Incentive	Tax Credits	N/A	Primary means of financial incentives

**Preservation Dallas**

<http://www.preservationdallas.org>

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**DENVER, CO**

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**Denver Landmark-Historic Preservation**

<http://www.denvergov.org/dephome.asp?depid=420>

**Historic Denver**

<http://www.historicdenver.org>

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<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Preservation Easement	Easement	N/A	

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**DETROIT, MI**

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**Detroit Historic District Commission**

<http://www.ci.detroit.mi.us/historic/>

**Cityscape Detroit**

<http://www.cityscapedetroit.org>

**Preservation Wayne**

<http://www.preservationwayne.org/>

**University Cultural Center Association (list of Detroit-area resources)**<http://detroitmidtown.com/05>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Brush Park Façade Easement Program	Grant		COD Community Development Block Grant; Must donate façade easement in order to receive funding
Obsolete Property Tax Abatement	Tax Credit		Detroit Economic Growth Corp.
Brownfield Redevelopment Authority Tax Increment Financing	n/a	N/A	COD Brownfield Redevelopment Authority
Brownfield Investment Single Tax Credit	Tax Credit		10% single business tax credit; COD Brownfield Redevelopment Authority

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**DISTRICT OF COLUMBIA**

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**District of Columbia: Office of Planning**

[http://planning.dc.gov/planning/cwp/view,a,1284,q,570741,planningNav\\_GID,1706,planningNav,|33515|,.asp](http://planning.dc.gov/planning/cwp/view,a,1284,q,570741,planningNav_GID,1706,planningNav,|33515|,.asp)

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<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Homeowners Grant Program	Grant	\$25,000	Exterior repairs, rehabilitation, and structural work on historic properties in the following districts: Anacostia, Blagden Alley/Naylor Court, Capitol Hill, Fourteenth Street, LeDroit Park, Mount Pleasant, Mount Vernon Square, Mount Vernon Triangle, Shaw, Strivers' Section, U Street, and Takoma Park
Preservation Easements	Easement		
Community Grants Program	Grant	N/A	Limited matching grant for supporting DC Preservation Plan

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HOUSTON, TX

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**City of Houston: Historic Preservation**

[http://www.houstontx.gov/planning/historic\\_pres/hist\\_pres.htm](http://www.houstontx.gov/planning/historic_pres/hist_pres.htm)

<i>Program</i>	<i>Type</i>	<i>Max</i>		<i>Additional Details</i>
Historic Site Tax Exemption	Tax Credit	N/A	N/A	

**Greater Houston Preservation Alliance**

<http://www.ghpa.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>		<i>Additional Details</i>
Restoration Grant Program	Grant	N/A		Emergency use only

**Historic Houston**

<http://www.historichouston.org/>

**INDIANAPOLIS, IN**

**Department of Metropolitan Development, City of Indianapolis: Historic Preservation**

<http://www.indygov.org/eGov/City/DMD/IHPC/home.htm>

**Historic Landmarks Foundation of Indiana**

[www.historiclandmarks.org](http://www.historiclandmarks.org)

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Indiana Preservation Grant	Grant	\$2,500	80% of project up to \$2,500; For professional architectural/engineering feasibility studies; Not for physical restoration work
Marion County Historic Preservation Fund	Grant	N/A	Grants awarded monthly
African American Heritage Grant	Grant	\$2,500	80% of project up to \$2,500; Preservation and promotion of historic African American properties and sites in Indiana
Historic Preservation Education Grants	Grant	\$2,000	Educational projects: lectures, workshops, conferences, preservation publications, etc.
Legal Defense Grants	Grant	\$2,000	80% of cost of legal counsel up to \$2,000
Statewide Revolving Loans	Loans	\$60,000	Org. outside of Marion County; Loan to buy/restore historic property; Low interest for first 3 years
Fund for Landmark Indianapolis Properties (FLIP) Loans	Loans	\$50,000	Org. in Marion County; Loan to buy/restore historic property; Low interest for first 3 years

**JACKSONVILLE, FL**

**Jacksonville Historic Preservation Commission**

<http://www.coj.net/Departments/Regulatory+Boards+and+Commissions/Historic+Preservation+Commission/default.htm>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Local Historic Property Tax Exemption	Tax Ex.	N/A	100% of the increase in the assessed value

**Jacksonville Historical Society**

<http://www.jaxhistory.com>

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**LAS VEGAS, NV**

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**Las Vegas Citizens' Committee for Historic Preservation**  
[http://www.lasvegasnmcchp.com/about\\_cchp.htm](http://www.lasvegasnmcchp.com/about_cchp.htm)

**LOS ANGELES, CA**

**Office of Historical Resources, City of Los Angeles**  
<http://www.preservation.lacity.org/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Mills Act Historical Property Contract Program	Tax Credit	N/A	"single most important economic incentive program in CA"

**PreserveLA.com**  
<http://www.preservela.com/>

**LA Conservancy**  
<http://www.laconservancy.org>

**MIAMI, FL**

**Historic Preservation Miami (coordinated by City of Miami: Planning Dept.)**  
[www.historicpreservationmiami.com](http://www.historicpreservationmiami.com)

**Miami-Dade County Office of Historic Preservation**  
<http://www.miamidade.gov/hp/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Preservation Fund	Grant	N/A	Matching; \$10M fund

**Miami Design Preservation League**  
<http://www.mdpl.org>

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**NEW ORLEANS, LA**

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Preservation Resource Center of New Orleans  
<http://www.prcno.org>

Urban Conservancy (New Orleans)  
<http://www.ucno.org>

New Orleans Historic District Landmark Commission  
<http://www.cityofno.com/pg99-23.aspx>

**NEW YORK CITY, NY**

**NYC Landmark Preservation Commission**  
<http://www.nyc.gov/landmarks>

**New York Landmarks Conservancy**  
<http://www.nylandmarks.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Properties Fund	Loan	\$300,000	\$20,000 to \$300,000; Exterior work, structural repairs
Sacred Sites Program	Grant	N/A	
City Ventures Program	Grant	\$30,000	\$5,000 to \$30,
Lower Manhattan Emergency Preservation Fund			Preserve building around Lower Manhattan post-9/11
Upper Manhattan Preservation Fund			Assist historic properties in Harlem, Inwood, and Washington Heights

**Greenwich Village Society for Historic Preservation**  
<http://www.gvshp.org>

**Neighborhood Preservation Center**  
<http://www.neighborhoodpreservationcenter.org>

**Preservation Vision-NYC**

<http://www.preservationvision-nyc.org>

**Historic District Council**

<http://www.hdc.org/>

**NYS Historic Preservation Office**

<http://nysparks.state.ny.us/shpo/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
NYS Barn Income Tax Credit	Tax Credit	N/A	25% of rehab. costs
Historic Preservation Grant Program	Grant	N/A	State matches 50% of approved project cost

**PHOENIX, AZ**

**Phoenix Historic Preservation Office**  
<http://www.phoenix.gov/historic/index.html>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Exterior Rehabilitation Assistance Program	Grant	\$10,000	50/50 matching basis for pre-approved work ranging from \$2,000 to \$10,000. In exchange for receiving financial assistance, the property owner agrees to sell the city a conservation easement to protect the historic character of the property's exteriors.
Low Income Historic Housing Rehabilitation Program	Grant	\$25,000	City funds pay up to 70 percent of the costs of eligible exterior rehabilitation work, with the owner or other financial assistance programs covering the remaining costs. The funding request can range from a minimum of \$2,000 to a maximum of \$25,000
Demonstration Project Program	Grant	Varies	City funds must be matched on a 50/50 basis with private funds. The funding assistance levels are a minimum of \$10,000 with the maximum amount based on the project needs, the project's contribution to city goals and the availability of funds. The availability of funds varies depending on the proposed scope of work.
Threatened Historic Building and Warehouse Program	Grant	Varies	Up to 100% of improvements; sell the city a conservation easement in return. The program considers requests over \$10,000 with the maximum award based on the project needs, project's contribution to city goals and the availability of funds.

**Arizona Preservation Foundation**  
<http://www.azpreservation.org>

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**PORTLAND, OR**

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**City of Portland, Oregon: Bureau of Planning**<http://www.portlandonline.com/Planning/index.cfm?a=133694&c=39750>

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<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Development Opportunity Services (DOS) Program	Grant	N/A	Pre-construction technical assistance
Storefront Improvement Program	Grant	N/A	Matching grants; Primarily façade improvements
Seismic Loan Program	Loan	N/A	Upgrade safety in Class B and Class C commercial office buildings in Center City

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**SAN ANTONIO, TX**

**City of San Antonio: Historic Preservation**  
<http://www.sanantonio.gov/planning/Historic.asp>

**San Antonio Conservation Society**  
<http://www.saconservation.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Historic Preservation Grants	Grant		Mostly residential stabilization/façade restoration; Rather limited; Roughly \$5,000 to \$10,000

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SAN DIEGO, CA

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**City of San Diego: Historical Resources**

<http://www.sandiego.gov/planning/programs/historical/>

**Historic San Diego**

<http://www.historicsandiego.org>

**SAN FRANCISCO, CA**

**San Francisco Planning Department: Historic Preservation**  
[http://www.sfgov.org/site/planning\\_index.asp?id=24996](http://www.sfgov.org/site/planning_index.asp?id=24996)

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Community Housing Rehabilitation Program	Loan	N/A	For low-to-moderate-income homeowners to correct housing code violations
Code Enforcement Rehabilitation Fund	Loan	\$15,000	\$250 to \$15,000; Hardship loan to correct severe code violations
Unreinforced Masonry Building Loans	Loan	N/A	\$350M fund established in 1992
Tax Deduction for Preservation Easements	Easement	N/A	One time tax deduction

San Francisco Architectural Heritage  
<http://www.sfheritage.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Preservation Easement	Easement	N/A	One time tax deduction in exchange for guaranteed historic preservation of particular property asset.

**SEATTLE, WA**

**City of Seattle: Historic Preservation Program**

<http://www.ci.seattle.wa.us/neighborhoods/preservation/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Special Valuation of Property Act	Tax Relief	N/A	For 10-year period, property taxes will not reflect value of substantial improvements made to property

**King County, WA: Historic Preservation**

<http://www.metrokc.gov/exec/bred/hpp/>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Barn Preservation Initiative	Grants	\$15,000	1:1 Matching; \$100,000 for 2008; \$5,000 to \$15,000 awarded per project

TRENTON, NJ

New Jersey Historic Trust  
<http://www.njht.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Garden State Historic Preservation Trust Fund	Grant	Depends	Historic Site Management Grant- (\$5,000 to \$50,000) Capital Preservation Grant- (\$50,001 to \$750,000)
Historic Preservation Revolving Loan	Loan	\$370,000	(\$25,000 to \$370,000) financing for the preservation, improvement, restoration, rehabilitation, and acquisition of historic properties
Emergency Grant and Loan Fund	Mixed	\$10,000	Matching grants or short-term loans to preserve endangered historic properties
Cultural Trust Capital Preservation Grant	Grant		Stabilization, repair, restoration, adaptive reuse and improvements to cultural or historic properties, including adapting for increased accessibility

**Trenton Historical Society**  
<http://www.trentonhistory.org>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Restore Trenton!	Grant	\$5,000	(\$300 to \$5,000) Historic property rehabilitation

**Trenton Landmarks Commission for Historic Preservation**  
<http://www.trentonnj.org/Cit-e-Access/webpage.cfm?TID=55&TPID=6479>

**Preservation NJ**  
<http://www.preservationnj.org>

**Main Street New Jersey**  
<http://www.nj.gov/dca/osg/resources/msnj/index.shtml>

<i>Program</i>	<i>Type</i>	<i>Max</i>	<i>Additional Details</i>
Smart Future Planning Grants	Grant	\$50,000	Various categories: Community Visioning; Agriculture Retention and Farmland Preservation Plan; Transit Oriented Design Plan; Reconnect Your Community, etc.

**APPENDIX L – HISTORIC PRESERVATION INCENTIVE PROGRAMS AT THE STATE LEVEL<sup>78</sup>**

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
Alabama (1819) Alabama Historical Commission 334-242-3184 <a href="http://www.preserveala.org">http://www.preserveala.org</a>							Does not offer rehabilitation tax credit at this time
Arizona (1912) State Historic Preservation Office 602-542-4009 <a href="http://www.pr.state.az.us/partnerships/hpo/shpo.html">http://www.pr.state.az.us/partnerships/hpo/shpo.html</a>							Does not offer rehabilitation tax credit at this time
Arkansas (1836) Arkansas Historic Preservation Program 501-324-9880 <a href="http://www.arkansaspreservation.org">http://www.arkansaspreservation.org</a>							Does not offer rehabilitation tax credit at this time
Alaska (1959) Office of History & Archeology 907-269-8721 <a href="http://www.dnr.state.ak.us/parks/oha/shpo/shpo.htm">http://www.dnr.state.ak.us/parks/oha/shpo/shpo.htm</a>							Does not offer rehabilitation tax credit at this time

<sup>78</sup> "State Tax Credits for Historic Preservation: A State-by-State Summary," National Trust for Historic Preservation (July 2007).

<i>State Contact (Year Admitted to the Union)</i> <i>Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
California (1850) California Office of Historic Preservation 916-653-6624 <a href="http://www.ohp.parks.ca.gov">http://www.ohp.parks.ca.gov</a>							Does not offer rehabilitation tax credit at this time
Colorado (1876) Colorado Historical Society 303-866-3395 <a href="http://coloradohistory-oahp.org/programareas/itc/">http://coloradohistory-oahp.org/programareas/itc/</a>	20% credit for elig. Properties on N/S/L reg.; Can couple with 20% Federal credit	20% credit for elig. Properties on N/S/L reg.	\$5,000	\$50,000 per project for any tax year	Carry forward 10 years	Avg. typ \$10,000-\$13,000; ~440 projects since 1991	No annual statewide cap for credits
Connecticut (1788) Connecticut Historical Commission 860-566-3005 <a href="http://www.cultureandtourism.org/cct/">http://www.cultureandtourism.org/cct/</a>	25% credit for rehab. Commercial/industrial for residential	30% credit for owner occupied resid.; must be on N/S register in target area	Comm: 25% assessed value pre-rehab.; Res: \$25,000	Comm: \$2.7M per project, \$15M state; Res: \$30,000 per project, \$3M state	Freely transferable; Comm: Carry forward 5 yrs; Res: Carry forward 4 yrs	Comm. credit went into effect in 2006	Unit must be owner-occupied for 5 years
Delaware (1787) Division of Historical and Cultural Affairs, Preservation Section 302-736-7400 <a href="http://history.delaware.gov/preservation/">http://history.delaware.gov/preservation/</a>	Income Prod.: 20%; Additional 10% for projects that qualify as low-income housing	30% credit for owner occupied resid.; Additional 10% for projects that qualify as low-income housing	None	Comm: None; Res: \$20,000	Freely transferred to anyone with DE income tax/franchise tax liability; Carry forward 10 yr.	41 projects since 2001; More than \$79M in private investment	9/99: Kent Cty passed property tax credit-50% of rehab.; Dover's property tax program covers exterior improvements only
Florida (1845) Florida Division of Historical Resources 850-245-6333 <a href="http://www.flheritage.com">http://www.flheritage.com</a>							Does not offer rehabilitation tax credit at this time

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
Georgia (1788) Georgia Historic Preservation Division 404-656-2840 <a href="http://gashpo.org/">http://gashpo.org/</a>	25% credit for eligible income-producing prop.	25% credit for owner-occ. prop. in non-target and target areas	Res: Lesser of \$25,000 or 50% of adjusted basis for building; Home in target area: \$5,000; Other structure: greater of \$5,000 or adjusted basis of building	Comm: \$300,000; Res: \$100,000		Carry forward 10 years	
Hawaii (1959) Hawaii State Historic Preservation Division 806-692-8015 <a href="http://state.hi.us/dlnr/hpd/">http://state.hi.us/dlnr/hpd/</a>							Does not offer rehabilitation tax credit at this time
Idaho (1890) Idaho State Historical Society 208-334-2682 <a href="http://www.idahohistory.net/shpo.html">http://www.idahohistory.net/shpo.html</a>							Does not offer rehabilitation tax credit at this time
Illinois (1818) Illinois Historic Preservation Agency 217-782-4836 <a href="http://www.illinoishistory.gov/PS/financial.htm">http://www.illinoishistory.gov/PS/financial.htm</a>							Does not offer rehabilitation tax credit at this time

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
Indiana (1816) Indiana Department of Natural Resources 317-232-1646 <a href="http://www.state.in.us/dnr/historic/">http://www.state.in.us/dnr/historic/</a>	20% for eligible income producing prop.	20% for eligible income producing prop.	Comm: \$10,000 over 2 years (rental housing, bars/farm build); Res: \$10,000	Res: \$250,000	Carry forward 15 years		Comm: 179 projects since 1994 Res: 60 projects since 2002
Iowa (1846) State Historical Society of Iowa Historic Preservation and Cultural and Entertainment District Tax Credit Program 515-281-4137 <a href="http://www.iowahistory.org/preservation">http://www.iowahistory.org/preservation</a>	25% credit for eligible properties	25% credit for eligible properties	Comm: At least 50% of fair market property value Res: Lesser of \$25,000 or 25% of property value	Mixed Use Prop.- Rehab costs capped at \$100,000; State: FY2008 \$10M, FY2009 \$15M, FY2010 \$20M	Transferrable		Full refunds for credits that exceed tax liability
Kansas (1861) Kansas State Historical Society 785-272-8681 <a href="http://www.kshs.org/resource/">http://www.kshs.org/resource/</a>	25% credit for qualified expenses during rehab. project for any property on National/State Register	25% credit for qualified expenses during rehab. project for any property on National/State Register	\$5,000	None	Freely transferrable; Carry forward 10 years	~500 projects since 2001; ~\$68M invested	
Kentucky (1792) Kentucky Heritage Council 502-564-7005 <a href="http://heritage.ky.gov/">http://heritage.ky.gov/</a>	20% credit for all non-residential prop.	30% credit for all owner-occupied residential prop.	Comm: Greater of \$20,000 or adjusted bias; Res: \$20,000	Comm: \$400,000; Res: \$60,000; State: \$3M	Freely transferrable	43 approved in first year	

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
Louisiana (1812) Louisiana Department of Culture, Recreation & Tourism 225-342-8160 <a href="http://www.crt.state.la.us/hp">http://www.crt.state.la.us/hp</a>	25% credit for income producing prop. in downtown development district or cultural district	25% credit for owner-occupied residential/mixed use prop.	Comm: \$10,000 Res: \$20,000	Comm: \$5M per taxpayer; Res: \$25,000 per project, \$1M annually	Comm: Carry forward for 5 years; Res: Taken in 5 equal annual installments and non-transferrable		Effective Jan. 1, 2006
Maine (1820) Maine Historic Preservation Commission 207-287-2132 <a href="http://www.maine.gov/mhpc">http://www.maine.gov/mhpc</a>	25% credit for eligible income producing prop.; 30% credit if property is also affordable housing project	None	\$5,000	\$100,000 per year per taxpayer; No annual statewide cap	Useable by owner or lessee		Website directs one to the actual bill, which is rather confusing
Maryland (1788) Maryland Historical Trust 410-514-7682 <a href="http://www.marylandhistoricaltrust.net/">http://www.marylandhistoricaltrust.net/</a>	20% credit for commercial prop.	20% credit for owner-occupied properties	Comm: Must exceed the adjusted basis of the property; Res: \$5,000	Comm: \$3M per project, \$30M cap for all comm. projects; Res: \$50,000 per project with no annual state cap	Credits fully refundable	~500 comm. and ~2500 res. projects since 1997	
Massachusetts (1788) Massachusetts Historical Commission 617-727-8470 <a href="http://www.sec.state.ma.us/mhc/">http://www.sec.state.ma.us/mhc/</a>	20% credit for eligible income-producing properties older than 50 years	None	None	\$50M annual statewide	Carry forward 5 years		

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
Michigan (1837) Michigan Historical Center 517-373-1630 <a href="http://www.michigan.gov/">http://www.michigan.gov/</a>	25% credit for historic commercial buildings; reduced to 5% when federal tax credit (20%) is claimed. Must be N/S/L designated.	25% credit for owner-occupied residential buildings. Must be N/S/L designated.	10% of State Equalized Value (SEV) of property	None	Carry forward 10 years	~600 projects approved since 1999	5 year credit recapture period
Minnesota (1858) Minnesota Historical Society 651-296-2747 <a href="http://www.mnhs.org/">http://www.mnhs.org/</a>							Does not offer rehabilitation tax credit at this time
Mississippi (1817) Department of Historic Preservation Mississippi Department of Archives and History 601-576-6940 <a href="http://mdah.state.ms.us/hpres/">http://mdah.state.ms.us/hpres/</a>	25% credit for commercial property	25% for owner-occupied residence	Comm: 50% of total basis; Res: \$5,000	None	Carry forward 10 years		Effective Jan. 1, 2006
Missouri (1821) Missouri Historic Preservation Program 573-751-7858 <a href="http://www.dnr.mo.gov/shpo/">http://www.dnr.mo.gov/shpo/</a>	25% credit for income-producing commercial property in National Register or historic district	25% for owner-occupied residences.	50% of the adjusted basis of structure	None	Carried back 3 years, carried forward 10 years	FY 2007: 189 projects completed, \$535M in investment	Considered the premier rehabilitation tax credit program in the U.S. by the National Park Service

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Montana (1889) 406-444-7715 <a href="http://www.his.state.mt.us/shpo">http://www.his.state.mt.us/shpo</a>	5% credit for income-producing certified historic property received if property qualifies for 20% federal credit	None	None	None	Carry forward 7 years	FY2007: \$800,000 in tax credits; \$3.5M in investment	
Nebraska (1867) Nebraska State Historical Society 402-471-4787 <a href="http://www.nebraskahistory.org/histpres/">http://www.nebraskahistory.org/histpres/</a>							Does not offer rehabilitation tax credit at this time
Nevada (1864) Nevada Historical Preservation Office 775-684-3440 <a href="http://dmla.clan.lib.nv.us/docs/shpo/">http://dmla.clan.lib.nv.us/docs/shpo/</a>							Does not offer rehabilitation tax credit at this time
New Hampshire (1788) New Hampshire Division of Historical Resources 603-271-6435 <a href="http://www.nh.gov/nhdhr/">http://www.nh.gov/nhdhr/</a>							Only tax incentive to preserve historic barns and agricultural structures
New Jersey (1787) New Jersey Historic Preservation Office 609-984-0176 <a href="http://www.nj.gov/dep/hpo/">http://www.nj.gov/dep/hpo/</a>							Does not offer rehabilitation tax credit at this time

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
New Mexico (1912) New Mexico Historic Preservation Division 505-827-6320 <a href="http://www.nmhistoricpreservation.org/">http://www.nmhistoricpreservation.org/</a>	50% credit of rehab. costs for all properties listed in State Register of Cultural Properties	50% credit of rehab. costs for all properties listed in State Register of Cultural Properties	None	\$25,000 per project for all projects not in Arts & Cultural District; \$50,000 per project for all projects within Arts & Cultural District; No statewide cap	Carry forward 4 years	~580 projects since program began in 1984	Program Start: 1984
New York (1788) NYS Historic Preservation Office 518-237-8643 <a href="http://nysparks.state.ny.us/shpo/">http://nysparks.state.ny.us/shpo/</a>	A state rehab. credit equal to 30% of federal credit value (~6%) is available for commercial properties that receive federal credit.	20% credit available for owner-occupied residences listed on State/National register AND in federally recognized distressed tracts.	Comm: Same as federal req.; Res: \$5,000	Comm: \$100,000 per project; Res: \$25,000 per project; No annual statewide cap	None, but unlimited carry-forward for comm. and homeowner credits		New program effective Jan. 1, 2007; Also NYS Historic Barns Tax Credit

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
North Carolina (1789) North Carolina State Historic Preservation Office 919-733-4763 <a href="http://www.hpo.dcr.state.nc.us/">http://www.hpo.dcr.state.nc.us/</a>	20% credit for income-producing properties; 30%-40% credit for income-producing and non-income producing historic industrial prop.	30% credit for historic homeowners	Comm: None; Res: \$25,000	None	None, but unlimited carry-forward for comm. and homeowner credits	Over 1,000 projects since state program began in 1998	Since 1998
North Dakota (1889) State Historical Society of North Dakota 701-328-2666 <a href="http://www.nd.gov/hist/RehabCredits.htm">http://www.nd.gov/hist/RehabCredits.htm</a>	25% credit for preservation and renovation of eligible property that is part of Renaissance Zone Project	25% credit for preservation and renovation of eligible property that is part of Renaissance Zone Project	Comm: None; Res: None	\$250,000	Carry forward 5 years		
Ohio (1803) Ohio Historic Preservation Office 614-298-2000 <a href="http://www.ohiohistory.org/resource/histpres">http://www.ohiohistory.org/resource/histpres</a>	25% of expenditures for approved projects can be credited.	25% of expenditures for approved projects can be credited.	None	100 projects per year for two years	None; Credit fully refundable		Current program July 1, 2007 through June 30, 2009
Oklahoma (1907) Oklahoma State Historic Preservation Office 405-521-6249 <a href="http://www.okhistory.org/shpo">http://www.okhistory.org/shpo</a>	20% credit for certified rehabilitation that meets requirements for federal rehab. credit	20% credit for certified rehabilitation that meets requirements for federal rehab. credit	\$5,000 (same as federal)	None	Freely transferrable during 5 years after rehab.; Carry forward 10 years		Does not apply to owner-occupied houses; Program created in 2005

<i>State Contact (Year Admitted to the Union)</i> <i>Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
Oregon (1859) Oregon State Parks & Recreation Department 503-378-4168 <a href="http://www.oregon.gov/OPRD/HCD/SHPO/index.shtml">http://www.oregon.gov/OPRD/HCD/SHPO/index.shtml</a>							Does not offer rehabilitation tax credit at this time
Pennsylvania (1787)  Pennsylvania Bureau for Historic Preservation 717-787-4363 <a href="http://www.phmc.state.pa.us/bhp/">http://www.phmc.state.pa.us/bhp/</a>							Does not offer rehabilitation tax credit at this time
Rhode Island (1790) Rhode Island Historical Preservation & Heritage Commission 401-222-2678 <a href="http://www.preservation.ri.gov/">http://www.preservation.ri.gov/</a>	30% credit for income-producing projects (Interior/Exterior)	20% credit for owner-occupied residential (Exterior only)	Comm: Must exceed 50% of adjusted basis; Res: \$2,000	Comm: None; Res: \$2,000; No statewide cap	Comm: Freely transferrable and carry-forward for 10 years; Res: Carry-forward as long as property maintained		
South Carolina (1788) South Carolina State Historic Preservation Office 803-896-6100 <a href="http://shpo.sc.gov/">http://shpo.sc.gov/</a>	10% credit for income-producing properties that also receive federal rehab. credit	25% credit for owner-occupied residences	Comm: None; Res: \$15,000 in 36-month period	None	Banks eligible for credit and may allocate credits as they choose		

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
South Dakota (1889) South Dakota State Historic Preservation Office 605-773-3458 <a href="http://www.sdhistory.org/hp/hp_txmor.html">http://www.sdhistory.org/hp/hp_txmor.html</a>							Does not offer rehabilitation tax credit at this time
Tennessee (1796) Tennessee Historical Commission 615-532-1550 <a href="http://www.state.tn.us/environment/hist">http://www.state.tn.us/environment/hist</a>							Does not offer rehabilitation tax credit at this time
Texas (1845) Texas Historical Commission 512-463-6100 <a href="http://www.thc.state.tx.us">http://www.thc.state.tx.us</a>							Does not offer rehabilitation tax credit at this time
Utah (1896) Utah State Historical Society 801-533-3500 <a href="http://history.utah.gov/historic_preservation">http://history.utah.gov/historic_preservation</a>	None	20% credit for residential properties (owner-occupied and non-owner-occupied)	\$10,000 over 36-month period	None	None	Since 1993: Approx. 750 approved residential projects; \$65M invested	Program began in 1993

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
Vermont (1791) Vermont Division for Historic Preservation 802-828-3211 <a href="http://www.historicvermont.org/financial/credits.html">http://www.historicvermont.org/financial/credits.html</a>	10% credit added to projects approved for federal 20% rehab. credit. Projects must be within designated downtown or village center	None	\$5,000	Comm: \$50,000 per project; State: \$1.5M; No more than 30% of total annual allocations can go to projects in a single municipality	Carry forward 10 years; State can issue bank credit certificates that can be sold		25% façade credit for buildings built before 1983 (Cap: \$25,000)  50% credit for elevators, lifts, sprinklers and code improvements (Cap: Elevator, \$50,000; Lifts, \$12,000; Sprinkler, \$50,000; Code work: \$25,000)
Virginia (1788) Virginia Department of Historic Resources 804-367-2323 <a href="http://www.dhr.virginia.gov/">http://www.dhr.virginia.gov/</a>	25% credit for certified historic, income-producing buildings	25% credit for certified historic, owner-occupied residences	Comm: Greater of \$5,000 or 50% of assessed value; Res: Greater of \$5,000 or 25% of assessed value	None	Carry forward 10 years	More than 1300 projects	Since 1997
Washington (1889) Washington Department of Archeology & Historic Preservation 360-407-0753 <a href="http://www.dahp.wa.gov/">http://www.dahp.wa.gov/</a>							Does not offer rehabilitation tax credit at this time

<i>State Contact (Year Admitted to the Union) Historic Preservation Office</i>	<i>State Income Commercial Tax Credit</i>	<i>State Income Tax Credit for Homeowners</i>	<i>Minimum Investment</i>	<i>Credit Cap</i>	<i>Transferability</i>	<i>Usage</i>	<i>Additional Program Details</i>
West Virginia (1863) West Virginia Historic Preservation Office 304-558-0220 <a href="http://www.wvculture.org/shpo/taxcredit.html">http://www.wvculture.org/shpo/taxcredit.html</a>	10% credit for income-producing structures eligible for federal rehab. credit	20% credit for private residential structures listed on National Register	Comm: \$5,000 (same as federal); Res: 20% of property basis	None	Res: Carry forward for 5 years and/or may be transferred	More than 95 comm. projects since 1990; More than 29 residential projects since 2000.	
Wisconsin (1848) Wisconsin Historical Society 608-264-6490 <a href="http://www.wisconsinhistory.org/hp/architecture/">http://www.wisconsinhistory.org/hp/architecture/</a>	5% credit coupled with 20% federal credit for commercial properties	25% credit for owner-occupied residential prop.	Comm: Expenses equal to building's adjusted basis; Res: \$10,000 over 2 years	Comm: None; Res: \$10,000 per project; No annual statewide	Owner-occupied credit extendable to 5 years	More than 640 commercial projects since 1978; More than 2000 residential projects since 1992	
Wyoming (1890) Wyoming State Historical Preservation Office 608-264-6500 <a href="http://wyoshpo">http://wyoshpo</a>							Does not offer rehabilitation tax credit at this time;
District of Columbia (1790) District of Columbia Historic Preservation Division 202-741-5248 <a href="http://planning.dc.gov/planning/">http://planning.dc.gov/planning/</a>							Does not offer rehabilitation tax credit at this time; D.C. does offer rehab. grants

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## APPENDIX M – BIBLIOGRAPHY

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