

The Economic Impacts of Historic Preservation: Lessons for the Monterey Area

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Economic Impacts of Preservation: Critical Questions

- What are the types of possible economic impacts from preservation?
- Are the impacts positive or negative?
- How can negative impacts be avoided or alleviated?
 - Focus on tear downs as an example
- When should potential impacts be considered?
- What can Monterey area preservationists do to reduce negative impacts and assure positive impacts?

Economic Impacts of Preservation: Critical Questions

- What are the types of possible economic impacts?

Economic Impacts of Preservation: Types of Possible Impacts

- Impacts to individual property owners
- Neighborhood impacts
- Community wide impacts

Economic Impacts of Preservation: Types of Possible Impacts

- Potential economic impacts to individual property owners
 - On property values
 - At designation
 - Following designation
 - On maintenance & repair costs
 - On property taxes
 - On other taxes

Economic Impacts of Preservation: Types of Possible Impacts

- Potential neighborhood economic impacts
 - Historic Residential Districts
 - Conservation Residential Districts
 - Commercial/Business (Main Street) Districts

Economic Impacts of Preservation: Types of Possible Impacts

- Potential community wide economic impacts

Rehab vs. new construction

- Expenditures
- Jobs
- Costs



Economic Impacts of Preservation: Types of Possible Impacts

- Potential community wide economic impacts

Tourism



Economic Impacts of Preservation: Types of Possible Impacts

- Potential community wide economic impacts

Quality of Life



Economic Impacts of Preservation: Types of Possible Impacts

- Potential community wide economic impacts

How can we balance the benefits and the burdens of preservation?



Economic Impacts of Preservation

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Economic Impacts of Preservation

- “The push for historic designation is partly a reaction to a flurry of development that has brought enormous changes to many neighborhoods, as developers have demolished older homes to make way for new construction.”

The Wall Street Journal, March 16, 2006.

Economic Impacts of Preservation

- “Experts say designation can affect home value because it leads to neighborhood pride and better upkeep of homes and yards.”

The Wall Street Journal, March 16, 2006.



Economic Impacts of Preservation

- Most designations encourage repairs to be made with high-quality material, such as wood, rather than vinyl, and prevent a hodge-podge of styles by blocking new construction that doesn't fit in.”

The Wall Street Journal,
March 16, 2006.



Economic Impacts of Preservation

- Monterey

Casa de la Torre - Earthquake retrofit



Economic Impacts of Preservation

- “But there are downsides to historic designation for many homeowners.”

The Wall Street Journal, March 16, 2006.

Economic Impacts of Preservation

- Strict regulation on construction and home-modification can make repairs costly and burdensome.”

The Wall Street Journal, March 16, 2006.



Economic Impacts of Preservation

- The potential headaches are leading some homeowners to resist being included in a historic district.”

The Wall Street Journal, March 16, 2006.

Economic Impacts of Preservation: Property Value Impact Studies

- What have cities around the country recently found when they have studied the impact of historic designation on property values?

Economic Impacts of Preservation: Property Value Impact Studies

- Let's consider the following studies
 - Jacksonville
 - Memphis
 - New York City
 - Denver
 - Sacramento

Economic Impacts of Preservation: Property Value Impact Studies

- Jacksonville Study

Considered three historic districts

Studied housing price impacts 1994-1995

Economic Impacts of Preservation: Property Value Impact Studies

- Jacksonville Study

Unrestored properties in historic districts sold for about \$19,000 less than similar properties outside historic districts



Economic Impacts of Preservation: Property Value Impact Studies

- Jacksonville Study

Once restored, however, the properties sold at a premium of \$82,000 more than similar properties outside historic districts



Economic Impacts of Preservation: Property Value Impact Studies

- Memphis Study
 - Studied six National Register districts
 - Three also locally designated districts
 - Data for the years 1998 to 2002



Economic Impacts of Preservation: Property Value Impact Studies

- Memphis Study

Of the three locally designated Memphis districts

One was a local “historic district” with rigorous design review

Two were “conservation zones” with less rigorous restrictions

Economic Impacts of Preservation: Property Value Impact Studies

- Memphis Study

“We find across these Memphis neighborhoods that when properties were in neighborhoods zoned historical . . . it significantly raised property values at rates above those in other similar neighborhoods, that is, 14-23% higher.”

“Gracing the Land of Elvis and Beale Street:
Historic Designation and Property Values in Memphis”
Real Estate Economics, Fall 2005

Economic Impacts of Preservation: Property Value Impact Studies

- Memphis Study

“One of our more interesting findings is that new properties benefit as much, perhaps even more, than older properties from being within a historic district.”

“Gracing the Land of Elvis and Beale Street:
Historic Designation and Property Values in Memphis”
Real Estate Economics, Fall 2005

Economic Impacts of Preservation: Property Value Impact Studies

- Memphis Study

“The (positive) impact of neighborhood designation (on property values) is uniformly greater when that designation is tougher (i.e., emanates from local preservation authority).”

“Gracing the Land of Elvis and Beale Street:
Historic Designation and Property Values in Memphis”
Real Estate Economics, Fall 2005

Economic Impacts of Preservation: Property Value Impact Studies

- Memphis Study 1998-2002

“Given that local designation is a more important determinant (for increased prices) than national designation, it is possible to view this result as arising from the stricter guidelines embodied in local designation . . .”

“Gracing the Land of Elvis and Beale Street:
Historic Designation and Property Values in Memphis”
Real Estate Economics, Fall 2005

Economic Impacts of Preservation: Property Value Impact Studies

- New York City 2001 Study

Conducted by the City
of New York
Independent Budget
Office

At the request of the
New York City Council



Economic Impacts of Preservation: Property Value Impact Studies

- New York City 2001 Study Conclusion

“In short, we found no statistically significant evidence that historic districting has a negative impact on the appreciation of residential property values, . . .”

Economic Impacts of Preservation: Property Value Impact Studies

- New York City 2001 Study Conclusion

. . . and indeed, all else being equal, prices of houses in historic districts are higher than those of similar houses outside historic districts.”

Economic Impacts of Preservation: Property Value Impact Studies

- New York City 2001 Study Conclusion

“The extent of the premium has varied from year to year, ranging in recent years from 5.1 percent in 1996 to 21.8 percent in 2000.”

Economic Impacts of Preservation: Property Value Impact Studies

- New York City 2001 Study Conclusion

“We conclude that it is not likely that property owners are adversely affected and may actually benefit from being included in a historic district.”

Economic Impacts of Preservation: Property Value Impact Studies

- Sacramento Study

Involved sale prices between 1990 and 1994 in six historic districts



Economic Impacts of Preservation: Property Value Impact Studies

- Sacramento Study Conclusion

“A house located in an historic preservation district sells for a premium over similar houses outside the district.”

David E. Clark and William E. Herrin
“Historical Preservation Districts and Home Sales
Prices: Evidence from the Sacramento Housing Market”
The Review of Regional Studies, Summer 1997

Economic Impacts of Preservation: Property Value Impact Studies

- Sacramento Study Conclusion

The housing price premium was less, however, for the oldest houses in the historic districts.

Economic Impacts of Preservation: Property Value Impact Studies

- Sacramento Study Conclusion

The authors found some evidence that the increase in housing prices within the historic districts did not benefit adjacent neighborhoods outside the districts – prices immediately outside the districts were lowered by 20%!

Economic Impacts of Preservation: Property Value Impact Studies

- Sacramento Study Conclusion

The authors speculate that the adverse impact outside the historic district is due to the siphoning of demand to the district causing a decrease in demand elsewhere in city.

Economic Impacts of Preservation: Property Value Impact Studies

- Previous studies involved values

AFTER DESIGNATION

What about the impact **OF DESIGNATION?**

Economic Impacts of Preservation: Community Wide Impact Studies

- Heritage Tourism

National Trust 2001 study concluded:

“At \$537.2 billion, tourism was America’s third-largest retail industry”

Economic Impacts of Preservation: Property Value Impact Studies

- Clarion Associates Chicago Study

Involved proposed Sheffield local historic district

As part of appraisal of a preservation easement

To determine impact of landmark designation on property values

Economic Impacts of Preservation: Property Value Impact Studies

- Proposed Sheffield Local District
“Not since the 1960s has an issue evoked more community involvement. The residents of Sheffield were being duped into having their properties become landmark (sp.) without their knowledge or consent.”

Paula Arnett

Sudler Real Estate

Economic Impacts of Preservation: Property Value Impact Studies

- Proposed Sheffield Local District

“Typically landmarked properties lose 20-30% of their value.”

Paula Arnett

Sudler Real Estate

Economic Impacts of Preservation: Property Value Impact Studies

Clarion designation
impact study

Compared

McCormick rowhouses
(landmarked) and

Bissell rowhouses
(not landmarked)



Economic Impacts of Preservation: Property Value Impact Studies

- Bissell Rowhouses

Eight Sales

1999 to 2005

Average Price:
\$320.20/S.F.



Economic Impacts of Preservation: Property Value Impact Studies

- McCormick Rowhouses

Seven Sales

2000 to 2005

Average Price:
\$365.76/S.F.



Economic Impacts of Preservation: Property Value Impact Studies

- The designated (and easement protected rowhouses) sold at a 14.2% premium over the undesignated rowhouses in same neighborhood.

Economic Impacts of Preservation: Property Value Impact Studies

What conclusion can be drawn from the studies done around the country?

Economic Impacts of Preservation: Property Value Impact Studies

“The idiosyncratic nature of each historic district and of each governing municipality . . . make the variation in empirical results somewhat expected.”

The Appraisal Journal, Spring 2004

Economic Impacts of Preservation: Property Value Impact Studies

“Residential areas that have aggressively promoted restoration efforts for some time will likely be associated with significant, positive economic impact of such restoration efforts.”

The Appraisal Journal,
Spring 2004



Economic Impacts of Preservation: Property Value Impact Studies

By contrast, positive impacts from preservation designation are less likely to be found in “those districts that have just launched restoration programs or are attempting to restore heavily dilapidated areas.”

The Appraisal Journal, Spring 2004

Economic Impacts of Preservation

- Neighborhood wide impacts

Economic Impacts of Preservation: Neighborhood Wide Impacts

- “In summary, historic district designation contributes to the prestige of a neighborhood, and it makes it politically more difficult for governments to neglect the area in the provision of basic services and the maintenance of infrastructure.”

“The Impact of Historic District Designation on
Property Values: An Empirical Study”

Economic Development Quarterly November, 1991

Economic Impacts of Preservation: Neighborhood Wide Impacts

- “But there are downsides to historic designation for many homeowners. Strict regulation on construction and home-modification can make repairs costly and burdensome. The potential headaches are leading some homeowners to resist being included in a historic district.”

The Wall Street Journal, March 16, 2006.

Economic Impacts of Preservation: Neighborhood Wide Impacts

- However, this stricter regulation on maintenance of designated historic structures can have a positive benefit for the neighborhood as a whole

Economic Impacts of Preservation: Neighborhood Wide Impacts

- Authors of the Memphis study concluded:
“Undesignated property that shares a border with historic ones should unambiguously experience positive impacts because they bear none of the cost of the regulation and experience a presumably positive externality – that of basking in the glow of an enhanced and maintained property.”

Economic Impacts of Preservation: Neighborhood Wide Impacts

- Same thing was found in a study of Abilene, Texas

Economic Impacts of Preservation: Neighborhood Wide Impacts

- Historic designation has a “catalyst” effect in surrounding neighborhoods because “property owners living near designated homes or designated neighborhoods are more receptive to rehabilitating their properties.”
 - N. E. Coulson and R. Leichenko, “The Internal and External Effects of Historical Designation on Property Values,” *Journal of Real Estate Finance and Economics* 23(1): 113-124

Economic Impacts of Preservation: Neighborhood Wide Impacts

- Author of a study of Washington, D.C. historic districts between 1975 and 1987 concluded:

“ . . . the true influence of historic district designation may be to insulate property values from the cyclical peaks and valleys more common in other parts of residential Washington . . . ”

Economic Impacts of Preservation: Neighborhood Wide Impacts

“. . . Perhaps because of a higher degree of investor confidence in these officially recognized and protected areas.”

Dennis E. Gale, *The Impacts of Historic District Designation: Planning and Policy Implications*,
APA Journal, Summer 1991

Economic Impacts of Preservation

- Community wide impacts

Economic Impacts of Preservation: Community Wide Impact Studies

- Best examples of how preservation can have community wide impacts:

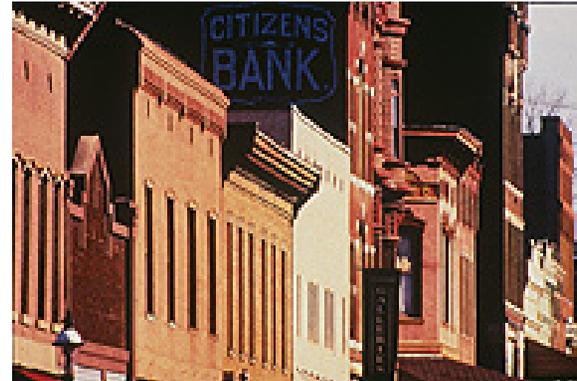
Main Street Program of the National Trust

Growing understanding of role of heritage tourism in the local economy of historic communities

Economic Impacts of Preservation: Community Wide Impact Studies

- National Main Street Center
Established in 1980
Grown to more than 1,600 communities
In 41 states, including California

Economic Impacts of Preservation: Community Wide Impact Studies



Based on 1977 pilot project in three
Midwestern cities

Role of Shlaes & Co. as economic
consultants

Economic Impacts of Preservation: Community Wide Impact Studies

The Main Street Four Point Approach

- Design
- Economic Restructuring
- Promotion
- Organization

Economic Impacts of Preservation: Community Wide Impact Studies

The Main Street Results 1980-2002

- Net investment of \$17 billion
- Average investment of \$9.5 million per town
- 57,000 net new businesses
- 231,000 net new jobs
- Every \$1.00 in operating cost generates \$40.35 in return to the community

Economic Impacts of Preservation: Community Wide Impact Studies

- Paso Robles, CA

1988 joins Main Street

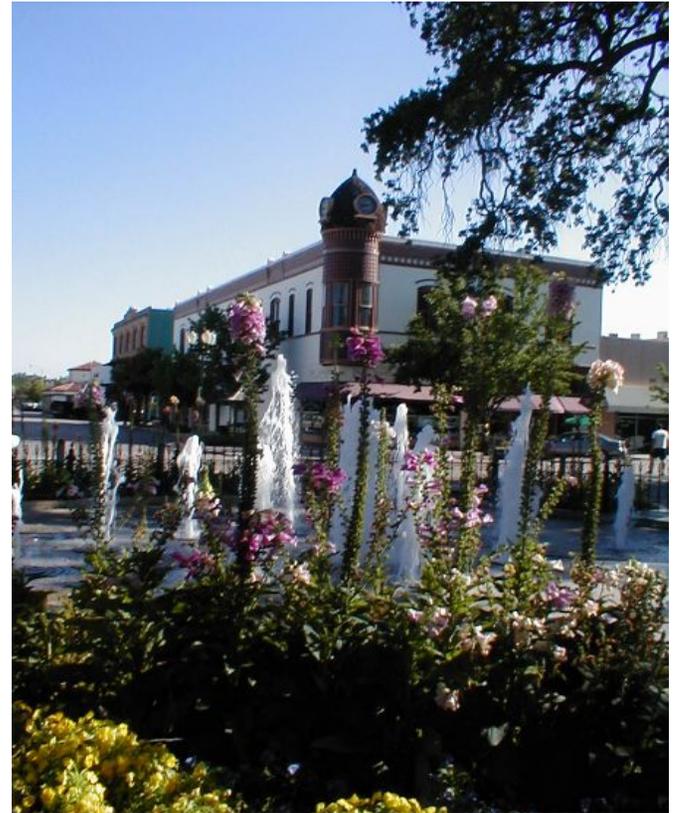


Economic Impacts of Preservation: Community Wide Impact Studies

- Paso Robles, CA

First project -- \$620,000
restoration of a
downtown park

Catalyst for building rehab



Economic Impacts of Preservation: Community Wide Impact Studies

- Paso Robles, CA

Since 1990

209 private sector
building improvement
projects

Valued at \$14 million



Economic Impacts of Preservation: Community Wide Impact Studies

- Paso Robles, CA

Since 1990

12 out of 14 owners of
downtown multi-story
buildings have
participated

Now 46 restaurants



Economic Impacts of Preservation: Community Wide Impact Studies

- Paso Robles Main Street Program

Critical to recovery
from the December
2003 earthquake



Economic Impacts of Preservation: Community Wide Impact Studies

- Paso Robles, CA

Demand for space downtown now exceeds supply of historic buildings

Property values have increased between 5.0% and 8.5% per year for past 15 years

Economic Impacts of Preservation: Community Wide Impact Studies

- Paso Robles, CA -- Between 1993 and 2003

99 new businesses

508 new jobs

\$36 million in public/private reinvestment

- Annual Cost – only \$165,000

Economic Impacts of Preservation: Community Wide Impact Studies



Economic Impacts of Preservation: Community Wide Impact Studies

- Heritage Tourism

Monterey Area

Example of
community wide
benefits . . .



Economic Impacts of Preservation: Community Wide Impact Studies

- Heritage Tourism

Monterey Area

. . . and burdens of
heritage tourism



Economic Impacts of Preservation:

- Heritage Tourism

Monterey Area

Cannery Row –
Stohans



Economic Impacts of Preservation

- Heritage Tourism

Monterey Area

Cannery Row –
Kalisas



Economic Impacts of Preservation: Community Wide Impact Studies

- Heritage Tourism

Pacific Grove

Cultural tourism
success has come at a
cost – change in
community character



Economic Impacts of Preservation: Community Wide Impact Studies

- “The increase in travel to historic sites resulting from the preservation movement has been an economic benefit for the country that has exceeded all expectations.”

Judith Reynolds

“The Costs and Benefits of Historic Properties”

The Appraisal Journal, Spring 2006

Economic Impacts of Preservation: Community Wide Impact Studies

- “Travelers want to go to areas where there is a special local sense of place, not what some observers term ‘generica.’”

Judith Reynolds

“The Costs and Benefits of Historic Properties”

The Appraisal Journal, Spring 2006

Economic Impacts of Preservation: Community Wide Impact Studies

- “Tourism also motivates property owners to restore and preserve historic properties, which in turn encourages more tourism.”

Judith Reynolds

“The Costs and Benefits of Historic Properties”

The Appraisal Journal, Spring 2006

Economic Impacts of Preservation: Community Wide Impact Studies

- Typical Vacationer
- Spend \$457 per trip
- Stays 3.4 nights
- Heritage Tourist Vacationer
- Spends \$631 per trip
- Stays 4.7 nights

Economic Impacts of Preservation: Community Wide Impact Studies

- Heritage Tourism

Chicago study of
contribution of
museums in public
parks



Economic Impacts of Preservation: Community Wide Impact Studies

- Chicago Museum Study

The 12 museums

Attract 13.5 million
visitors – twice the
attendance of all
Chicago professional
sports teams

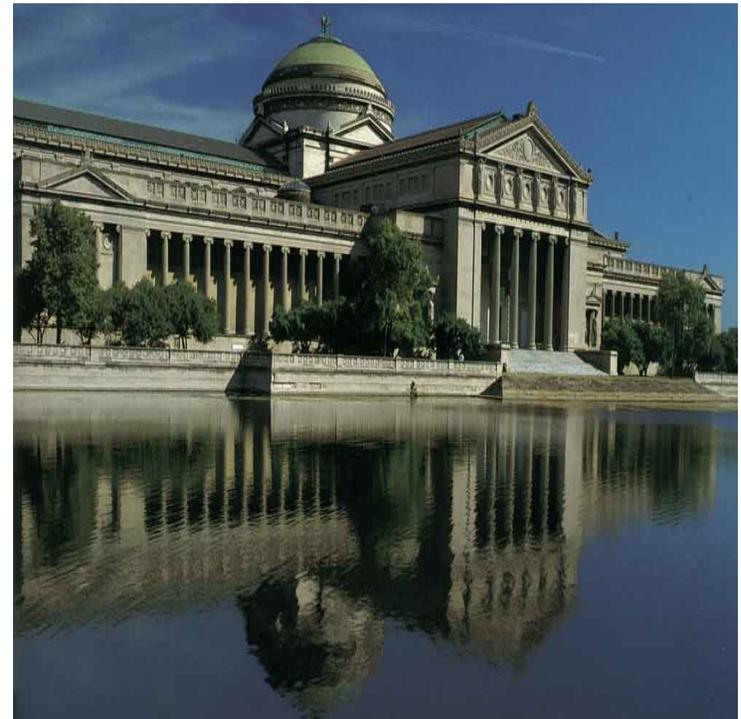


Economic Impacts of Preservation: Community Wide Impact Studies

- Chicago Museum Study

The 12 museums

employ 4,710 people –
making them one of the
largest employers in the
region

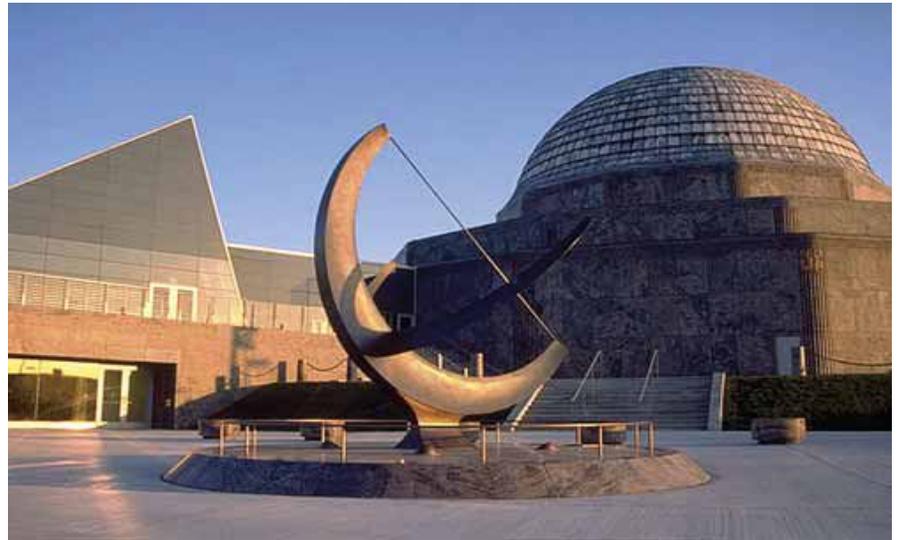


Economic Impacts of Preservation: Community Wide Impact Studies

- Chicago Museum Study

The 12 museums

Account for
\$486 million in direct
spending



Economic Impacts of Preservation: Community Wide Impact Studies

- Chicago Museum Study

The 12 museums

Total regional impact of \$1.1 billion annually

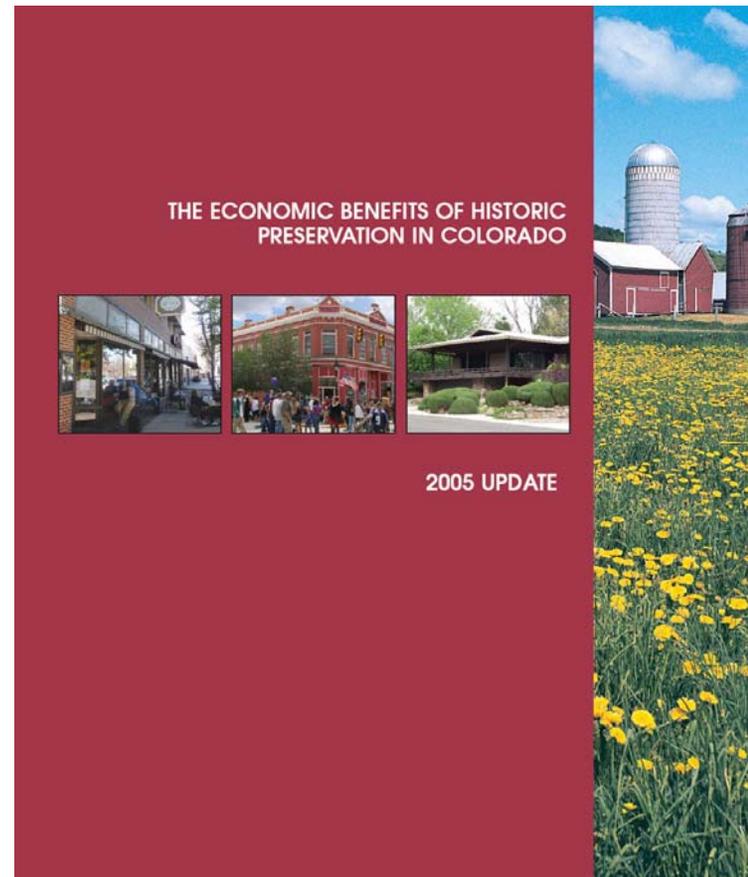
Economic Impacts of Preservation: Community Wide Impact Studies

According to the National Trust for Historic Preservation, cultural heritage tourism provides many benefits including:

- Creating jobs and businesses
- Increasing tax revenues
- Diversifying the local economy
- Creating opportunities for partnerships
- Attracting visitors interested in history and preservation
- Increasing historic attraction revenues
- Preserving local traditions and culture
- Generating local investment in historic resources
- Building community pride in heritage
- Increasing awareness of the site or area's significance

Economic Impacts of Preservation: Community Wide Impact Studies

- Clarion Associates studies of the economic impacts of historic preservation
 - Colorado 2001
 - Michigan 2002
 - Colorado Update 2005



Economic Impacts of Preservation: Community Wide Impact Studies

Clarion studies were comprehensive looks at:

- Economic achievements of Main Street
- Analysis of property value impacts in commercial and residential historic districts
- Compilation of direct and indirect impacts of use of 20% ITC for historic rehabs
- Analysis of economic benefits of heritage tourism

Economic Impacts of Preservation: Community Wide Impact Studies

Clarion Colorado study found that ITC rehab since 1981 generated:

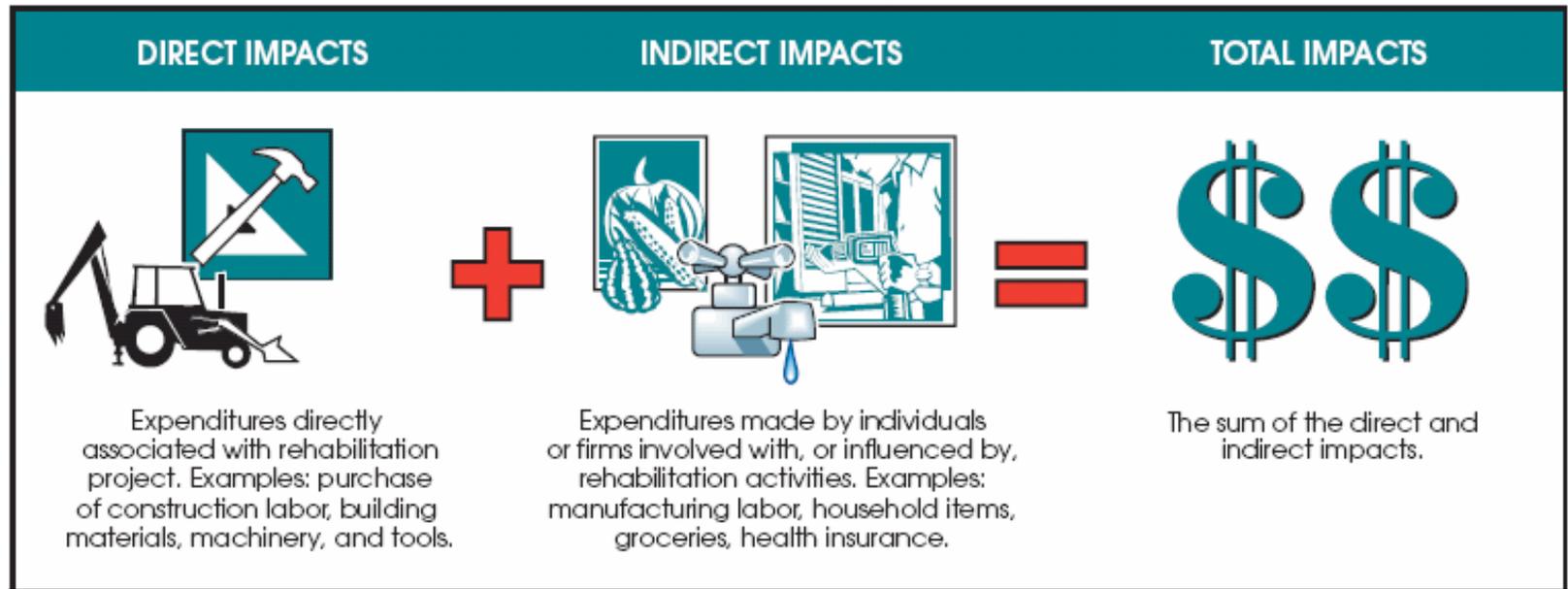
- 29,000 jobs
- Over \$2.0 billion in direct & indirect impacts

Economic Impacts of Preservation: Community Wide Impact Studies

Clarion Colorado study found that heritage tourism in Colorado in 2003 alone generated:

- 60,964 jobs
- \$3.4 billion in direct & indirect impacts

Economic Impacts of Preservation: Community Wide Impact Studies



Economic Impacts of Preservation

- Can potential negative impacts of preservation be avoided?

Economic Impacts of Preservation

- The tear down phenomenon and historic preservation

Economic Impacts of Preservation: Tear Downs

- Tear downs occur

When current zoning allows buildings that exceed size and scale of existing historic buildings



Economic Impacts of Preservation: Tear Downs

- Sometimes the new builders think they are creating a building that emulates the existing historic character



Economic Impacts of Preservation: Tear Downs

- National Trust for Historic Preservation describes “Chicago area as the ‘epicenter of teardowns’.”

Chicago Tribune

May 11, 2006

Economic Impacts of Preservation: Tear Downs

- “Architecturally and historically significant homes are being acquired by builders, torn down and replaced with houses that do not fit the character or scale of the neighborhood.”

David Brown, Exec VP National Trust
Chicago Tribune May 11, 2006



Economic Impacts of Preservation: Tear Downs

- Tear downs in Monterey Area

Carmel cottages



Economic Impacts of Preservation: Tear Downs

- Understanding the economics of tear downs

Two essential components to understand

Value as improved vs. underlying land value

Profit to the homebuilder

Economic Impacts of Preservation: Tear Downs

- Value as improved vs. land value

Sometimes land value higher

Sometimes not

But proponents of tear downs always claim land value significantly exceeds value of existing historic home

Economic Impacts of Preservation: Tear Downs

- Tear down advocates in Chicago's DePaul/Sheffield neighborhood claim:

"Typically landmarked properties lose 20-30% of their value."

Paula Arnett
Sudler Real Estate

Economic Impacts of Preservation: Tear Downs

- Clarion Associates study of DePaul/Sheffield indicates the claim by realtors is simply not true

Economic Impacts of Preservation: Tear Downs

- Four Recent Teardowns

No. 1	\$1,125,000
No. 2	\$ 940,000
No. 3	\$ 740,000
No. 4	\$ 950,000
Avg.	\$ 938,750

- Four Recent Sales of Landmarked and Easement Properties

No. 1	\$1,585,000
No. 2	\$1,325,000
No. 3	\$ 943,800
No. 4	\$ 950,000
Avg.	\$1,200,950

Economic Impacts of Preservation: Tear Downs

- In Chicago, the real money is not made by the owner of the historic building who sells to a developer for a tear down
- The real money is made by the builder who can sell the new replacement house for \$100 per square foot more than costs of land and construction

Economic Impacts of Preservation: Tear Downs

- Let's analyze a typical tear down in Carmel
 - Cottage: 1,000 square feet
 - Lot area: $40 \times 100 = 4,000$ square feet
 - Potential new house: 1,800 square feet
 - Lot Value: \$1,000,000

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

Builder of new house paying \$1,000,000 in land cost to build a 1,800 square foot house

Effectively paying \$555.00 in land cost for every square foot of potential house

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

What does that tell us about possible value of the cottage if it was landmarked and could not be demolished?

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

Tells us something about land value if
maximum house is only 1,000 square feet

$$1,000 \text{ sq. ft.} \times \$555/\text{s.f.} = \$555,000$$

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

Does that mean the cottage owner loses
\$445,000 if landmarked?

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

NO IT DOES NOT

Cottage can be expanded – say by 200 s.f.

Improvements have some value – say \$100 per s.f.

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

So value of cottage “as cottage” is as follows:

Basic land value:	\$555,000
Land value for addition:	\$111,000
Value of existing building:	\$100,000
Total Value As Built	\$766,000

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

IMPACT OF TEAR DOWN DENIAL NOW IS
NOT \$445,000 BUT MAX OF \$234,000

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

If also donate an easement, cottage owner recovers 38% of the difference in value in form of tax benefit from charitable gift?

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

Easements can be granted on:

Individual National Register properties

Properties in National Register districts

Properties in locally designated districts if
community is a CLG

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

Highest & Best Use Market Value	\$1,000,000
Less: Value as Restricted	<u>\$ 766,000</u>
Value of Easement	\$ 234,000
Value of Easement Gift (38%)	\$ 88,920

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

Final cost to owner in this example is not \$445,000 but only \$145,080

Economic Impacts of Preservation: Tear Downs

- Carmel Tear Down Example

When additional incentives and price appreciation on historic properties are considered, costs could be even lower

Economic Impacts of Preservation: Can Negative Impacts Be Avoided?

- When there are possible adverse impacts to individual property owners:

How can local preservation ordinances and preservation plans be designed to offset potential economic hardship?

Economic Impacts of Preservation: Can Negative Impacts Be Avoided?

- Remember that after designation, property values are likely to go up faster than before designation – some of the additional initial impact on value due to designation will disappear later

Economic Impacts of Preservation: Can Negative Impacts Be Avoided?

Create incentives to offset even these potential impacts

- Mills Act
- Revolving funds
- TDRs

Economic Impacts of Preservation: Must Negative Impacts Be Avoided?

NO THEY DO NOT

- Some adverse economic impact is permissible
- Penn Central Test is still the law
 - Cannot deny the owner all reasonable use
 - Or reasonable return on investment backed expectations

Economic Impacts of Preservation: When Should Impacts Be Considered?

- Potential community wide impacts

When a preservation ordinance or preservation plan is being adopted or amended

Economic Impacts of Preservation: When Should Impacts Be Considered?

- Neighborhood impacts

When a national or local district is being considered

Economic Impacts of Preservation: When Should Impacts Be Considered?

- Individual property impacts

In a hardship hearing following denial of a request for demolition or alteration

Economic Impacts of Preservation: Conclusion

- What can Monterey preservationists do to reduce negative impacts and assure positive impacts?

Economic Impacts of Preservation: Conclusion

Continue to do exactly what you have
been doing . . .

but

think about what you are doing as part
of four pronged approach

Economic Impacts of Preservation: Conclusion

- Apply the four Main Street approaches to everyday preservation issues:
 - Design
 - Economic Restructuring
 - Promotion
 - Organization

Economic Impacts of Preservation: Conclusion

- Monterey's Lower Old Town survey as an example

Presents unique challenges

and

Unique opportunities as well

Economic Impacts of Preservation: Conclusion

Issues to be
addressed

Lots of rental units

Often added in back



Economic Impacts of Preservation: Conclusion

- Old Two Monterey –
Lower Old Town

Buildings in same
families for many years

Mixture of newer and
older buildings



Economic Impacts of Preservation: Conclusion

- Monterey's old town survey process presents unique opportunities

Since tax basis of many owners probably quite low . . .

Threshold for getting 20% ITC on rehab expenditures also quite low

Economic Impacts of Preservation: Conclusion

- Monterey's old town survey process presents unique opportunities

Presence of rental units also creates opportunities for grant of preservation easements

Economic Impacts of Preservation: Conclusion

- Monterey needs to do better job of promoting use of 20% ITC for income producing properties
- Continue to work with the large institutional owners on unique preservation problems

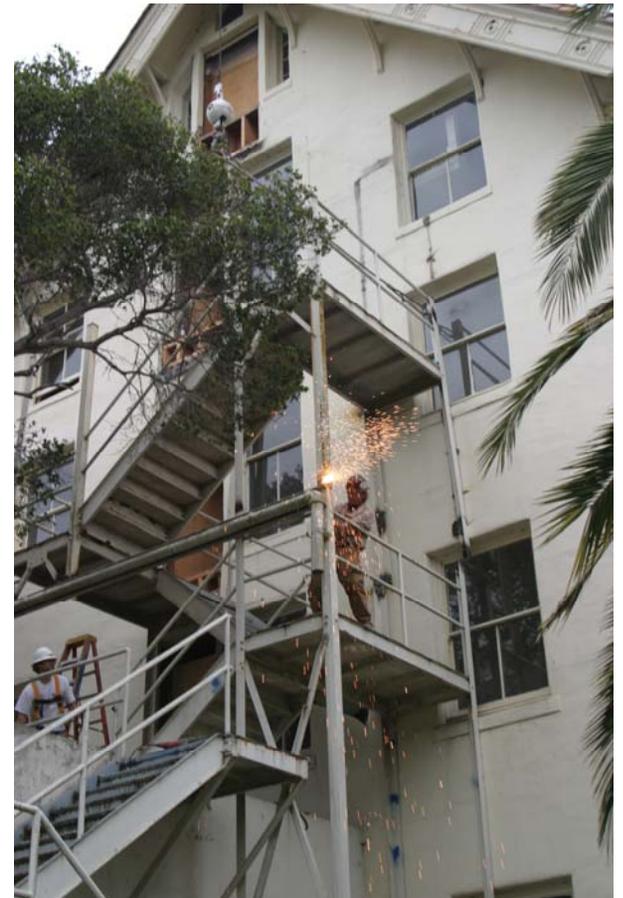
Economic Impacts of Preservation: Conclusion

- Continue to work with the large institutional owners on unique preservation problems
- Old Del Monte Hotel



Economic Impacts of Preservation: Conclusion

- Old Del Monte Hotel



Economic Impacts of Preservation: Conclusion

- Monterey
Work with other
institutional owners

National Trust --
Casa Amesti

State of California



Economic Impacts of Preservation: Conclusion

- Monterey

Continue to find
creative uses for
Mills Act and grants

Casa de la Torre
– Re-mudding



Economic Impacts of Preservation: Conclusion

- Carmel needs to do better job of reconciling tear down demand with preservation of the best

Thematic National Register nomination

Use of preservation easements

Economic Impacts of Preservation: Conclusion

- Pacific Grove

Economic Impacts of Preservation: Conclusion

- “Historic district designation may serve a function similar to that of a designer label: it guarantees the quality of the merchandise, reducing the uncertainty facing the buyer regarding the future value of the purchase.”

“The Impact of Historic District Designation on
Property Values: An Empirical Study”

Economic Development Quarterly November, 1991

Economic Impacts of Preservation: Conclusion

- “People hear historic-district horror stories more often than success stories. The regulated property owner who’s happy is a silent majority.”

Pratt Cassity

Executive Director

National Alliance of Preservation Commissions

In *The Wall Street Journal*, May 3, 1996

Economic Impacts of Preservation: Conclusion

