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

Richard J. Roddewig
President
Clarion Associates
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
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.”

Economic Impacts of Preservation

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

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.”

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.”

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.”

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 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 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 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%!
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 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 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.
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
“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.”

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.”

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.”

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”
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”
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”
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
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

**DIRECT IMPACTS**
- Expenditures directly associated with rehabilitation project. Examples: purchase of construction labor, building materials, machinery, and tools.

**INDIRECT IMPACTS**
- Expenditures made by individuals or firms involved with, or influenced by, rehabilitation activities. Examples: manufacturing labor, household items, groceries, health insurance.

**TOTAL IMPACTS**
- The sum of the direct and indirect impacts.
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

<table>
<thead>
<tr>
<th>No.</th>
<th>Price</th>
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<tbody>
<tr>
<td>No. 1</td>
<td>$1,125,000</td>
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<tr>
<td>No. 2</td>
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<tr>
<td>No. 3</td>
<td>$740,000</td>
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<tr>
<td>No. 4</td>
<td>$950,000</td>
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<tr>
<td><strong>Avg.</strong></td>
<td><strong>$938,750</strong></td>
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## Four Recent Sales of Landmarked and Easement Properties

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<tr>
<th>No.</th>
<th>Price</th>
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<tbody>
<tr>
<td>No. 1</td>
<td>$1,585,000</td>
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<td>$1,325,000</td>
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<td>No. 3</td>
<td>$943,800</td>
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<tr>
<td>No. 4</td>
<td>$950,000</td>
</tr>
<tr>
<td><strong>Avg.</strong></td>
<td><strong>$1,200,950</strong></td>
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</tbody>
</table>
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.
Let’s analyze a typical tear down in Carmel

- Cottage: 1,000 square feet
- Lot area: 40 X 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 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<td>Highest &amp; Best Use Market Value</td>
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<tr>
<td>Less: Value as Restricted</td>
<td>$ 766,000</td>
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<tr>
<td>Value of Easement</td>
<td>$ 234,000</td>
</tr>
<tr>
<td>Value of Easement Gift (38%)</td>
<td>$ 88,920</td>
</tr>
</tbody>
</table>
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
Economic Impacts of Preservation: Conclusion