PROFITS THROUGH PRESERVATION: The Economic Impact of Historic Preservation in Utah

Study for the Utah Heritage Foundation

PlaceEconomics

June, 2013
Oh, man... it's even worse than I thought.
Jobs and Income
<table>
<thead>
<tr>
<th></th>
<th>Federal</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td>109</td>
<td>1,128</td>
<td>1,237*</td>
</tr>
<tr>
<td>Investment</td>
<td>$177,276,310</td>
<td>$119,273,302</td>
<td>$296,549,642</td>
</tr>
</tbody>
</table>

* A few projects used both credits
$1,000,000 Spent on Historic Rehabilitation

- Jobs
  - 10.2 Direct
  - 7.5 Indirect
  - 17.7 TOTAL

- Income
  - $536,894 Direct
  - $310,660 Indirect
  - $847,554 TOTAL

- Economic Activity Elsewhere in the Economy
  - $998,772

- Money that otherwise would have gone to Washington, D.C.
  - $200,000
Jobs - Federal Historic Tax Credit Projects

- Direct
- Indirect & Induced

Jobs and Income
Income - Federal Historic Tax Credit Projects

Jobs and Income
### Jobs from Historic Rehabilitation Projects
**1990-2012**

<table>
<thead>
<tr>
<th>Category</th>
<th>Federal</th>
<th>State</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>2,114</td>
<td>737</td>
<td>2,851</td>
</tr>
<tr>
<td>Indirect/Induced</td>
<td>1,539</td>
<td>580</td>
<td>2,118</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3,653</td>
<td>1,317</td>
<td>4,969</td>
</tr>
</tbody>
</table>
# Jobs and Income

## Income from Historic Rehabilitation Projects 1990-2012

<table>
<thead>
<tr>
<th></th>
<th>Federal</th>
<th>State</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct</strong></td>
<td>$93,039,882</td>
<td>$32,303,365</td>
<td>$125,343,247</td>
</tr>
<tr>
<td><strong>Indirect/Induced</strong></td>
<td>$53,835,258</td>
<td>$19,200,767</td>
<td>$73,036,025</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$146,875,140</td>
<td>$51,504,132</td>
<td>$198,379,272</td>
</tr>
</tbody>
</table>
On average each year since 1990 just over 200 jobs and $8,500,000 in paychecks in Utah have been attributable to historic tax credit projects.

That doesn’t seem like much? If that were a business it would be larger than 98.9% of all Utah firms.
# Industry Comparisons in Utah

## Jobs and Income/$1 Million in Production

<table>
<thead>
<tr>
<th>Industry</th>
<th>Jobs</th>
<th>Income</th>
<th>Income/Job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; gas extraction</td>
<td>7.5</td>
<td>$358,859</td>
<td>$47,956</td>
</tr>
<tr>
<td>Computer manufacturing</td>
<td>3.4</td>
<td>$181,593</td>
<td>$54,157</td>
</tr>
<tr>
<td>Gasoline station</td>
<td>16.7</td>
<td>$612,350</td>
<td>$36,752</td>
</tr>
<tr>
<td>Data processing, web hosting</td>
<td>8.9</td>
<td>$435,748</td>
<td>$49,108</td>
</tr>
<tr>
<td>Legal services</td>
<td>13.6</td>
<td>$731,663</td>
<td>$53,831</td>
</tr>
<tr>
<td>Home health care services</td>
<td>26.3</td>
<td>$985,310</td>
<td>$37,451</td>
</tr>
<tr>
<td>Restaurants &amp; Bars</td>
<td>25.6</td>
<td>$621,447</td>
<td>$24,300</td>
</tr>
<tr>
<td>New Construction</td>
<td>16.8</td>
<td>$809,808</td>
<td>$48,203</td>
</tr>
<tr>
<td><strong>Historic Building</strong></td>
<td>17.6</td>
<td><strong>$847,555</strong></td>
<td><strong>$48,026</strong></td>
</tr>
</tbody>
</table>

*Note: Income values are in millions.*
Change in Downtown Sales
1997 - 2010

- Downtown Revitalization

Mt. Pleasant: Increase of 35%
Gunnison: Increase of 15%
Manti: Decrease of 10%
Impact of Historic Rehabilitation on Vacancy Levels

Before Rehab: 27%
After Rehab: 10%

Survey of property owners in 14 rural Utah communities
Richfield
Sales doubled in 8 years after rehab

Tooele
Rent increased 40% after rehab

Payson
Vacant before rehab
After rehab $1,700 rents from ground & upper floor rentals
Between 2003 and 2010 restaurants, apparel and accessories and miscellaneous retail up 25%
35 years of preservation-based downtown revitalization – Brigham City

Property values up 300%

$13 million of sales tax generation from 9 square blocks
Downtown Revitalization

Was: vacant and threatened with demolition

Today: $22 Million assessed value; $350,000 property taxes; $1 million in restaurant, lodging, sales taxes
Environment
Material Flows
Material Flows

Rehabilitation
47.3 Tons

Suburban Construction
182.4 Tons

Demolition and Infill
351.8 Tons
Tons of Material Flows
Rehabilitation = 100

Demolish and Infill
Build New in Suburbs
Rehabilitate
The average Utah historic house that was retained rather than razed reduced the impact on the landfill by 116.6 tons.
The Environmental Cost of Demolition Utah Historic House

- Throwing away equivalent of 12,338 gallons of gasoline
- Waste equal to what it would take one person 139 years to generate
If houses rehabilitated using Utah Historic Tax Credit had been razed instead...

- 131,471 Tons of Construction Debris
- Enough to fill 3 football fields 40 feet deep
- Embodied energy equivalent to 13,917,264 gallons of gasoline
Provo

Property Values

Historic Districts
Rest of City

Salt Lake City

Property Values

Salt Lake City Historic Districts

Salt Lake City Rest of City

Historic Districts

Rest of City
Average Value Change 2001-2012
Salt Lake City Local Historic Districts

- Avenues Local
- University Local
- Rest of Salt Lake City
- Capitol Hill Local
- South Temple
- Central City
- Westmoreland Local

Property Values
Average Value Change 2001-2012
Salt Lake City National Register Districts

- Northwest
- Rest of Salt Lake City
- Bennion Doug
- Forest Dale
- Avenues Natl ex Local
- Highland Park
- Liberty Wells
- Gilmer Park
- Bryant
- Capitol Hill Natl ex Local
- Yalecrest
Foreclosures Salt Lake City
2008 - 2012

Property Values

- Local Historic Districts
- National Register Historic Districts
- Rest of City
Foreclosure Rates 2008-2012

Salt Lake City Local Historic Districts

- Westmoreland Local
- Avenues Local
- Capitol Hill Local
- University Local
- Central City
- Rest of Salt Lake City
- South Temple

Property Values
Foreclosure Rates 2008 - 2012
Salt Lake City National Register Districts

Property Values

Avenues Natl ex Local
Bennion Doug
Forest Dale
Yalecrest
Highland Park
Northwest
Gilmer Park
Bryant
Liberty Wells
Rest of Salt Lake City
All Price Ranges - Local Historic Districts
Average Value 2012

- Central City
- Capital Hill Local
- South Temple
- All of Salt Lake
- University Local
- Avenues Local
- Westmoreland Local
All Price Ranges - National Register Districts
Average Value 2012
Single Family Foreclosure Rates
2008-2012

<table>
<thead>
<tr>
<th>City</th>
<th>Foreclosure Rate for City</th>
<th>Foreclosure Rate for Historic Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salt Lake City</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>Provo</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Logan</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Ogden</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Park City</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>
The “Heritage Tourism” Challenge?
Nearly All Utah Visitors could be called “heritage visitors”
Characteristics of Heritage Visitors

• High spending
• Well educated
• Older
• Well-traveled
• Stay longer
• Visit more places
• More likely to come from other states
Heritage Visitors (narrowly) Defined

- State and National Parks with specific heritage focus
- Sites of Historical Interest
- Museums with heritage focus
- Heritage Events
2012 Visitation

Parks
953,181

Historic Sites
5,753,372

Museums
346,268

Festivals & Events
209,917
Heritage Tourism Expenditures

Direct Expenditures $384,600,000
Indirect/Induced Expenditures $333,210,944
Total Expenditures $717,810,944
Where Heritage Tourism Dollars Go

- Lodging: $186,624,780
- Transportation Related: $242,677,848
- Restaurants: $115,477,252
- Entertainment: $54,161,927
- Groceries: $53,104,318
- Retail & Other: $53,104,318
Heritage Tourism Expenditures create Jobs

<table>
<thead>
<tr>
<th></th>
<th>Direct Jobs</th>
<th>Indirect/Induced Jobs</th>
<th>Total Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>967</td>
<td>735</td>
<td>1,702</td>
</tr>
<tr>
<td>Restaurants</td>
<td>1,155</td>
<td>411</td>
<td>1,566</td>
</tr>
<tr>
<td>Groceries</td>
<td>486</td>
<td>205</td>
<td>691</td>
</tr>
<tr>
<td>Retail &amp; Other</td>
<td>657</td>
<td>262</td>
<td>919</td>
</tr>
<tr>
<td>Entertainment</td>
<td>450</td>
<td>205</td>
<td>655</td>
</tr>
<tr>
<td>Transportation</td>
<td>892</td>
<td>888</td>
<td>1,780</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7,313</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Heritage Tourism Jobs mean Paychecks

<table>
<thead>
<tr>
<th></th>
<th>Direct Salary/Wages</th>
<th>Indirect/Induced Salary/Wages</th>
<th>Total Salary/Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>$51,468,754</td>
<td>$28,830,532</td>
<td>$80,299,286</td>
</tr>
<tr>
<td>Restaurants</td>
<td>$22,212,115</td>
<td>$15,832,992</td>
<td>$38,045,107</td>
</tr>
<tr>
<td>Groceries</td>
<td>$14,964,995</td>
<td>$7,697,254</td>
<td>$22,662,249</td>
</tr>
<tr>
<td>Retail &amp; Other</td>
<td>$15,578,873</td>
<td>$9,880,826</td>
<td>$25,459,698</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$10,450,972</td>
<td>$7,712,027</td>
<td>$18,162,999</td>
</tr>
<tr>
<td>Transportation</td>
<td>$84,497,189</td>
<td>$33,359,715</td>
<td>$117,856,904</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$302,486,243</strong></td>
</tr>
</tbody>
</table>
Less than 7% of Heritage Tourism Dollars are spent at the Heritage Sites that attracted them.
Fiscal Responsibility
For every $1 the State of Utah provides as tax credit, over $4 are invested by the private sector.
Well over $4 Million a year in additional property taxes from the investment in Historic Buildings
If houses in Salt Lake historic districts declined in value at the rate of the rest of the city, there would be $175 Million less in property value.
Fiscal Responsibility

Preservation Commission Applications 2004 - 2012

- Approved by staff: 90%
- Deferred: 10%
- Approved: 76.9%
- Deferred: 12.5%
- Denied: 10.6%

Approved by staff
Sent to commission
Every time $100 is spent on the rehabilitation of a historic building using the Federal tax credit, $20 stays in Utah that would have gone to Washington, D.C.
Thank you very much