Measuring the Full Economic Impacts of Local Historic District Designations

A Thesis Presented to the Faculty of COLUMBIA UNIVERSITY
In Partial Fulfillment of the Requirements for the Degrees Master of Science in Historic Preservation and Master of Science in Urban Planning

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May 15, 2013
# Table of Contents

- **Introduction** ................................................................. Page 1
- **Literature Review – Historic Preservation** .......................... Page 5
  - Quantitative Indicators .................................................. 6
  - Qualitative Indicators .................................................. 12
  - Conclusion ........................................................................ 14
- **Literature Review – Other Fields** ........................................ Page 15
  - Quantitative Indicators .................................................. 15
  - Qualitative Indicators .................................................. 15
  - Conclusion ........................................................................ 17
- **Methodology** ................................................................. Page 18
  - Regulations and Values of Historic Districts ....................... 18
  - Comprehensive Toolbox of Economic Indicators .................. 19
- **Community Cohesion** ....................................................... Page 22
  - Measuring Community Cohesion ..................................... 22
  - Applying the Community Cohesion Metric ......................... 23
  - Conclusion ........................................................................ 28
- **Quality of Place and the Attraction of Residents and Businesses** ....................................................... Page 30
  - Measuring the Attraction of Residents and Businesses .......... 31
  - Surveys Used in Measuring the Economic Impacts of Historic Districts ......................................................... 35
  - Designations .................................................................... 35
  - Development and Administration of a Local Historic Districts Survey ......................................................... 35
  - Applying the Local Historic Districts Survey to Existing Literature ......................................................... 40
- **Recommendations** ........................................................... Page 43
- **Planning Implications** ....................................................... Page 45
- **Bibliography** ................................................................. Page 47
Introduction

Historic district designations have been used to protect areas of historic and architectural significance in towns and cities across the United States since the 1930s. There are two distinct types of historic districts today: National Register Historic Districts and local historic districts. National Register Historic Districts are listed on the National Register of Historic Places. While National Register listing allows access to federal tax incentives, these districts do not regulate changes by private property owners. National Register Historic Districts are administered by state historic preservation offices (SHPOs) and protect privately-owned historic resources from potential adverse effects of government-sponsored projects. In contrast, local historic districts are usually established by a community ordinance which also appoints a local commission to oversee proposed changes by private property owners in the historic district. While local historic district regulations throughout the United States vary depending on the needs and desires of a local community, most incorporate several standard elements, including the regulation of alterations, demolitions, and new construction permits within the official boundaries of the historic district. As of January 2013, there are over 13,500 National Register Historic Districts and over 2,300 local historic districts in the United States.¹ This thesis will focus on local historic districts.

In New York City, the Landmarks Preservation Commission (LPC) regulates changes made to buildings and structures as well as proposals for demolitions and new construction in locally designated historic districts. There have been over 100 local historic districts designated in New York City since the incorporation of the Landmarks Law in 1965.² The Landmarks Law lists numerous public policy reasons for designating both individual landmarks and historic districts in New York City. Three of these objectives are: to “(c) stabilize and improve property values; (e) protect and enhance the City’s attractions to tourists and visitors and the support and stimulus to business and industry; and (f) strengthen the economy of the City.”³

Since the incorporation of the New York City Landmarks Law there have been numerous objections from the real estate community, charging that local historic districts stifle economic development. The title of the New York Times article documenting the passage of the Landmarks Law in 1965 even referenced this opposition, stating that the

“Landmarks Bill Signed By Mayor: Wagner Approves It Despite Protests of Realty Men.” The article quotes John R. Donoghue, the executive secretary of the owners division of the Real Estate Board of New York (REBNY), declaring that the Landmarks Law would “seriously impede the modern expansion and progress of the City.” This argument has been used time and again by the real estate community in opposition to local historic districts in New York City. An example includes the 1979 proposed Upper East Side Historic District which was opposed by REBNY and other real estate groups because they felt that designation was being used in lieu of rezoning, creating obstacles for long-term redevelopment in the area. These arguments were used again in other opposition testimonies, most recently in cases such as the 2007 proposed DUMBO Historic District, the 2008 proposed West Chelsea Historic District, and the 2010 proposed Upper West Side Historic District Extensions. In the latter case, REBNY accused the City of inappropriately using local historic district designations as a neighborhood planning tool. Steven Spinola, the President of REBNY, stated that the proposed extension was “not about protecting historic townhouses and meritorious architecture, but about preventing redevelopment.”

Edward Glaeser, professor of economics at Harvard, is another outspoken opponent of local historic district designation in New York City. Glaeser argues that tall buildings and increased density in cities are required for affordability, and restrictions imposed through local historic district designations stifle this affordability. In a 2010 article “Preservation Follies,” Glaeser declared that “excessive landmarking threatens to make Manhattan a refugee for the rich,” citing rising housing costs and gentrification in local historic districts. In the 2012 Daily News opinion piece “Why NYC Must Scrape the Sky,” Glaeser expanded his assertions, stating that “the Greenwich Village Historic District… saved a charming part of Manhattan – at the cost of turning an area that had been affordable into a neighborhood where only hedge fund multimillionaires can buy townhouses.”

Recently, the opposition to local historic district designations in New York City has grown stronger and groups have voiced more assertive recommendations regarding the Landmarks Law. In 2012, the Responsible Landmarks Coalition (RLC) was formed by REBNY and the New York Building Congress, the Manhattan Chamber of Commerce, the Building Trade Employers Association, the Community Housing Improvement Program, the Council of New York Cooperative and Condominiums, the Building and Construction Trades Council of Greater New York, the Rent Stabilization Association, and SEIU 32BJ.

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5 “Statement by Steven Spinola: In Response to the LPC Calendaring of Proposed Upper West Side Historic District Extensions.” Real Estate Board of New York (November 18, 2010).
The RLC does not question the importance of landmarking buildings of historic and architectural significance in New York City, but rather questions the process by which these designations occur, declaring that “there are many concerns about the manner in which the [Landmarks] Law has been implemented.”

One main issue that the RLC has with the landmarking process in New York City is that there are no considerations of economic impacts of historic district designations, particularly in regards to jobs and housing. In response, the RLC requests that “future land use and economic impacts of Landmark and Historic District Designations should be specifically considered by the City Planning Commission (CPC) and the City Council.”

Eleven proposed bills regarding the implementation of the New York City Landmarks Law were heard at the City Council’s public hearing on May 2, 2012. Several of these bills were related to the RLC’s criticisms and suggested solutions about landmarks designation in the City. One bill, Int. No. 846, called for economic assessments of historic districts before designation, stating that:

> “the Report the Commission must file with the Council pertaining to the designation of a Landmark or Historic District must also include an analysis of the impact of such designation on the development, growth, improvement, renewal, or economic development of the area involved, including both public and private development. The Report must also analyze the impact of the designation on public health, safety, and general welfare, and shall specifically consider the relationship between the development potential of all properties affected by the designation, both public and private, and the existing development of such properties at the time of designation.”

During the City Council’s public hearing, Michael Slattery, executive-vice president of REBNY, testified in favor of this bill, asserting that “for too long now, landmarking has been misused to address quality of life, neighborhood and development issues where zoning would be more appropriate.”

In response to such criticisms, preservationists and landmarks advocates in New York City and across the country declare that historic preservation does create jobs and stimulates the tourism industry. Moreover, they argue that, as Andrea Goldwyn, Director of Public Policy at the New York Landmarks Conservancy articulated in her public testimony at the City Council public hearing, “aesthetic issues are equally, or even more important, than economic ones where landmarks are concerned.”

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Over the past three decades, multiple studies have attempted to measure the economic benefits of historic preservation, and more specifically the impacts of local historic district designation. However, many of these studies focus solely on one aspect of economic valuation, such as the change in property values because property value data is easily accessible, rather than attempting to measure the full quantitative and qualitative impacts of local historic district designation. Nevertheless, in their 2011 report “Measuring the Economic Impacts of Historic Preservation,” Donovan Rypkema, Caroline Cheong, and Randall Mason articulate the important point that “our tools need to be matched to the whole spectrum of benefits we wish to measure.” This requires looking beyond the easily identifiable quantitative economic indicators and exploring qualitative economic indicators which are generally discounted in these types of economic studies.

In the 2011 report “Measuring the Economics of Preservation: Recent Findings” written by PlaceEconomics, it is acknowledged that “in challenging economic times, educational, cultural, aesthetic, social, and historical values may be insufficient to make the case for preserving our legacy of historic places. Politicians and public servants, citizens and scholars, bankers and bureaucrats, voters and volunteers now expect that in addition to those other values, historic preservation should demonstrate an economic value as well.” While the primary purpose of local historic district designations are to identify and protect buildings of historic and architectural significance, it is becoming increasingly important that preservationists develop inclusive tools to measure the economic consequences of these designations.

This thesis attempts to identify the quantitative and qualitative indicators that, if all data were readily available, could be used to comprehensively measure the economic impacts of any local historic district designation. This thesis will then focus on two indicators that have not been adequately studied and develop data sources and metrics to measure these indicators in order to contribute to a more comprehensive toolbox of evaluation. Ultimately, these findings will help shape preservation planning policies; specifically, what factors need to be taken into consideration when designating a local historic district and how to evaluate the economic impacts of local historic district designations. It is anticipated that the findings of this thesis will assist planners and preservation advocates in discussions with opposition groups, establishing a frame for debates that encompass all of the values of local historic district designations, including social indicators, in contrast to a pure economic model which has been predominately used in past discussions and does not fully capture all of the social benefits of local designations.

Literature Review: Historic Preservation

Since the establishment of the first local historic districts in the 1930s, and particularly since the establishment of the National Historic Preservation Act in 1966, there have been many studies attempting to evaluate the economic impacts of local historic district designations. However, due to a lack of data and metrics for evaluation, many of these studies have failed to assess the comprehensive economic impacts of designation, only focusing on one economic indicator. There have been several recently completed reports which focus on this challenge and recommend a broader look at the measurements of economic impacts. These reports articulate the need to explore ways to measure and collect data about qualitative economic indicators and provide some general recommendations of how this can be done, in addition to the more easily identifiable and measurable quantitative economic indicators.

Most of these broader reports, as well as many of the local studies, have been completed by leaders in the field of preservation economics, including Donovan Rypkema, Randall Mason, and David Listokin, for nationwide groups such as the National Trust for Historic Preservation and the Advisory Council on Historic Preservation as well as statewide and municipal organizations and agencies. While this literature review attempts to incorporate works from all ends of the preservation economics literature, the dominance of Rypkema, Mason, and Listokin’s work is reflected by the sheer number of reports and studies that they have published. In addition, in 2005 Mason completed an annotated bibliography of all the literature related to the field titled “Economics and Historic Preservation: A Guide and Review of the Literature.”15 This literature review does not attempt to replicate Mason’s comprehensive bibliography, but rather attempts to examine the existing studies, articles, and reports to identify what indicators have been used, how they have been measured, and what indicators need additional development in order to more comprehensively measure the economic impacts of historic district designation. To more easily facilitate a literature review related to the thesis topic, the review has been divided into two sections, focusing first on existing quantitative indicators and then on qualitative ones.

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Quantitative Indicators

Property Values

The impact of historic district designation on property values is perhaps the most researched economic indicator in the field. This relationship has been addressed by over 40 local studies commissioned by municipalities and states as well as within the broader literature of preservation economics. In their 2011 work “Measuring the Economic Impacts of Historic Preservation,” Rypkema, Cheong, and Mason assert that the relationship between property values and historic districts has been the most studied area of preservation economics in the United States, perhaps because property value data is easily obtainable.

Rypkema, Cheong, and Mason then categorize the three different types of evaluations that occur in these studies. The first compares property values in a historic district before and after designation while the second assesses the rate of property value appreciation or decline in a historic district in comparison to a similar, non-designated neighborhood. The 2003 report “The Impact of Historic Districts on Residential Property Values” completed by the New York City Independent Budget Office utilizes these two methods using the New York City Department of Finance records as the primary source of data.

The third method of evaluation highlighted by Rypkema, Cheong, and Mason measures property values through real estate valuation, attempting to isolate the contributory value of being within a historic district. This requires the separation of each variable that would affect property values, such as the number of bathrooms or total square footage, and with that the monetary contribution of each. An example of this method can be seen in “An Assessment of the Effects of Conservation Areas on Value” a British report completed by Gabriel M. Ahlfeldt, Nancy Holman, and Nicolai Wendland in 2012.

There are dozens of other studies which utilize these three methods to examine the impacts of historic district designation on property values in the United States as well as in Europe. A review of these numerous studies highlights the importance of property values as a quantitative indicator since the evaluation methods are well-established and the data tends to be easily obtainable.

19 Rypkema et al. (2011).
**Taxes**

The impact of historic district designation on taxes is also a well-studied area of preservation economics. This quantitative indicator can be split up into two sections: local property tax and commercial tax revenues, and impacts from rehabilitation tax credits and easement tax deductions. Much of the literature tends to focus on the latter while only briefly mentioning the former. Local property tax revenues are often cited in conjunction with a study of changes in property values or potential gentrification in historic districts, and commercial tax revenue changes are usually noted when evaluating downtown revitalization programs, such as the Main Street Program which is discussed in more detail below. The metrics for property and commercial tax revenues are generally well-established and the data sources are readily available.

Properties within both local and National Register historic districts are often eligible for special tax credits and deductions. Examples include state and federal historic rehabilitation tax credits for commercial properties and historic preservation easement donations. In their 2012 report “Third Annual Report on the Economic Impact of the Federal Historic Tax Credit,” David Listokin and Michael L. Lahr evaluate the impacts of the historic rehabilitation tax credit using the Preservation Economic Impact Model (PEIM). The PEIM totals the economic impacts of historic tax credit rehabilitation investments, in particular on job generation, output, taxes, GDP, income, and wealth.21 There are also multiple reports commissioned by states to evaluate state historic rehabilitation tax credits, which use similar models to Listokin and Lahr’s. The government maintains data on these historic rehabilitation tax credits making it readily available for analysis. In addition, there is a growing literature on the economic impacts of income tax deductions generated through easement donations on historic properties. Overall, taxes are extensively studied in the preservation literature with broadly accepted methods of evaluation using established data sources.

**Downtown Revitalization Programs**

Widely studied in preservation economics is the quantitative indicator of downtown revitalization, and specifically, the National Trust for Historic Preservation’s Main Street program. While not all Main Street programs are within designated local historic districts, studies about Main Street programs that are in local historic districts and the effects of the local district regulations on the economic impacts of Main Street programs have not been adequately evaluated. Most studies regarding downtown revitalization and the Main Street programs generally focus on business reinvestment and job generation without fully addressing existing local historic district designations and regulations.

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There have been numerous studies compiled which attempt to evaluate Main Street programs on a statewide or local basis. This is partially because, as articulated by Rypkema, Cheong, and Mason in their 2011 report, data for Main Street revitalization programs is readily available. All states collect information regarding net new businesses and job-generation, the amount of public and private investment in physical improvement, the number of rehabilitations and façade improvements, and the number of housing units created under these Main Street programs. However, as the 2011 report indicates, there is not an easy way to analyze this data, as no information exists about these indicators if the communities had not implemented Main Street programs, and it is generally difficult for communities with Main Street programs to find comparable communities without Main Street programs to relate to as these downtown Main Street communities tend to be quite unique. As a result, while most of the data on current Main Street programs is readily available and many studies have attempted to evaluate the economic impacts of this indicator, there are no widely accepted metrics on how to adequately compile a comparative analysis between current Main Street programs and similar communities without downtown revitalization programs.

**Jobs/Employment and Business/Household Income**

Jobs and employment as well as business and household income are several of the most frequently cited indicators of historic preservation’s economic impacts. This occurs both in the broad reports as well as local studies, which generally focus on job generation, business locations, and business and household incomes. As Rypkema articulates in many of his studies, historic preservation creates significant local impacts because of the type of construction necessary. In his 2005 work “The Economics of Historic Preservation: A Community Leader’s Guide,” Rypkema uses statistics of new construction projects versus rehabilitation projects to compare the job generation rates. He concludes that historic preservation creates more jobs than new construction because of the labor required for rehabilitations. While half of new construction costs go to labor, 60 to 70 percent of rehabilitation construction costs go to labor and the rest goes to materials. In addition, the materials required for rehabilitations tend to be locally sourced rather than shipped, indirectly boosting local businesses. Rypkema also notes that these labor-intensive rehabilitation jobs are generally good-paying jobs for those without formal advanced education.

As Rypkema, Cheong, and Mason state in their 2011 report, most studies calculate jobs and household incomes through widely-accepted methods, including the Regional Input-Output Modeling System (RIMS II) or the Impact Analysis for Planning System.

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(IMPLAN) created by the Department of Commerce’s Bureau of Economic Analysis, or
with PEIM as Listokin and Lahr used in their 2012 report about taxes, discussed above. The data for these measurements is readily available through government databases of
taxes as well as Main Street Programs discussed above.

In their 1997 study, “The Economic Impacts of Historic Preservation,” Listokin
and Lahr focused on measuring job impacts in New Jersey through the Regional Science
Research Corporation Input-Output Model (RSRC I-O) which includes historic
rehabilitations, heritage tourism, and property taxes. Job generation, income, and wealth
(value added) were several indicators that the model focused on. As detailed above, the
data for the model is easily accessible through government databases. Overall, the
indicators of jobs and employment as well as business and household income are widely
studied in the preservation literature, utilizing established metrics and readily available
data sources.

**Heritage Tourism**

Another indicator related to the economic impacts of historic district designation
is heritage tourism, which is widely cited as an important indicator that needs better
metrics in order to be adequately measured. As can be found in most broad studies
regarding the economic impacts of historic districts, there is not sufficient data to fully
evaluate heritage tourism with regard to local historic districts. Most existing assessments
of this indicator focus solely on house museums and other individual sites which are
easily identified as heritage tourism sites. Many studies note the difficulty of defining
heritage tourism and separating it from other types of tourist activities, particularly when
it occurs in local historic districts which do not have set entrances and exits or require
tickets. For example, in their 1998 work “The Contributions of Historic Preservation to
Housing and Economic Development,” Listokin, Lahr, and Barbara Listokin declare that
the multi-billion dollar heritage tourism industry is bolstered by historic preservation,
using statistics produced by the Travel Industry Association of America, but concede that
“travel statistics are often, at best, estimates” and heritage tourism statistics are even
harder to come by.

In response to this conundrum, Rypkema, Cheong, and Mason created a metric in
their 2011 report that, if all data were readily available, would comprehensively measure
the economic impacts of historic preservation on heritage tourism. The measurements

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24 Rypkema, Donovan, Caroline Cheong, and Randall Mason. “Measuring the Economic Impacts of Historic
Trust (December 1997).
26 Listokin, David, Barbara Listokin, and Michael Lahr. “The Contributions of Historic Preservation to Housing and
needed include expenditures per day and per trip, allocation of these expenses, employee generation, sales and income tax generation, and the relative per-day and per-trip expenses of heritage visitors verses all other visitors. The report recommends obtaining this data through Tourism Industry Association surveys, the Department of Commerce, the National Park Service, and on a statewide level.\(^{27}\)

While heritage tourism is an indicator that is referenced frequently in the preservation economics literature, it is difficult to define and analyze beyond individual landmarks as there are no readily available sources of data. As a result, metrics for measuring its impacts have not been established. As recommended above, surveys would need to begin collecting required information in order to create substantial data sources for measuring this indicator. When this occurs, metrics, such as Rypkema, Cheong, and Mason’s detailed above, could begin to be utilized and eventually become more fully established and widely accepted.

**Other Quantitative Indicators**

Other quantitative indicators found in the literature include environmental impacts, television and film production, gentrification, displacement, and housing. Generally these indicators are less studied than property values, taxes, downtown revitalization programs, jobs and employment, business and household income, and heritage tourism since they do not have standard metrics for measuring impacts and there are not an abundant amount of readily available data sources.

With the increasing importance of the environmental movement over the past decade, preservation economists have attempted to begin quantifying the environmental impacts of historic preservation. This includes the embodied energy of buildings encumbered by historic district regulations as well as construction waste savings from adaptive reuses and infrastructure cost savings. In their 2011 report, Rypkema, Cheong, and Mason articulate the necessity to evaluate the economic impact of historic preservation through the development of three metrics: infrastructure cost savings, embodied energy of rehabilitated buildings, and greenfields left undeveloped because of historic preservation activities. They note that there are currently no standard approaches to measure the relationship between historic preservation and the environment, and currently there is no data available either.\(^{28}\) The indicator of environmental impacts requires more thorough study, better data sources, and more established metrics in order to adequately access its economic impacts.


Television and film productions often occur in historic districts as they provide valuable sets for period pieces. While generally understudied as an economic indicator, the Preservation League of New York’s 2001 report “New York: Profiting Through Preservation” puts monetary values on the influence historic preservation has on the television and film industry in the state. As noted in the report, from the mid-1990s to 2001, New York State experienced a steady increase in revenues from the production of movies, television shows, and commercials occurring in designated historic districts. However, there are not readily available data sources with the information required to comprehensively evaluate this indicator, and as such, metrics for evaluation have not been widely established. The indicator of television and film production is one that could use much greater evaluation when doing a comprehensive assessment of the economic impacts of historic district designation.

Gentrification, displacement, and housing are other quantitative indicators that have recently begun to be studied in the preservation economics literature. For example, in his 2005 dissertation “Gentrification and Historic Districts: Public Policy Considerations in the Designation of Historic Districts in New York City,” Eric W. Allison uses complex systems theory and a comparative analysis of property values within historic districts and in similar neighborhoods in New York City to examine the relationship between historic district designation and gentrification, concluding that such an effect does not exist. Other studies, such as Listokin, Listokin, and Lahr’s 1998 article, note that the regulations imposed by local historic district designation sometimes displace low-income households and small-scale businesses because of the financially burdensome requirements of local regulations. This article also addresses the impacts of historic preservation on housing, noting that data about the federal historic tax credits suggest that rehabilitations create more housing opportunities. Through the evaluation of several case studies in the state, the Preservation League of New York’s 2001 report puts monetary values on historic preservation and in particular the amount of housing it creates. More studies focusing on gentrification, displacement, and housing would help establish the metrics that have been used for these indicators and create new metrics as needed.

Qualitative Indicators

As gathered from reviews of exiting literature, the qualitative indicators that could be used to measure the economic impacts of local historic district designations are much less thoroughly studied than quantitative indicators both due to a lack of established metrics to comprehensively evaluate their impacts and the difficulty in accessing data. There have been several studies attempting to define and quantify qualitative indicators so that they can be usefully utilized in measuring the economic impacts of historic district designations, yet it is clear from the existing literature that, even in light of these recent studies, better metrics and databases are necessary in order to more thoroughly evaluate all of these indicators.

Several qualitative indicators addressed in the literature are: quality of life, quality of place, sense of place, the unique characteristics of historic districts, the scarcity of historic resources, and the general security, stability, and certainty established as a result of regulations imposed in historic districts. However, most broad reports and localized studies tend to mention these qualitative indicators in passing without fully analyzing their impacts.

In their 2011 report, Rypkema, Cheong, and Mason note that “qualitative methods are warranted as a complement to quantitative econometrics because the public goods are poorly understood in terms of price.” Essentially, they believe that these qualitative indicators should be evaluated alongside the quantitative indicators discussed above in order to more thoroughly measure the economic impacts of historic district designation. While the 2011 report does not address these qualitative indicators specifically, recommendations on how to measure qualitative indicators are located in an appendix to the report.

Rypkema, Cheong, and Mason recommend studies evaluating the public perception of historic preservation through community indicator projects as well as traditional and Delphi surveys (the latter being iterative surveys with experts in the field) and interviews with both the public and with decision-makers. This method is closely related to the one utilized by Ahlfeldt, Holman, and Wendland in their 2012 report in Britain. In this report they used questionnaires and interviews with residents, decision-makers, and real estate professionals to supplement their quantitative research evaluating the impact of conservation districts on value.

In his 2000 article “Analyzing Quality of Place,” Clinton J. Andrews goes so far as to actually define quality of place as “an aggregate measure of the factors in the external

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environment that contribute to quality of life” which is closely related to sustainability and livability. Andrews then defines quality of life as “a feeling of well-being, fulfillment, or satisfaction on the part of residents or visitors to a place.” Andrews cites cultural amenities, crime, green space, and congestion as factors that contribute to quality of life. Nevertheless, Andrews notes that there is not substantial data available to adequately measure these indicators, and as a result there is a weak correlation between quality of place metrics and quality of life perceptions.

However, most of the literature doesn’t delve into qualitative indicators as far as Andrews. For example, in their 2011 report, Listokin and Lahr acknowledge that qualitative factors like quality of life tend to attract the “creative class,” improve worker efficiencies, and reduce medical expenses, but only note these indicators need to be more adequately studied. Like many studies, the Preservation League of New York State’s 2001 report declared that historic districts tend to create a sense of place which fosters community pride, but the report does not attempt to measure the economic impacts of these qualitative indicators. Another example is the 2011 PlaceEconomics report which states that historic districts create an experience of place for residents, employees, and visitors, but fails to expand on how to measure this in terms of economic impacts.

In their 2011 report, Rypkema, Cheong, and Mason recommend that educational attainment, demographics like ethnicity, class, race, and age diversity, length of housing tenure, and crime should be analyzed within historic districts in order to evaluate the correlation between designation and social patterns. Most of this data could be found in the Federal Census by block levels. Additionally, the report suggests measuring the walkability of historic districts through the Walk Score metric to understand the urban quality of areas as well as building scales, street design, and intensity of street activity. The authors hope that through this evaluation, the relationship between historic district designation and quality of life would be more adequately appraised. These recommendations are surely a good starting point in the necessary analysis of qualitative indicators, but could even be further expanded.

In his 2012 article “The Distinctive City,” Edward McMahon states that it’s the unique characteristics of a community that drive economic prosperity and provide a competitive advantage. However, he does not provide a metric for evaluating the impacts of the unique characteristics of a historic community. Guido Licciardi and Rana Amirtahmasebi continue the discussion in their 2012 World Bank report “The Economics of Uniqueness,” stating that heritage investment develops tourism, which in turn benefits the larger community. While the unique characteristics of historic districts, the scarcity of historic resources as a result of local historic district regulations, and the general security, stability, and certainty established as a result of regulations imposed on historic districts which result in unchanging communities are referenced in the literature, often anecdotally, measurement of these qualitative indicators are rarely explored due to both the lack of established metrics and the absence of data.

Overall, there is a critical lack of research on the qualitative indicators that could be used to measure the economic impacts of local historic district designations. While the several works discussed above do touch on quality of life, quality of place, sense of place, and the unique characteristics of historic districts, more studies need to be completed in order to establish recognized metrics, develop accessible data sources, and fully understand the impacts of these indicators.

**Conclusion**

Through a review of the literature, it is clear that more work needs to be done developing metrics and databases to more comprehensively evaluate the qualitative indicators. While most research is currently being done regarding quantitative indicators, many of these broad reports and more focused studies articulate the need for a better understanding of the economic impacts of the qualitative indicators. Therefore, it is imperative that in order to more comprehensively measure the economic impacts of historic district designations, preservation economics needs to begin focusing on how to measure and analyze these qualitative indicators.

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Reports evaluating the economic impacts of other fields can help shed light on indicators not yet used in preservation economics literature as well as metrics that can be used to measure these and other inadequately studied indicators. This literature review focuses on economic impacts of parks and the arts. In economics these are considered public benefits like historic districts. To more easily facilitate discussion, this literature review is also divided into two sections, quantitative and qualitative indicators.

Quantitative Indicators

Analogous to the preservation literature, studies on the economic impacts of parks and the arts generally focus on the quantitative indicators of property values, taxes, jobs, tourism, and environmental impacts. Throughout these studies, these quantitative indicators were measured using established metrics and readily available data, as was also done in the preservation literature. Overall these studies do not provide any additional insights into measuring quantitative indicators as many of the same metrics were used in the preservation literature. For example, in “Arts and Economics Prosperity IV” by Americans for the Arts, a regional input-output economic model was used to study the economic impact of the non-profit arts and culture industry throughout the United States. The “Economic Impact of the Tutankhamun and the Golden Age of the Pharaohs Exhibition” Technical Memorandum prepared by Urban Partners in 2007, which focused on economic impacts generated as a result of a single exhibit in the arts, utilized the IMPLAN economic model of the regional economy to calculate the indirect economic impacts of the exhibit. Both the regional input-output and IMPLAN models were referenced in Rypkema, Cheong, and Mason’s 2011 preservation economics report. Additionally, the Urban Partners Technical Memorandum used audience surveys to measure the direct economic impacts of the exhibit in Philadelphia. However, this method would not be applicable to historic districts, as the audience is not as defined as one in an enclosed museum and is not for a limited time as the Philadelphia exhibit had been.

Qualitative Indicators

Perhaps of more benefit to the analysis of the economic impacts of historic districts are the qualitative indicators studied in these arts and parks reports. In his 2002 work, “How the Arts Impact Communities,” Joshua Guetzkow identifies three levels of impact from the arts: involvement in community arts organizations, involvement as an audience member, and the presence of community arts organizations creating social capital. The 2004 study “Gifts of the Muse” expands on these levels of impact, as the authors discuss the indirect and public good benefits of the arts for the economy. Public good benefits include existence benefits, option values, and bequest values which are not necessarily transferable to historic district evaluation. However, indirect economic benefits in the study include community level social benefits such as a sense of community identity, social capital (which is defined as “the network of norms of trust and reciprocity and the benefits that arise from it”), and attraction of individuals and firms, which could all be incorporated into a comprehensive assessment of the economic impacts of historic districts.45

The authors of “Gifts of the Muse” state that “the arts can create a public realm that provides opportunities for direct social contact and thus for establishing links and building bonds among the members of a community” often through a shared experience, which creates social capital.46 Historic districts also provide this shared experience which results in community identity. The study also examines the attraction of individuals and firms to locations where the arts are accessible which in turn bolsters the local economy. This indicator can also be translated into the evaluation of historic district impacts. “Gifts of the Muse” highlights methods used to capture these indirect benefits, including surveys for residents, surveys for firms, and estimates of willingness to pay. Surveys for residents evaluated preferences for the arts in different population groups. Surveys for firms analyzed whether firms would relocate for specific types of workers. Willingness to pay estimated travel times and costs to attend the arts. However, the study notes that the economic literature of the arts focusing on indirect benefits has been criticized as these are indicators that are hard to measure using estimates.47

Literature on parks also examines several qualitative indicators that can be utilized in evaluation of historic district designations. In the 2009 report “Measuring the Economic Value of a City Park System,” Peter Harnick and Ben Welle note health, community cohesion, and social capital as qualitative indicators that can be used to measure the economic impacts of parks. The latter two indicators could be utilized in

analyzing the economic impacts of historic districts. Like in the “Gifts of the Muse,” Harnick and Welle’s report highlights community cohesion that arises as a result of social interactions in neighborhood parks, and the subsequent development of social capital. The report notes that the economic benefits of social capital cannot be directly measured; however, they can be estimated through the amount of time and money a community spends maintaining and improving its local parks. Harnick and Welle suggest that financial contributions and hours of volunteer time donated to local park-oriented organizations can be calculated. The number is then multiplied by the volunteerism value assigned by the Independent Sector to establish the social capital that arises in a community as a result of its parks.48 This metric can certainly be transferred to the evaluation of historic districts in creating community cohesion and social capital.

In “The Benefits of Parks” by Paul M. Sherer in 2006, the attraction and retention of residents and businesses is another qualitative indicator of parks that is explored. Sherer notes that quality of life is a determining factor in real estate valuation, quoting a 1998 Ere Yarmouth and Real Estate Research Corp. report “Defining New Limits: Emerging Trends in Real Estate” that states livability is “a litmus test for determining the strength of the real estate investment market… If people want to live in a place, companies, stores, hotels, and apartments will follow.” The report then refers to the May 2001 decision of Boeing Co. to locate its new corporate headquarters in Chicago, citing its quality of life as a determining factor.49 While “The Benefits of Parks” does not provide metrics for measuring this quality of life that attracts and retains residents and businesses, this is certainly an indicator that, if adequately measured, could be utilized in measuring the economic impacts of local historic district designations.

**Conclusion**

As this literature review revealed, some of qualitative metrics presented in economic studies of parks and the arts could certainly be adapted for the evaluation of local historic districts.

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Methodology

As detailed in the introduction, this thesis explores the economic impacts of local historic district designations, and in particular, how one can comprehensively measure these economic impacts in order to more fully understand the implication for local historic district designation as a matter of public policy. Ultimately this thesis will establish a framework for debates between planners and preservation advocates that encompasses all of the values of local historic district designations, in contrast to a pure economic model which has been predominately used in past discussions and does not fully capture all of the social benefits of local designations. To accomplish this requires an understanding of local historic district designation and the local regulations that are imposed to maintain the historic character of these areas, as well as a grasp of other historic preservation tools, such as rehabilitation tax credits, easements, and Main Street programs, which are primarily used in historic districts. An understanding of the values of historic districts is also vital in evaluating impacts of the local regulations.

Regulations and Values of Historic Districts

The regulations imposed through local historic district designations vary from locality to locality, but usually incorporate a few standard features, such as restrictions on alterations, demolitions, and new construction as well as requirements of external building maintenance within the historic district boundaries. As a result, these regulations create a unique physical environment where changes to buildings are controlled, providing a sense of stability in the real estate market of the neighborhood.

Historic district regulations are a public good, providing important history, culture, and education resulting in a sense of place and identity for communities through the preservation of historic architecture. Like the arts and parks, the public good aspect of historic districts also helps to create shared experiences and build social capital within a community. However, historic districts are also considered a private good because of the goods (the real estate) and services (necessary maintenance and restoration services) within historic districts that are market-driven.

As detailed in the literature review, most preservation economic studies focus on these quantitative aspects because it is easier to measure the private market values than the social nonmarket values of local historic districts. However, historic districts are a private and public good with market and nonmarket values that can’t be evaluated in isolation because historic district designation creates a bundle of impacts. Therefore, one needs a comprehensive toolbox with indicators addressing all of these values in order to have any real, substantial debate about the economic impacts of local historic districts.

Currently, there are no studies that evaluate all of these indicators.

A comprehensive toolbox would be useful for both preservationists and planners. By measuring the economic impacts of all local historic district values, preservationists could finally have a complete, data-supported debate with the real estate community and others opposed to local designation. Further, a comprehensive toolbox would provide planners all-inclusive data on the full economic impacts of potential designations without overlooking the nonmarket and public good values that are essential in any debates determining whether or not local historic district designations are the right planning tools for a community.

**Comprehensive Toolbox of Economic Indicators**

An examination of preservation literature highlighted the indicators that are currently used to measure the economic impacts of local historic district designation. A further review of arts and parks literature, interviews with preservation and parks experts, and an evaluation of the private and public values of local historic districts revealed additional indicators and metrics that are required in a comprehensive toolbox. Below is a table showing all of the indicators that, if data were readily available, could be used to comprehensively measure the full economic impacts of local historic district designations.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Level of Study</th>
<th>Established Metrics</th>
<th>Readily Available Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Values</td>
<td>High</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Taxes</td>
<td>High</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Downtown Revitalization Programs</td>
<td>High</td>
<td>Somewhat</td>
<td>Yes</td>
</tr>
<tr>
<td>Jobs and Employment</td>
<td>High</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Business and Household Income</td>
<td>High</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Heritage Tourism</td>
<td>High</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Environmental Impacts</td>
<td>Moderate</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Television and Film Production</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Gentrification</td>
<td>Moderate</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Displacement</td>
<td>Moderate</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Housing</td>
<td>Moderate</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Quality of Life</td>
<td>Moderate</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Quality of Place</td>
<td>Moderate</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Attraction of Residents and Businesses</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Sense of Place</td>
<td>Moderate</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Unique Characteristics</td>
<td>Moderate</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Scarcity of Historic Resources</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Security, Stability, and Certainty</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Required Maintenance Standards</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Community Cohesion</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Community Identity</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Education - History, Culture, Architecture</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Shared Experience</td>
<td>Low</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
The table also shows the extent to which the preservation literature has used these indicators in measuring the economic impacts of local historic district designations, revealing huge gaps. Metrics for the table were based on the earlier preservation literature review. If an indicator has been used to measure the economic impacts of historic preservation in at least ten studies, then its Level of Study was considered “High” and highlighted green. If an indicator has been utilized a fair but not widespread amount in the preservation literature (in one to nine economic impact studies), then its Level of Study was considered “Moderate” and highlighted yellow in the Comprehensive Toolbox. If an indicator has not yet been examined in any preservation economic impact assessment, then its Level of Study was considered “Low” and highlighted red. The indicators that received a “Low” Level of Study grade were often referenced in the recommendations for future research in preservation economics literature, or were found in literature measuring the economic impacts of other related fields, such as the arts or parks.

The above examination of the existing preservation literature also revealed the typical metrics and data sources used to evaluate the indicators listed in the Comprehensive Toolbox. Indicators that were measured using widely accepted metrics (utilized in ten or more economic impact studies) garnered a “Yes” for Established Metrics and were highlighted green. Indicators whose metrics had not been implemented and indicators which did not have any established metrics received a “No” for Established Metrics and were highlighted red in the Comprehensive Toolbox. Although several indicators, such as environmental impacts, gentrification, or quality of life, had metrics that were utilized in a few studies, they were not considered widely accepted metrics because they were used in less than ten studies. The indicator of downtown revitalization programs received a unique “Somewhat” classification, highlighted yellow, reflecting the discussion in the above literature review. While there have been numerous studies attempting to evaluate the economic impacts of downtown revitalization programs, particularly Main Street programs, there are no widely accepted metrics on how to adequately compile a comparative analysis between current Main Street programs and similar communities without downtown revitalization programs. As such, the indicator fell in-between the “Yes” and “No” measurements, garnering a “Somewhat.”

Indicators with readily available data sources were given a “Yes” in the Readily Available Data category and highlighted green in the Comprehensive Toolbox. Those indicators that require more data collection and documentation in order to be adequately measured received a “No” in the Readily Available Data category.

The table reveals that most studies attempting to evaluate the economic impacts of local historic district designations only focus on a few quantitative indicators. It can be assumed that these are the most studied indicators because of well-established metrics
and readily available data sources. However, only using these indicators to measure the economic impacts of local historic district designations ignores many of the other important values of local designations.

Social and nonmarket values of historic districts can be evaluated using qualitative indicators; however, as can be seen in the above table, these are less studied due to a lack of established metrics and available data. Therefore, it is necessary to develop metrics and identify data sources to measure these qualitative values in order to comprehensively evaluate the economic impacts of local historic district designations. This study will begin this process by attempting to adapt two metrics established in parks and arts economic impact studies to local historic district designations in order to contribute to a more comprehensive toolbox of evaluation: community cohesion and the attraction of residents and businesses. The following chapters will delve into these measurements in more detail.

One of the biggest debates in preservation economics is how to measure qualitative indicators. Randall Mason, Professor of Planning and Chair of Historic Preservation at the University of Pennsylvania, highlighted this conundrum in the fall of 2012, stating that some economists would prefer to measure qualitative indicators in quantitative terms in order to come up with an overall monetary impact of local historic district designations while others would rather have a mixture of quantitative numbers and qualitative measurements in a comprehensive assessment. Peter Harnik, Director of the Trust for Public Land’s Center for City Park Excellence, also addressed this challenge when discussing a colloquium with parks experts and economists in 2003. When attempting to evaluate the qualitative economic indicators of parks, the same question kept occurring: “is putting quantitative values on qualitative indicators valuable, or should it be dealt with separately?” As more metrics are developed for the remaining indicators in the Comprehensive Toolbox, it will become apparent which indicators are better suited to be measured quantitatively and which, if any, are better suited to be measured qualitatively in order to conduct a comprehensive evaluation of impacts.

The two metrics developed in this thesis measure qualitative indicators quantitatively. The community cohesion metric was tested on two local historic districts: the Greenwich Village Historic District in Manhattan, New York, and the Nantucket Historic District in Nantucket, Massachusetts. The mechanisms for measuring the attraction of residents and businesses were outlined, but this metric requires a formal survey which wasn’t within the scope of this thesis. Recommendations on how the formal surveys should be implemented are also provided below.

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51 Conversation with Randy Mason, Professor of Planning and Chair of Historic Preservation, University of Pennsylvania (October 24, 2012).
52 Conversation with Peter Harnik, Director of the Center for City Park Excellence, Trust for Public Land (November 30, 2012).
Community Cohesion

As highlighted in the preservation literature review, qualitative indicators that can be used to evaluate the economic impacts of local historic district designations have not been adequately studied in comparison to quantitative indicators. The review of the arts and parks literature and interviews with experts reveal some options for qualitative indicators and metrics that could be transferred to historic preservation and adapted to measure these economic impacts. This chapter will focus on one of those qualitative indicators, community cohesion, and how it can be measured in local historic districts.

Measuring Community Cohesion

In 2003, the Trust for Public Land held a colloquium with parks experts and economists with the goal of developing metrics that could be used to more comprehensively analyze the economic impacts of parks. One of the qualitative indicators that was studied during this conference was community cohesion and how the development and maintenance of parks could help build social capital. The similar process of the identification, designation, and stewardship of local historic districts also establishes social capital in neighborhoods.

Social capital and community cohesion are indicators also referenced in the arts literature. For example, the 2004 study “Gifts of the Muse” notes that social contact is facilitated through the public realm of the arts, creating strong social bonds and networks in a community. This public realm created by the arts and parks is reflected in historic districts, and the creation of social bonds and networks occurs through local preservation organizations dedicated to the designation and preservation of local historic districts.

As detailed in the 2009 report “Measuring the Economic Value of a City Park System,” the economic benefits of social capital cannot be directly measured, but community cohesion can be estimated through the examination of time and money spent by communities maintaining and improving local parks. In the fall of 2012, Peter Harnik of the Trust for Public Land noted that as public goods, local historic districts and local parks share many of the same values, and certain metrics from the 2003 parks conference, such as community cohesion, could certainly be adapted for preservation economics. The metric developed by parks experts and economists to quantify community cohesion impacts as a result of local parks presented in the 2009 report is shown below:

55 Conversation with Peter Harnik, Director of the Center for City Park Excellence, Trust for Public Land (November 30, 2012).
In this metric, all local organizations that focus on parks development and maintenance were identified. Then the number of volunteer hours of each organization was multiplied by the Independent Sector’s volunteerism value for Pennsylvania, and then added to financial contributions given to these organizations, in order to establish a quantitative value of community cohesion that occurs as a result of its parks organizations. Since many local preservation organizations are established to identify and promote local historic districts, this parks metric could certainly be used in evaluating the impacts of local historic district designations on community cohesion.

### Applying the Community Cohesion Metric

**Case Study 1: Greenwich Village Historic District (Manhattan, New York)**

The Greenwich Village Historic District, designated by the LPC on April 26, 1969, is one of the oldest local historic districts in New York City. Research reveals that there are two organizations focused solely on preservation issues in Greenwich Village: the Greenwich Village Society for Historic Preservation, which was founded in 1980 to preserve the architectural history and cultural heritage of the Village, and the Manhattan Community Board 2 Landmarks and Public Aesthetics Committee, which was established in 1975 as an advisory liaison between the City and Greenwich Village. The amount of volunteer and financial contributions to these local preservation groups was calculated to estimate the total value of community cohesion in the neighborhood created as a result of the Greenwich Village Historic District. The community cohesion value of the Greenwich Village Historic District is calculated in the table below, based upon the Philadelphia parks model from the 2009 report:

![Community Cohesion Value: Park Supporters in Philadelphia](image)

In this metric, all local organizations that focus on parks development and maintenance were identified. Then the number of volunteer hours of each organization was multiplied by the Independent Sector’s volunteerism value for Pennsylvania, and then added to financial contributions given to these organizations, in order to establish a quantitative value of community cohesion that occurs as a result of its parks organizations. Since many local preservation organizations are established to identify and promote local historic districts, this parks metric could certainly be used in evaluating the impacts of local historic district designations on community cohesion.

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As established in the Philadelphia parks study, the volunteer hours of each organization dedicated to the local Greenwich Village Historic District were tallied. The Greenwich Village Society for Historic Preservation (GVSHP) did not keep track of the organization’s volunteer hours for 2012, so the volunteer hours were estimated. Dana Schulz, the GVSHP’s Program and Administrative Associate reported that there were 25 active volunteers in 2012, including unpaid interns. Five of these volunteers were highlighted as very active. To be conservative, it was estimated that the five very active volunteers worked one hour a week, or a total of 260 hours per year. In 2012, the organization held 42 events, including 21 lectures and presentations, seven walking tours, and three film screenings, as well as historic theater tours, archive tours, panel discussions, tours of interior landmarks, and other events. On average, these events lasted for two hours each, totally approximately 84 hours. Assuming that 15 of the 20 less active volunteers assisted at each event constitutes a total of 1,260 volunteer hours.57

Additionally, in May of 2012 the GVSHP held its 14th Annual Village House Tour Benefit, which included 4.5 hours of self-guided tours of homes in the Greenwich Village Historic District, as well as a subsequent, two hour long cocktail reception. Sheryl Woodruff, Senior Director of Operations at the GVSHP reported that approximately 135 people volunteered for the 2012 House Tour Benefit, resulting in approximately 878 hours of additional volunteer time.

The GVSHP has a 20 person, all-volunteer Board of Trustees that meets six times a year for approximately two hours per meeting, totaling 240 hours of volunteer time. Board members also donate volunteer time to nine GVSHP committees, along with other public volunteers. Committee meeting lengths and frequencies vary depending on projects undertaken by the GVSHP, but to be conservative it was estimated that each meeting in 2012 lasted approximately two hours. In 2012, the archives committee (eight members), nominating committee (eight members), and awards committee (11 members) each met twice while the development committee (11 members) met four times in 2012. The financial committee (10 members) and programs committee (six members) both met

<table>
<thead>
<tr>
<th>Greenwich Village Historic District &amp; Community Cohesion in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Greenwich Village Society for Historic Preservation</td>
</tr>
<tr>
<td>Manhattan Community Board 2 Landmarks and Public Aesthetics Committee</td>
</tr>
<tr>
<td><strong>Total Value</strong></td>
</tr>
</tbody>
</table>

57 Conversations with Dana Schultz, Program and Administrative Assistant, Greenwich Village Society for Historic Preservation (February 26-27, 2013).
five times while the benefit committee (21 members) and education committee (11 members) each met six times in 2012. The preservation committee (12 members) was the most active GVSHP committee in 2012, meeting every month during the year. In total, 1,028 volunteer hours were dedicated to the nine GVSHP committees.\(^{58}\) In total, it is estimated that approximately 3,666 volunteer hours were donated to the GVSHP in 2012 to protect and promote the historic resources in the Greenwich Village Historic District. This number was then multiplied by $27.32, the average value of one hour of volunteer work in New York State in 2010 (the latest year of available data) as determined by the Independent Sector.\(^{59}\)

The value of volunteer hours was added to the annual financial contributions received by the GVSHP. As stated in the GVSHP’s 2011-2012 Annual Report, the GVSHP received $225,157 in membership support and $138,740 during fundraising events, totaling $363,897. While the GVSHP also received other donations in the form of grants and earned revenue, these aren’t financial contributions from the community; therefore, they weren’t included in the analysis of community cohesion.\(^{60}\) As shown in the table above, community cohesion in the Greenwich Village Historic District as a result of the GVSHP in 2012 totaled approximately $464,052.

The Landmarks and Public Aesthetics Committee (LPAC) of Manhattan’s Community Board 2 is also dedicated to stewardship of the Greenwich Village Historic District. Although the LPAC is a public advisory body that does not receive financial contributions from the community, it consists of volunteers that dedicate their time to preservation-related issues in the area. Like the GVSHP, the LPAC does not document annual volunteer hours. As reported by Bob Gormley, District Manager for Manhattan Community Board 2, the LPAC is one of the busiest committees of Community Board 2, meeting a total of 23 times in 2012. There are 10 LPAC board members (seven of which are also members of Community Board 2’s Full Board) and five public members who attend all LPAC meetings.\(^{61}\) While guests at these meetings do sign in, attendance is not formally tallied by the Community Board. Unfortunately, the length of these LPAC meetings is also not documented and, as Manhattan Community Board 2’s Community Coordinator Florence Arenas noted, an average length is difficult to determine, as it varies

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\(^{58}\) Conversations with Sheryl Woodruff, Senior Director of Operations, Greenwich Village Society for Historic Preservation (March 19 & March 28, 2013).


by week depending on the number of applications to review. Therefore, the LPAC resolutions brought forth and public comments regarding these resolutions at Community Board 2’s monthly Full Board meetings were tallied for 2012, and conservative estimates of time and volunteer hours were based on the tallies.

There were 11 Manhattan Community Board 2 Full Board meetings in 2012, and each was documented, including the attendance of the 50 volunteer board members, public citizens present, as well as resolutions voted on. According to the Standing Committee Reports of the Full Board minutes, there were 66 resolutions brought forth by the LPAC in 2012 regarding properties in the Greenwich Village Historic District. To be conservative, it is assumed that each resolution took five minutes to vote on at the Full Board meeting, and 20 minutes of discussion at the bi-monthly LPAC meetings, totaling 5.5 Full Board hours and 22 LPAC hours focused on these resolutions. Since there are 50 Full Board members, 10 LPAC members, and five LPAC public members, there were a combined total of 605 volunteer hours dedicated to the Greenwich Village Historic District in 2012.

According to the Community Board 2 Full Board reports, there were also four members of the public who commented on LPAC resolutions during the 12 Full Board meetings in 2012. Each public citizen who comments on a resolution has three minutes to speak at the Full Board meeting, and it is assumed each spoke for approximately 10 minutes at the LPAC meeting. Therefore, an additional 52 volunteer hours were dedicated to commenting on LPAC-related issues in 2012 by members of the public, totaling 657 of volunteer hours donated to Community Board 2 regarding the Greenwich Village Historic District in 2012. This number was then multiplied by $27.32, the average value of one hour of volunteer work in New York State in 2010 (the latest year of available data) as determined by the Independent Sector.

Overall, as shown in the table above, the Greenwich Village Historic District attracted approximately 4,323 hours of volunteer hours and approximately $363,897 of financial contributions in 2012, totaling an estimated $482,001 in community cohesion. Without the local historic district, these groups would probably not exist and the social bonds and networks established by the 4,323 hours of volunteer work would have never occurred.

Additionally, there are two landmark organizations that operate on a citywide basis: the Historic Districts Council (HDC) and the New York Landmarks Conservancy (NYCL).

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62 Conversations with Florence Arenas, Community Coordinator, Manhattan Community Board 2 (March 22 & March 25, 2013).
Neither of these organizations document volunteer hours donated annually, making it difficult to calculate how many hours each organization focused specifically on the Greenwich Village Historic District in 2012. For example, while the HDC hosts numerous events throughout the year, Nadezhda Williams, the HDC’s Director of Preservation and Research noted that the organization only has volunteers at a few large events, and that their primary work is with all-volunteer organizations that work on a more local basis, like the GVSHP. Therefore, while the HDC does have representatives testifying at New York City Landmarks Preservation Commission public hearings regarding historic resources in the Greenwich Village Historic District, the hours spent preparing for and participating in these meetings can be attributed to the HDC staff rather than volunteer work. Nevertheless, it is important to note that HDC and NYLC do undertake these types of activities, providing technical assistance for local preservation groups, because they help to reinforce the community cohesion established by GVSHP and LPAC.

Case Study 2: Nantucket Historic District (Nantucket, Massachusetts)

In contrast to the urban atmosphere of the Greenwich Village Historic District in New York City is the more suburban Nantucket Historic District in Nantucket, Massachusetts. Designated by the Nantucket Historic District Commission in 1955 and expanded in 1971, the Nantucket Historic District is one of the oldest locally-designated historic districts in the country. The Nantucket Preservation Trust is a local preservation organization focused on this historic district. Unlike New York City, Nantucket does not have any community boards or large landmarks groups in addition to the local preservation organization. The community cohesion of the Nantucket Historic District can be measured by the volunteer hour and financial contributions to this organization, and detailed below:

<table>
<thead>
<tr>
<th>Nantucket Historic District &amp; Community Cohesion in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization</td>
</tr>
<tr>
<td>Nantucket Preservation Trust</td>
</tr>
</tbody>
</table>

The Nantucket Preservation Trust has four committees of 15 people who meet twice a month in 2012. To be conservative, it was estimated that these groups meet for one hour each time, resulting in approximately 1,440 volunteer hours. In addition, the organization had nine hours of events in 2012. It was assumed that 10 people volunteered at each event, increasing the total volunteer time in 2012 to 1,530 hours. The value of volunteer hours was then multiplied by the Independent Sector’s average value of one hour work in Massachusetts, which was $26.84 in 2010 (the most recent year of available

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65 Conversation with Jenna Smith, Special Events and Membership Manager, New York Landmarks Conservancy (February 25, 2013).
Conversation with Nadezhda Williams, Director of Preservation and Research, Historic Districts Council (February 28, 2013).
data). Per GuideStar Nonprofit Reports, the annual revenue of the Nantucket Preservation Trust was $432,842 in 2011 (this 2011 report reflects the most recent data available; it is assumed that the 2012 revenue was similar based on the list of 2012 donors provided by the Nantucket Preservation Trust).66

As was the case in Greenwich Village in New York City, the Nantucket Historic District resulted in a local community group dedicated to the preservation activities in the district, which amassed approximately 1,530 hours of volunteer work in 2012, establishing social networks and bonds within the Nantucket community. Without the local historic district, this group and the community cohesion established by its networks would have never occurred.

**Conclusion**

The metric of community cohesion established by parks experts and economists can clearly be transferred to the evaluation of local historic district designations. The amount of volunteer and financial contributions to these local preservation organizations highlights the amount of community cohesion created as a result of the long-established Greenwich Village and Nantucket Historic Districts. While these are both examples of preservation organizations in more affluent areas where local designations have been established for many years, they nevertheless illustrate the impacts of local historic districts on community cohesion. Without the local Greenwich Village and Nantucket Historic Districts, there would be likely be no (or a much less active versions of the) Greenwich Village Society for Historic Preservation, Manhattan Community Board 2’s Landmarks and Public Aesthetics Committee, or Nantucket Preservation Trust establishing a social network in the public realm, bringing together many different members of the local community and creating social bonds. Even though applying this metric to less dense, less affluent communities in the United States may divulge lower numbers of community cohesion, the quantitative values that this metric does create exposes community cohesion that would not exist in the absence of local historic district and historic district-oriented organizations.

Additionally, the numbers calculated in the community cohesion metric could be expanded if more volunteer information was documented by these local groups. For example, time taken by local community members to compose letters and attend public rallies regarding the historic resources of the Greenwich Village or Nantucket Historic Districts would certainly increase the total volunteer hours dedicated to these groups. However, as detailed below in “Recommendations,” local groups such as the GVSHP, Community Board 2’s LPAC, and the Nantucket Preservation Trust do not document annual volunteer hours, which would be vital for a complete assessment of community cohesion.

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cohesion in these neighborhoods.

The community cohesion figure below illustrates how preservation efforts that occur as a result of local historic district designation enhance community cohesion. The vertical axis is an index of community cohesion and the horizontal axis is time. The argument being made here is that the efforts community members make to preserve their built environment result in the creation of stronger social ties among community members, reflected in the Community Cohesion Index below. Community cohesion increases over the null situation or the situation where no efforts at preservation have been made. The distance between the red line, the null case, and the blue line, the preservation effort, measures the social value of the time invested to local preservation organizations by members of the community. It is important to note that because this is an ongoing effort the social capital created through the time investments of community members accumulates as a form of social capital. Therefore the total triangle formed by the two lines is a measure of that enhanced social capital in the form of stronger community cohesion.

This graph also highlights how the community cohesion metric could be used to measure volunteer hours dedicated to local preservation organizations before historic district designation occurs. Many hours are spent by communities to argue for local designation and prepare for the designation meetings and hearings, including time spent on research, documentation, and advocacy. Calculating the pre-designation community cohesion would be a valuable tool for planners and preservation advocates who wish to document the economic impacts that occur before designation, including increased community cohesion. Therefore, the community cohesion metric would be a valuable measurement for the evaluation of pre- and post-designation economic impacts, a tool which does not currently exist in the debates regarding the economic impacts of local historic district designations.
Quality of Place and the Attraction of Residents and Businesses

As discussed in the preservation literature review, Clinton Andrews defines quality of place as “an aggregate measure of the factors in the external environment that contribute to quality of life” which is then defined as “a feeling of well-being, fulfillment, or satisfaction on the part of residents or visitors to a place.” Based on the nonmarket values of historic districts detailed above, local historic district designation ultimately enhances quality of place within districts, presumably attracting new residents and businesses to the area. In their 2011 report, David Listokin and Michael L. Lahr acknowledge that quality of place tends to attract the “creative class” and recommend that this indicator be more adequately studied.

As detailed in Ashish Arora, Richard Florida, Gary J. Gates, and Mark Kamlet’s 2000 study, “Human Capital, Quality of Place, and Location,” over the past several decades, the economy in the United States has dramatically shifted. Industrial businesses which located factories and offices according to the need for local raw materials has given way to professional industries which seek out certain types of skilled workers and tend to locate where these workers reside. In his book The Rise of the Creative Class, Richard Florida reiterates this idea that companies follow the “creative class” to wherever they decide to live (or are oftentimes started by them in those areas). He defines the “creative class” as the socioeconomic group of knowledge-based professionals, and states that this group is increasingly important as “regional economic growth is driven by the location choices of creative people.” As such, it is important to understand whether or not public policies like local historic districts have a tendency to attract these types of residents and businesses to an area. This is a key indicator in attempting to measure the full economic impacts of local designations.

In The Rise of the Creative Class, Florida addresses the qualitative indicator of the attraction of residents and businesses and focuses on three questions: “How do we decide where to live and work? What really matters to us in making this kind of life decision? How has this changed and why?” Florida remarks that throughout his research focus groups, creative class professionals usually cited lifestyle as a more important factor in choosing where to live than employment.

Chapter 12 of Florida’s book is titled “The Power of Place,” and concentrates on the factors that go into the location choices of these creative professionals. Florida defines quality of place as “all of the factors that go into creative class location decisions.” These factors include, among others, identity, authenticity and uniqueness, which are several of the values found within historic districts. In regards to identity, which is a key value of historic district designation, Florida notes how the places one lives are increasingly defining one’s identity, as opposed to where one works which had been the major classification of past generations. Florida further highlights how the values of the creative class mirror those of historic districts by defining authenticity. He states that “authenticity comes from several aspects of a community – historic buildings, established neighborhoods, a unique music scene, or specific cultural attributes.” Three of these factors are directly derived from historic district designation. Florida declares that creative professionals also prefer authentic places since they offer unique and original experiences, also key values in historic district designations. Through his analysis, it is clear that the creative class would be attracted to places like local historic districts where these values can be found. 70

Measuring the Attraction of Residents and Businesses
While the attraction of residents and businesses has been reviewed in the preservation literature, it has never been fully addressed in these studies, even though it would provide a significant measurement that would help to more accurately depict the full economic impacts of preservation and, more specifically, of historic district designation. Ways to measure the attraction of residents and businesses to an area has been researched more thoroughly in other fields related to preservation, such as the arts and parks, and could certainly be customized for preservation purposes.

In his 2002 study, “How the Arts Impact Communities,” Joshua Guetzkow notes that arts organizations and events “may play a role in attracting residents and businesses to (re)locate to a community by improving its image and making it more appealing.” He articulates that those residents attracted tend to be skilled workers, the same group of professionals that Florida described. Guetzkow states that the value of arts as a public good is most often measured by willingness-to-pay surveys. These types of surveys are cited throughout the arts and parks literature as a way to measure the attraction of residents and businesses. 71

For example, the 2004 report “Gifts of the Muse” utilizes surveys to examine how the arts attract residents and businesses to areas. Labeling the indicator an indirect economic benefit, the study notes how surveys are used to determine the preferences of...

potential residents with regards to access to the arts, making sure to differentiate the types of workers each group has. Surveys are also used to determine preferences of firms to see what types of workers they seek. Ultimately these surveys illustrate how access to the arts can attract certain types of residents, and thus firms to an area.\textsuperscript{72}

Stated-preference studies are well-established methods of measuring the nonmarket value of public goods. While there are multiple types of stated-preference studies, the most prevalent methods in the environmental and cultural fields are choice modeling (CM) and contingent valuation (CV). CM surveys have descriptions of the different attributes of a particular public good, and can ask respondents to rank these attributes in order of preference, rate each attribute in line with a preference scale, or select the preferred attribute from the group. Through these answers, CM surveys reveal why a person would be willing to do something regarding the public good, such as visiting a historic site. One of the biggest advantages of using a CM survey is that it has the capacity to deal with multidimensional changes to a nonuse public good.\textsuperscript{73} An example of a CM survey is below:

\textbf{Box 3: A Choice Modelling Choice Set}

<table>
<thead>
<tr>
<th>Attribute</th>
<th>“Status Quo” alternative</th>
<th>Proposed alternative 1</th>
<th>Proposed alternative 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of endangered species</td>
<td>5</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Hectares of healthy native vegetation</td>
<td>1500</td>
<td>1800</td>
<td>2100</td>
</tr>
<tr>
<td>Visitor days per annum</td>
<td>2000</td>
<td>3000</td>
<td>2000</td>
</tr>
<tr>
<td>Cost to you ($)</td>
<td>0</td>
<td>20</td>
<td>10</td>
</tr>
</tbody>
</table>

Please circle your preferred option.

I would choose the Status Quo at no cost to me........................................ 1
I would choose Alternative 1 at a $20 cost to me ........................................ 2
I would choose Alternative 2 at a $10 cost to me ........................................ 3

Alternatively, CV surveys typically require respondents to evaluate how a change regarding a public good might affect them, and ask how much money the respondent would be willing to pay or willing to accept to maintain the existing status of a certain nonmarket good.\(^{75}\) CV surveys are based on surveys of actual consumer preferences rather than quantitative market data and, as Randall Mason notes in his 2005 annotated bibliography, they are “more sensitive to the multiple values of heritage” because of the numerous ways to design them. CV surveys have been more widely used in evaluating qualitative indicators in the environmental and cultural fields than CM studies.\(^{76}\) In the 2002 report “Assessing the Values of Cultural Heritage,” Susana Mourato and Massimilano Mazzanti state that “in the context of the currently available valuation techniques, the CV method and its derivatives can arguably be considered the best available techniques to establish the total economic value of cultural assets that are not usually traded in the market and where nonuse values are thought to be an important component of value.”\(^{77}\) Two examples of CV surveys are presented below:

**Arts in Kentucky**

**Scenario 1: INCREASE ARTS GRANTS AND PERFORMANCES BY 25 PER CENT**

Arts organizations in Kentucky put on hundreds of theatre performances, music performances, and art exhibits throughout the state each year, employing both professionals and volunteers. Individual artists also produce art for sale, performances, and exhibits throughout Kentucky. Some of these performances are held in one of the 12 performing arts centers shown on the previous map.

Part of the funding to support arts organizations and performing arts centers comes from state and local tax dollars. Private donations are another important source of funding. In addition, many individual artists in Kentucky are chosen each year to receive grants of up to $5,000 to support their work.

A fundraising organization has been founded in Kentucky to raise money to support more arts performances in Kentucky. The organization intends to raise enough money to allow the number of grants received by artists and the number of performances held by arts organizations at performing arts centers and other locations to increase by 25 per cent.

Given this scenario, would your household be willing to donate $10 each year to support this 25 per cent increase in Kentucky in performances and exhibits and grants to artists? Remember that any donated money could instead be spent for other purposes such as attending movies, going to concerts, or helping pay for vacations.

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\(^{75}\) In their 2004 work “Estimating the Public Good Value of Preserving a Local Historic Landmark,” Robert W. Kling, Charles E. Revier, and Karin Sable define willingness to pay as the “maximum amount a person would willingly pay, given their current income, as well as current levels of market prices and other background conditions, to receive a specified increment of a public good.” The report defines willingness to accept as the “minimum amount of compensation a person would willingly accept to forego a proposed increment under similar given conditions.”


Scenario 2: DECREASE ARTS GRANTS AND PERFORMANCES BY 25 PER CENT OR 50 PER CENT

Arts organizations in Kentucky put on hundreds of theatre performances, music performances, and art exhibits throughout the state each year, employing both professionals and volunteers. Individual artists also produce art for sale, performances, and exhibits throughout Kentucky. Some of these performances are held in one of the 12 performing arts centers shown on the map.

Part of the funding to support arts organizations and performing arts centers come from state and local tax dollars. Private donations are another important source of funding. In addition, many individual artists in Kentucky are chosen each year to receive grants of up to $5,000 to support their work.

However, both state and local governments are planning to cut back government funding for these performing arts centers. This is expected to reduce the budgets for arts organizations, performing arts centers, and artists. As a result, performances held by arts organizations at performing arts centers and other locations as well as art by individual artists receiving grants will fall by 25 per cent.

Given this scenario, would your household be willing to donate $10 each year to avoid this 25 per cent reduction in Kentucky in performances and exhibits and art produced by artists receiving grants? Remember that any donated money could instead be spent for other purposes such as attending movies, going to concerts, or helping pay for vacations.78

Surrey History Centre, United Kingdom

Please imagine the following situation. Priorities for public spending are changing in the United Kingdom. One of the sectors that will be negatively affected by government budgetary cuts is the libraries and archives sector that contains a great part of our recorded heritage. Due to this situation, unless additional resources are found, the Surrey History Centre might close down in 2001. As a result, all the resources contained in this archive will be lost as collections and may experience deterioration, or be dispersed (relocated to a number of other institutions) or be sold. Obviously some materials now contained in the Surrey History Centre may also be found elsewhere: but other materials and information are unique and might be therefore lost forever.

Now suppose that the council is considering charging every local household an annual council tax surcharge for an emergency grant to ensure that the Surrey History Centre does not close down, that the services it provides to the community can be maintained at their current levels, and that all scheduled investments will continue to go ahead. It was estimated that this would cost each household in the council £5 per year.

Please think about how much keeping the Surrey History Centre open is worth to you and your household. If it would cost each household only a small amount of money, then you might think that it was a price worth paying. On the other hand, if it was going to be very expensive, then you might prefer not to pay it and to have the archive close down.

Would you agree to pay an extra £5 per year in council taxes to prevent the closure of the Surrey History Centre and to ensure that its services are maintained at their current level?79

Surveys used in Measuring the Economic Impacts of Historic District Designations

The survey methods used by environmental and cultural groups could certainly be incorporated in evaluating the nonmarket values of historic preservation, and in particular measuring the economic impacts of historic district designations. Although both the CM and CV methods have limitations, they have been successful in measuring the qualitative indicators of studies of parks and the arts, and should be used in more widely historic preservation. As it is more well-established and pertinent to this study, the CV survey will be adapted to measure the qualitative indicator of attracting residents and businesses to historic districts. Instead of donations, historic district surveys could be used to find out if certain groups of people would prefer to live in historic districts given their resources as public goods. Moreover, CV surveys would underline whether these groups of people would be willing to pay to live in a historic district which requires continual upkeep of the historic architecture. Additionally, CV surveys could be used to find out if companies would prefer to relocate to historic districts or areas near historic districts given the preferences of their preferred employees.

Development and Administration of a Local Historic Districts Survey

The development of a Local Historic Districts Survey would be based on successes and failures of arts and parks surveys, such as the Kentucky Arts Survey and the Surrey History Centre Survey detailed above, while catering to specific preservation and planning questions. Local landmarks organizations would be the best to administer the survey in their respective municipalities, as they would have the knowledge of specific local district regulations. Although administering a Local Historic Districts Survey is not within the scope of this thesis, an example of how it could be administered on a local level is detailed below, based on the Greenwich Village Historic District in New York City.

Glenn Blomquist, an administrator of the Kentucky Arts Survey at the University of Kentucky’s Center for Business and Economics Research, noted that the affiliated organizations’ budget determined how large a sample size the survey could be sent out to. Although the budget is not publically available, Blomquist cited printing and postage as the main costs of administering the survey, as well as the staff time dedicated to developing the survey, stuffing envelopes, and documenting and analyzing survey responses. The budget ultimately allowed for 1,200 Kentucky Arts Surveys to be mailed out. Since those involved in the survey were more interested in responses from those within the art community, it was determined that half of the survey would be sent to randomly selected Kentucky households and the other half would be sent to households of arts patrons.⁸⁰

The survey for the Surrey History Centre in the United Kingdom was administered in a slightly different manor. As detailed by Julian Pooley, the Team Leader of Heritage

⁸⁰ Conversation with Glenn Blomquist, Professor of Economics and Public Policy, University of Kentucky (March 20, 2013).
Public Services for the Surrey History Centre, the survey was carried out by EFTEC, an environmental economics consulting firm. Staff spent two weeks on the site of the Surrey History Centre and surveyed people who were using the archives as well as random passersby who had no affiliation with the Centre, a method drastically different than that used in Kentucky. Ece Ozdemiroglu, Founding Director of EFTEC, noted that the budget for the Surrey Historic Centre Survey is not publicly available, but suggested investing in professional interviewers or market research companies, such as YouGov or IPSOS Mori, when administering the Local Historic Districts Survey. She also recommended using SurveyMonkey as a cheaper alternative, which would certainly be a consideration for local preservation groups which tend to be non-profits with small operating budgets.\(^{81}\)

While the person-to-person survey method used for gathering data in the Surrey Historic Centre Survey would reduce the need for postage and other mailing costs, the methods administered by the Kentucky Arts Survey would be more in line with the scope of the Local Historic Districts Survey, as it would probably be more efficient to send a mass mailing of surveys as was done in the Kentucky Arts Survey. Nevertheless, the method of administering the survey to a random sampling of people on the street could be incorporated if the local preservation organization did not have a time constraint on data gathering. Volunteers could stand on the street both in and outside local historic districts and ask random passersby to fill out the survey form.

The Local Historic Districts Survey could be distributed via mail; however, it would be much less expensive to distribute the survey via email where applicable using a free online service, such as SurveyMonkey recommended above by Ozdemiroglu, or have volunteers asking random passersby to fill out the survey on the street. Since the Local Historic Districts Survey would be designed to evaluate the preferences of residents and companies for locating in local historic districts, several different surveys would have to be developed. Like the Kentucky Arts Survey, the different variations of the Local Historic Districts Surveys would begin with a section attempting to categorize respondents by demographics. This would help determine what the characteristics are of residents and businesses that do and do not want to be located in local historic districts. The surveys would then provide an explanation of local historic district regulations in the municipality, and ask whether respondents would be willing to relocate (or why they are currently located) in or near these districts. It would be ideal for surveys to be administered by the local preservation organizations as they would have an understanding of local historic district regulations and could thoroughly answer questions of respondents, like the GVSHP or the Nantucket Preservation Trust. Larger landmarks organizations that focus on entire municipalities, such as the HDC or NYLC in New York City, planning organizations, or even local governments would also be ideal administrators of the Local Historic Districts Survey because of their large budgets, given

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\(^{81}\) Conversation with Julian Pooley, Team Leader, Heritage Public Services, Surrey History Centre (March 22, 2013). Conversation with Ece Ozdemiroglu, Founding Director, EFTEC (March 25, 2013).
that they have working relationships with the smaller, more localized preservation organizations.

The first version of the Local Historic Districts Survey would cater to existing residents and businesses already located in local historic districts, inquiring as to whether the existence of the district was a significant factor in their location decision. These surveys would likely have to be distributed via mail since the addresses of residents and companies are easily compiled, but their email addresses are typically not publicly available. As noted in the Kentucky Arts Survey, addresses of residents and businesses could be compiled by large marketing firms, such as InfoUSA. In order to save money, postcards with a SurveyMonkey link could be sent to these residents and businesses, rather than fully printed surveys with return envelopes and postage. Additionally, many of the residents and companies in these local historic districts could potentially be members and sponsors of local preservation organizations which would have their email addresses on file. Those residents and businesses could receive an email with a SurveyMonkey link, rather than a postcard, in order to manage expenses.

A second version of the survey would be for a random sampling of the general population and businesses within a municipality but not located within a local historic district. This survey would inquire as to whether or not these residents and companies would be willing to move to local historic districts, and why. This version of the Local Historic Districts Survey would also need to be sent via mail and could use addresses of residents and businesses compiled by InfoUSA or another similar firm. Like with the first proposed version of the survey, postcards could be sent with links to SurveyMonkey in order to save money and time. The option of having volunteers standing on the street and asking random passersby to fill out the survey could also be used to gather information for the second version of the survey, if the local preservation organization has a lot of volunteers who would be willing to do the work.

The second version of the Local Historic Districts Survey could also be distributed to residents and companies affiliated with local preservation organizations, including members, volunteers, patrons, and donors. The survey would be distributed via email, since local preservation organizations would likely have an email database of residents and companies that are affiliated with preservation efforts. The survey could also be administered to members of the community attending events sponsored by the local preservation organizations. It is assumed that the responses from these groups would be biased, as the respondents are affiliated with local preservation organizations or have enough of an interest in historic architecture and landmarking to attend their events. However, the first section of the Local Historic Districts Survey would directly ask if people have recently donated to local preservation organizations. If the results of the survey show that many people responded yes, then a larger proportion of the second
version of the Local Historic Districts Survey could be sent to the random population in order to alleviate the assumed bias in survey responses.

Below are examples of the different versions of the Local Historic Districts Survey for the Greenwich Village Historic District, modified from the examples presented by the arts and parks surveys. These are the surveys that would be sent to residents; companies would receive slightly modified versions that focus on the type of business, number of employees, and decision-making in the company. All versions would have the same introduction, identifying key household or business characteristics.

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**Local Historic Districts Survey:**

*Greenwich Village Historic District, NYC*

**Section 1: Household Characteristics**

1. How many people (including yourself) live in your household? _______ residents

2. How many of these residents are 17 years old or younger? _______ residents

3. What is the highest degree received in your household? (Please circle)
   - Less than high school
   - High school diploma or equivalent
   - Some college
   - Associates Degree
   - Bachelors Degree
   - Masters Degree or higher

4. What are the current occupations of members of your household?

__________________________________________________________________________

5. Do any members of your household donate to local preservation organizations? If so, which organizations? ____________________________________________________________

6. What is your current address? ______________________________________________

7. Is your current address in a local historic district? *(Please circle)*
   - Yes
   - No
   - I don’t know

8. Do you rent or own your home? *(Please circle)*
   - Rent
   - Own
Section 2: Household Location (version 1)

Local historic districts are imposed by municipalities to protect important historic and architectural buildings from demolition or inappropriate alterations. In New York City, local historic districts are established under the Landmarks Law. In local historic districts, the New York City Landmarks Preservation Commission (LPC) oversees proposed changes by private property owners. The LPC typically restricts alterations, demolitions, and new construction, and requires external building maintenance within the historic district boundaries, preserving the historic character of an area.

As a result of these regulations, local historic districts in New York City provide a sense of stability in the real estate market of the neighborhood since changes to buildings are controlled and new development is generally restricted. Additionally, local historic district regulations allow for the preservation of historic architecture which offers history, culture, and education to an area, resulting in a unique sense of place and identity for communities, creating shared experiences and social capital.

The Greenwich Village Historic District was established in 1969 and encompasses the area of Lower Manhattan outlined in the attached map. Did you choose to reside in the Greenwich Village Historic District in order to be located near the cultural resources preserved by designation?

Is there any other information that you wish to provide?

Section 2: Household Location (version 2)

Local historic districts are imposed by municipalities to protect important historic and architectural buildings from demolition or inappropriate alterations. In New York City, local historic districts are established under the Landmarks Law. In local historic districts, the New York City Landmarks Preservation Commission (LPC) oversees proposed changes by private property owners. The LPC typically restricts alterations, demolitions, and new construction, and requires external building maintenance within the historic district boundaries, preserving the historic character of an area.

As a result of these regulations, local historic districts in New York City provide a sense of stability in the real estate market of the neighborhood since changes to buildings are controlled and new development is generally restricted. Additionally, local historic district regulations allow for the preservation of historic architecture which offers history, culture, and education to an area, resulting in a unique sense of place and identity for communities, creating shared experiences and social capital.

The Greenwich Village Historic District was established in 1969 and encompasses the area of Lower Manhattan outlined in the attached map. Would you be willing to reside in the Greenwich Village Historic District given the restrictions on private property in order to be located near the cultural resources preserved by designation?

Is there any other information that you wish to provide?
The responses of these different types of surveys would provide a well-rounded picture of what the stated-preferences are of residents and businesses, and their potential attraction to locating in local historic districts. The initial household characteristics questions would help to highlight which groups of people prefer to reside in local historic districts. In a business-oriented survey, the household characteristics would be replaced with company characteristics, to highlight what types of businesses prefer to locate in local historic districts. Based on the literature review, it would be expected that the “creative class” of workers and their respective companies would be those more inclined to live in local historic districts. Another variation on the Local Historic Districts Survey would be to ask respondents how many would prefer to locate near, rather than in, a local historic district. This would remove the regulations that are imposed as a result of designation and allow them to be within distance of the historic resources, but would also remove the sense of real estate security that occurs as a result of the regulations. The Local Historic Districts Survey is a metric that would provide the data necessary to measure the attraction of residents and businesses to local historic districts, a qualitative indicator that is currently understudied and would be a great asset for a comprehensive evaluation of the economic impacts of local historic district designation.

The indicator “attraction of residents and businesses” is a qualitative measurement that is closely linked to the quantitative indicator of property values; however, it provides an assessment of quality of place that property values alone can't measure. As Ed McMahon, the Charles E. Fraser Chair on Sustainable Development at the Urban Land Institute, articulated in his 2012 lecture The Power and Profit of Place: The Economics of Aesthetics, a “surrounding environment affects a value of a house more than its size, whether or not it has a pool, etc.”82 These quality of place aspects that are so prevalent in historic districts are often overlooked when evaluating just the quantitative data related to property values and are understudied as an indicator of the economic impacts of local historic district designations. When utilized, the Local Historic Districts Survey will provide part of this necessary valuation.

Applying the Local Historic Districts Survey to Existing Literature

As discussed in the literature review, most studies regarding the economic impacts of historic district designations focus on only one aspect of economic valuation, such as the change in property values which is typically the easiest data to collect and measure. Other indicators such as jobs, tourism, etc., which are important in measuring the economic impacts of historic districts, are often only evaluated in larger studies which attempt to measure the economic impacts of historic preservation. As the preservation literature review revealed, qualitative indicators such as quality of place and the attraction of residents and businesses, were referenced but rarely measured due to lack of metrics and data.

However, the above Local Historic Districts Survey could be used in any of these economic studies in order to fully evaluate the nonmarket values of historic district designation. For example, Donovan Rypkema and Caroline Cheong completed two reports in 2011 regarding the economic impacts of historic preservation in Connecticut. One was titled “Connecticut Local Historic Districts and Property Values” and the other was “Investment in Connecticut: The Economics Benefits of Historic Preservation.” Including the Local Historic Districts Survey in either of these reports would have greatly enhanced the results.

“Connecticut Local Historic Districts and Property Values,” like most studies of its kind, is very one-dimensional. Historic district designation has a much larger impact on the economy than is revealed in just the changes in property values within and surrounding district boundaries. In addition to the other quantitative indicators that were found in the literature review which could be used to measure the full economic impacts of local historic district designations, the Local Historic Districts Survey would provide a qualitative measure of the impacts.

In “Connecticut Local Historic Districts and Property Values,” Rypkema and Cheong looked at the changes in property values in four very different Connecticut municipalities with local historic districts and commissions: Canton, Milford, Norwich, and Windsor. The report concluded that the rate of property value increases in local historic districts was greater than the rates outside of the districts. In their conclusion, the authors note that “in some cases sophisticated buyers may consciously pay more simply due to having the confidence that the character of the neighborhood they are buying into will not be subject to dramatic, adverse changes,” citing a 2011 survey from the National Association of Realtors which declared that 88 percent of survey respondents said that the neighborhood in which a house is located is more important than the size of the house. The Local Historic Districts Survey is much more focused on the actual values and regulations of local historic districts than the National Association of Realtors survey. The conclusion of this study would have been immensely strengthened if the authors had used the Local Historic Districts Survey to find out what the actual percentage of professionals willing to move into local historic districts would have been.83

Rypkema and Cheong also did a more comprehensive study for the State of Connecticut in 2011 titled “Investment in Connecticut: The Economic Benefits of Historic Preservation.” Although this study focused on the general impacts of historic preservation rather than just the impacts of local historic district designations, it too could have been enhanced by the Local Historic Districts Survey in providing one of many much-needed qualitative impacts of local historic district designations.

As the study details, the Connecticut Commission on Culture and Tourism (CCT) has “a wider mission not just to ‘preserve and promote our architectural legacy’ but to do so in a way that enhances the quality of life and economic vitality of the State.” The CCT oversees many agendas, such as numerous tax and grant programs administered by the Connecticut SHPO which are described in the study. The study concludes that this and other CCT/SHPO programs result in the creation of jobs, leveraging of resources, advancement of sustainable growth, and enhancement of community quality in Connecticut.

Like most of the larger preservation economics studies, “Investment in Connecticut: The Economic Benefits of Historic Preservation” predominately focuses on quantitative indicators with easily accessible data and well-established metrics, such as IMPLAN. Rypkema and Cheong note the importance of “walkability” as a quality “of neighborhoods where historic preservation investment is taking place” and attempt to measure the walkability of neighborhoods, a qualitative indicator, using the walkability index developed by Walk Score. However, no other qualitative indicators that could be used to measure this enhanced neighborhood quality in areas where historic preservation investment is occurring in Connecticut are discussed in the study.

The Local Historic Districts Survey would be an asset for this evaluation, as it would provide measurements of another qualitative indicator to strengthen the conclusions presented in the study. Historic preservation investment occurs in local historic districts, and the attraction of residents and businesses to these districts highlights the enhanced neighborhood quality that this study is trying to evaluate. Along with other necessary qualitative measurements, the Local Historic Districts Survey would strengthen the conclusions that historic preservation investment enhances community quality in Connecticut presented by Rypkema and Cheong in the study.\textsuperscript{84}

An evaluation that takes into account all of the economic indicators listed in the Comprehensive Toolbox is necessary in order to accurately assess the economic impacts of local historic districts and establish a frame for debates between planners, preservation advocates, and opposition groups that encompasses all of the values of local historic district designations, including social benefits. When calculated alone, market-driven economics tend to be short-term measures that only capture a small slice of social values. Evaluating the social and nonmarket impacts of historic district designations is an approach that values the long-term attributes of the built environment. The two indicators proposed in this thesis, in addition to many of the other nonmarket indicators that require further study, take the future into better account than studies focused solely on one market-driven indicator, such as property values. These other nonmarket and public goods values presented as qualitative indicators are necessary in rounding out the discussion and being able to comprehensively evaluate of the economic impacts of local historic district designations.

The Comprehensive Toolbox could be used to measure the economic impacts of any local historic district designation in the United States over time illustrating the long-term value of preservation-oriented investments, and metrics such as the one developed for community cohesion can also measure economic impacts of local historic districts before designation occurs, providing incentives for more local historic district designations. The utilization of multiple quantitative and qualitative indicators would vastly strengthen studies that only focus on one or two indicators, such as property values and heritage tourism. Only then can an honest debate occur between preservationists, planners, and opposition groups about the real economic impacts of local historic district designations, including social benefits.

In addition to the Comprehensive Toolbox, the individual indicators of community cohesion and the attraction of residents and businesses reveal gaps in data collection that would be valuable resources for communities evaluating the economic impacts of local historic districts. None of the local preservation organizations contacted (including organizations that were not evaluated in this thesis) documented annual volunteer hours. If the community cohesion indicator was more widely utilized in measuring the full economic impacts of local historic district designations, it would require local organizations to begin documenting this valuable data. With the advent of easily available and usable computer programs, this data collection would not present a time or monetary a burden on local preservation organizations.
Additionally, the results of the Local Historic Districts Survey could be beneficial beyond being a valuable addition to the Comprehensive Toolbox. If surveys administered in a locality present a strong preference for certain groups of residents and businesses to locate in local historic districts that would ultimately help boost the economy of the municipality, then this would divulge the need for more government money allocated to designating and protecting local historic districts. For example, if the survey focused on the Greenwich Village Historic District discussed above revealed that a significant portion of residents and companies in New York City prefer to locate in local historic districts, then more money could be allocated to the LPC to increase staff and resources.

This thesis and the two metrics proposed are only the start of the work required to complete the Comprehensive Toolbox of indicators. As detailed above, both the community cohesion tables and the Local Historic Districts Survey were adapted from arts and parks literature. Research on how to measure these metrics must continue to evolve. Gathering and adapting additional metrics from the arts and parks literature as well as literature from other fields relevant to historic districts would be a good start. It is also necessary for preservationists to have discussions with economists, much like the Trust for Public Land’s parks colloquium of 2003 and the National Endowment for the Art’s forum of 2009, to help develop metrics and data sources for other quantitative and qualitative values of historic districts that are required in order to comprehensively measure the full economic impacts of designations. The Getty Conservation Institute held a conference in 1998 with preservationists and economists to begin identifying ways to measure the economic values of heritage; however, no other forums have occurred between preservationists and economists in the 15 years since.

There is a reluctance to participate in the economic debates about local historic district designations by the traditional preservation community, as evidenced through the preservation literature review and interviews. The reframing of the debates with opposition groups around the Comprehensive Toolbox and all economic impacts of local designations, including social benefits, could help many of these preservation advocates become more involved in the debates. As evidenced by the literature review, there are several dominant voices in preservation economics: Donovan Rypkema, Randall Mason, and David Listokin. In the future, more preservationists need to participate in these reports, studies, and debates in order to gain new insights and help the development of metrics for all of the indicators in the Comprehensive Toolbox move more quickly.
Planning Implications

As detailed in the introduction, local historic districts have historically faced a lot of backlash from the real estate community due to the perceived negative economic impacts of designations on development opportunities. The recent attacks by the RLC on the LPC and local historic district designations in New York City highlight the need for preservationists and planners to be able to articulate the full economic impacts of designations, including the nonmarket and public good values of local historic districts. Moreover, preservationists and planners need ways to measure the long-term investment that is established with local historic district designations in order to have a serious debate with real estate groups who are generally looking for short-term development benefits. The Comprehensive Toolbox established above provides indicators that would assist in measuring this long-term investment, illustrating that while local historic district designations may inhibit immediate development profits, the long-term public investment of designation and subsequent regulations have a larger benefit for a greater portion of the community.

As the preservation literature review revealed, most studies that have been written about the economic impacts of local historic district designations only focus on several quantitative indicators which are market-driven and easy to measure, such as property values, taxes, downtown revitalization programs, and jobs/employment. Historic districts are also public goods that provide social and nonmarket values which can be measured through the qualitative indicators presented in the Comprehensive Toolbox. If those in favor of local designations want to change the terms of the current debates with opposition groups, they need to utilize this Comprehensive Toolbox to the fullest. Hopefully the results of this comprehensive evaluation will redefine the debates, over time creating a more data-driven, and therefore a more thorough and rich conversation between preservationists, planners, and opposition groups like the RLC.

In the 2012 introduction to his article, “Economics and Historic Preservation,” preservation economist Donovan Rypkema states that the field of historic preservation “has become more about creating healthy communities rather than simply restoring buildings,” a stark contrast to REBNY executive vice-president Michael Slattery’s comments at the 2012 City Council public hearing, “for too long now, landmarking has been misused to address quality of life, neighborhood and development issues.” With an evaluation of local designations based on the Comprehensive Toolbox of metrics, preservationists and planners could argue that as a public good, local historic districts actually do have impacts on the quality and vitality of neighborhoods.

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This debate would heavily impact and shape the planning policies that go into designating local historic districts. The results of studies based on the Comprehensive Toolbox would provide more thorough and calculated assessments of the public and private economic impacts of established local historic districts, helping planners to determine whether or not local historic district designation is appropriate for their community. Planners could evaluate the pros and cons of local designations based on this toolbox. For example, the Historic Districts Survey which attempts to measure the attraction of residents and businesses to historic districts is based on the assumption that qualitative and nonmarket values of historic districts attract the creative class, which in turn boosts the economy of an area. But if metrics established to measure displacement in historic districts reveal that there is a lot of displacement of low-income people that occurs in a historic district as a direct result of designation, planners need to determine whether or not this displacement is worth the attraction of the creative class. On the other hand, when implementing all the metrics used in the Comprehensive Toolbox, planners may find that the revitalization of neighborhoods through designation and attraction of the creative class does not displace vulnerable portions of the population, but rather creates strong economic benefits to be felt throughout an area, and is therefore necessary for enhancement of the municipality.

Studies based on the Comprehensive Toolbox would also provide planners with ways to evaluate how existing local historic districts have affected a community over time. Since local historic district designations are currently made in perpetuity without further evaluation, the Comprehensive Toolbox would provide planners with a method to re-evaluate the economic impacts that occur as a result of these designations over a period of time. It is necessary for planners to determine whether the full economic impacts of local designations are beneficial or detrimental to communities. Studies based on the Comprehensive Toolbox could potentially provide a way to thoroughly measure these economic impacts on a regular basis, perhaps every 10 or 15 years. Local historic districts are a long-term investment, and need to be evaluated as such. Studies based on the Comprehensive Toolbox would provide this long-term evaluation, adequately measuring all private and public aspects of local designations. Once this is accomplished, preservationists and planners can have a substantial debate with real estate and other opposition groups, emphasizing the long-term public investment of local historic districts over the immediate, private profits of real estate development.
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