

## **Economic Impacts of Historic Preservation in Oklahoma**

*Research Conducted for*

### **PRESERVATION OKLAHOMA, Inc.**

405 Northwest Fifteenth Street  
Oklahoma City, Oklahoma 73103

### **STUDY FUNDERS**

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**JULIE BOTT MINER, IN MEMORY OF LT. COL. AND MRS. JAMES F. BOTT**

*Research Conducted by*

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Brad Henry  
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State of Oklahoma

Dear Oklahoma Community Leaders:

It is my pleasure to present to you a new and valuable tool for use in your efforts to strengthen Oklahoma's economy and support community revitalization and heritage tourism.

During our centennial celebration, the importance of Oklahoma's rich past took center stage. We undertook some amazing projects, such as the construction of the Oklahoma History Center, to preserve the Sooner State's legacy for future generations. It was exciting to witness increased public awareness about Oklahoma's unique history and how each community plays a special role in telling our story.

Now, it is time to capitalize on that new sense of pride.

The preservation of significant landmarks contributes to a community's quality of life and economic vitality. Those benefits are now quantified in the study *Economic Impacts of Historic Preservation in Oklahoma*. Inside, you will find information about how well-established programs like those of the Oklahoma Historical Society, the Oklahoma Department of Commerce, local governments, and others have encouraged redevelopment of individual buildings, commercial districts, and residential neighborhoods, resulting in new jobs, higher property values, increased state and local tax revenues, and growing tourism across the state.

In addition to an analysis of the economic impacts of historic preservation in Oklahoma, the study provides suggestions about public policy improvements that could make historic preservation an even more powerful tool for community revitalization.

I wish to thank Preservation Oklahoma, Inc. for coordinating the process to obtain the study and I encourage all of you to consider the results. I look forward to working with you as we move into Oklahoma's second century with a vibrant economy and a sincere appreciation for our heritage.

Sincerely,

  
Brad Henry  
Governor

## ***FOREWORD***

Completion of *Economic Impacts of Historic Preservation* represents another important milestone in our statewide preservation program. As with other efforts such as Oklahoma's annual preservation conference and the creation of a state rehabilitation tax credit, teamwork among public agencies, nonprofit organizations, and individual citizens made the study possible. The Oklahoma Historical Society, State Historic Preservation Office (SHPO); Preservation Oklahoma, Inc. (POK); and the Oklahoma Main Street Center staff knew such a study could benefit the state and discussed ways to make it a reality.

In 2006, the SHPO pledged a portion of the study costs from its annual Historic Preservation Fund allocation from the U. S. Department of the Interior, and POK (Oklahoma's statewide nonprofit for historic preservation) agreed to secure the additional financial support necessary. With contributions from the SHPO, the City of Oklahoma City, Chesapeake Energy, the National Trust for Historic Preservation, the Kirkpatrick Family Fund, and Julie Bott Miner in memory of Lt. Col. and Mrs. James F. Bott, the resources were in place to move ahead with the project. POK and SHPO staff worked closely to develop the request for proposals for the study. POK conducted the competitive selection process in consultation with all of the partners. The Oklahoma Main Street Center, Oklahoma Department of Commerce was a key partner in the initiative as they provided valuable and extensive data for the study and participated in draft study reviews and other activities. The Oklahoma Tourism and Recreation Department also generously provided assistance to the study.

The Center for Urban Policy Research, Rutgers, The State University of New Jersey was selected to complete the study. Dr. David Listokin and Dr. Michael Lahr, et al of Rutgers were the principals, and Dr. Dan S. Rickman, Oklahoma State University worked closely with them to complete the property valuation analysis portion of the study. Rutgers developed, under contract to the National Park Service's National Center for Preservation Technology and Training, the input/output model used for this and many similar studies across the nation. It is known as the Preservation Economic Impact Model (PEIM).

The study included a detailed analysis of the economic impacts of general rehabilitation work in Oklahoma, of redevelopment completed under the federal and state rehabilitation tax credits programs; of the Oklahoma Main Street Program; of heritage tourism initiatives; and of local historic district designation. This executive summary provides a concise statement about how these activities are contributing to our statewide and local economies and places our efforts in a national context. The full report is available on the websites of the study partners listed above. We believe that the study offers community leaders in the public and private sectors the data they have long needed to support improvements in public policy that will not only stimulate our economy, but will result in improved preservation of the buildings, structures, sites, districts, objects, and landscapes that represent Oklahoma's unique heritage.

The importance of such studies is supported in the Advisory Council on Historic Preservation's publication, *Preserve America Summit Report* which summarizes the suggestions and recommendations for the future of the federal preservation program developed during the *Preserve America* summit held in New Orleans in October 2006. One of the report's recommendations states: "Measure and share preservation's benefits by developing consistent ways to measure direct and indirect impacts (particularly economic) and by pursuing and promoting necessary research."

Oklahoma's statewide preservation program has grown and matured in conjunction with the national program. The dedicated efforts of our partner organizations and agencies to identify and protect Oklahoma's significant historic properties can be seen in towns and cities of all sizes and across the rural landscape. We take great pride in the fact that the National Trust for Historic Preservation's annual conference was held in Tulsa in October 2008 and that their National Town Meeting for the Main Street Program will come to Oklahoma City in 2010. These national events and many state and local activities have brought historic preservation to the forefront of community planning processes, and the need for sound documentation of how historic preservation can improve our quality of life and the economy is essential. We believe that the *Economic Impacts of Historic Preservation in Oklahoma* meets this need and contributes to accomplishment of the broader national historic preservation agenda.

Bob L. Blackburn  
Executive Director, Oklahoma Historical Society  
And State Historic Preservation Officer

## ***PREFACE***

Historic preservation adds value to the lives of all Oklahoma residents. Our state's historic resources are extraordinarily diverse and contribute significantly to the cultural, aesthetic, social and educational opportunities of our citizenry. Oklahoma's unique history has a legacy unmatched by any other in our nation's development, and we all share a responsibility in preserving our collective past. With these thoughts in mind, Preservation Oklahoma stands ready to further the cause of historic preservation through its ongoing advocacy, educational, and leadership activities. The results of this study will assist Preservation Oklahoma in advancing its mission of protecting and promoting our state's historic resources, communities, and landscapes. Historic preservation and the cultural heritage of Oklahoma remain foremost on the minds of many across our great state with the passing of the recent centennial year. Preservation Oklahoma is hopeful that this renewed appreciation for our state's unique and diverse history will provide further interest in preserving our heritage. This benchmark study undoubtedly will provide substantial rationale for the need to promote historic preservation activities across the state.

In 2006, Preservation Oklahoma formed a public-private partnership with the Oklahoma Historical Society, the State Historic Preservation Office, the National Trust for Historic Preservation, the City of Oklahoma City, Chesapeake Energy, the Kirkpatrick Family Fund, Julie Bott Miner in memory of her parents, Lt. Colonel and Mrs. James F. Bott, the Oklahoma Main Street Program and the Oklahoma Department of Tourism for the purposes of funding an economic impact study of the value of historic preservation to the state's regions, communities, and neighborhoods. As the study indicates, historic preservation activities across the state generated a total of \$357 million for the local and statewide economies during 2007. Preservation Oklahoma is grateful to its partners in this important endeavor, and is confident that the results of this study will provide support for future preservation efforts statewide.

On behalf of the Board of Directors and membership of Preservation Oklahoma, Incorporated, I would like to extend my heartfelt gratitude to all of our partners for their contributions to this project. As the only statewide preservation organization, Preservation Oklahoma relies on its many partnerships across the state to assist it in fulfilling its mission. This project will help many communities and neighborhoods in realizing the importance of preservation efforts to economic and cultural vitality.

Respectfully,

Kay Decker, Ed.D.  
President of the Board of Directors, Preservation Oklahoma

## **Acknowledgment**

The activity that is the subject of this publication has been financed in part with federal funds from the National Park Service, Department of the Interior. However, the contents and opinions do not necessarily reflect the view or policies of the Department of the Interior, nor does the mention of trade names or commercial products constitute endorsement or recommendations by the Department of the Interior.

This program receives Federal financial assistance for identification and protection of historic properties. Under Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, as amended, the U.S. Department of the Interior prohibits discrimination on the basis of race, color, national origin, disability, or age in its federally assisted programs. If you believe you have been discriminated against in any program, activity, or facility as described above, or if you desire further information, please write to:

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**EXECUTIVE SUMMARY**

## STUDY OBJECTIVE AND ORGANIZATION

This study examines the many significant economic effects of historic preservation in Oklahoma. The study examines the *total* economic effects of historic preservation, encompassing both the *direct* and *multiplier* effects. The *direct impact* component consists of labor and material purchases made specifically for the preservation activity. The *multiplier* effects incorporate what are referred to as *indirect* and *induced* economic consequences. The *indirect impact* component consists of spending on goods and services by industries that produce the items purchased for the historic preservation activity. The *induced impact* component focuses on the expenditures made by the households of workers involved either directly or indirectly with the activity. To illustrate, lumber purchased at a hardware store for historic rehabilitation is a direct impact. The purchases of the mill that produced the lumber are an indirect impact. The household expenditures of the workers at both the mill and the hardware store are induced impacts.

Economists estimate direct, indirect, and induced effects using an input-output model (I-O). This study specifies the total economic effects of major elements of historic preservation in Oklahoma through a state-of-the-art I-O model developed by the Center for Urban Policy Research (CUPR) for the National Park Service, Division of Cultural Resources, National Center for Preservation Technology and Training. The model is termed the Preservation Economic Impact Model (PEIM).

In the current analysis in Oklahoma, the PEIM is applied to both *annual* (2007) historic preservation investment in this state and to the *cumulative* investment of two major historic preservation subsidies/programs applied in Oklahoma. The PEIM is first applied to an *annual* (2007) outlay of major components of historic preservation investment. The annual Oklahoma historic preservation components considered by the PEIM include *historic rehabilitation* (\$125 million in 2007), *heritage tourism* (\$175 million in 2007), and the state's *Main Street program* (\$57 million<sup>1</sup> in 2007)—for a total of \$357 million in 2007. The PEIM is then also applied to *cumulative* \$1,392 million expenditures attributable to two major programs for historic preservation (i.e. over the life of the program being modeled expressed in current value—2007—terms) in Oklahoma: the federal historic rehabilitation investment tax credit (ITC) since its inception in 1978 through 2007 (\$507 million) and the Main Street program since its inception in Oklahoma in 1986 through 2007 (\$885 million). (The \$507 million and \$885 million are both expressed in inflation-adjusted dollars, taking into account inflation over time.) The results of the PEIM model include many fields of data. The fields most relevant to this study are the total impacts of the following:

- **Jobs:** *Employment, both part- and full-time, by place of work, estimated using the typical job characteristics of each industry.* (Manufacturing jobs, for example, tend to be full-time; in retail trade and real estate, part-time jobs predominate.) All jobs generated at businesses in the region are included, even though the associated labor income of in-commuters may be spent outside of the region. In this study, all results are for activities occurring within the

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<sup>1</sup> The \$57 million excludes the rehabilitation investment associated with Main Street (since this has already been counted in the tally of Oklahoma total historic rehab) and also expresses the Main Street-associated job creation into a capitalized value figure. The \$57 million is an annual inflation-adjusted average of Main Street activity over 1986-2007.

time frame of one year. Thus, the job figures should be read as job-years, where several individuals might fill one job-year on any given project.

- **Income:** “*Earned*” or labor income, specifically wages, salaries, and proprietors’ income. Income does not include non-wage compensation (such as benefits, pensions, or insurance); transfer payments; or dividends, interest, or rents.
- **Wealth:** *Value added* — the sub-national equivalent of gross domestic product (GDP). At the state level, this is called gross state product (GSP) or, in some public data, GDP by state. Value added is widely accepted by economists as the best measure of economic well-being. It is estimated from state-level data by industry. For a firm, value added is the difference between the value of goods and services produced and the value of goods and non-labor services purchased. For an industry, therefore, it is composed of labor income (net of taxes); taxes; non-wage labor compensation; profit (other than proprietors’ income); capital consumption allowances; and net interest, dividends, and rents received.
- **Output:** Of the measures in any input-output report, perhaps the least well-defined one is that labeled “output.” *Output is defined as the value of shipments, which is reported in the Economic Census.* The value of shipments is very closely related to the notion of business revenues. Thus it is NOT the “output” to which most other economists refer and which is better known as “gross domestic product” (GDP).

Within input-output analysis, “output” is also not the same as business revenues, for several reasons. It is probably better defined as net business receipts, however. First, establishments often sell some of their output to themselves and therefore do not ship it. Hence, such sales cannot be included in the Census’s tally of the value of shipments. Second, to avoid some double counting in national accounts (those used to produce input-output tables), “output” in the wholesale and retail trade industries is measured simply as their margins, which is value added plus the costs of inputs used in the course of doing business. That is, for these trade industries, “output” does NOT include the value of the items stocked on shelves.

- **Taxes:** *Tax revenues generated by the activity.* The tax revenues are detailed for the federal, state, and local levels of government. Totals are calculated by industry.

*Federal tax* revenues include corporate and personal income, Social Security, and excise taxes, estimated from calculations of value added and income generated.

*State tax* revenues include income, excise, sales, and other state taxes, estimated from calculations of value added and income generated (e.g. visitor purchases).

*Local tax* revenues include payments to sub-state governments, mainly through property taxes on new worker households and businesses. Local tax revenues can also include sales and other taxes.

The major findings of the study are highlighted below and also summarized in Exhibits 1 and 2 on the following pages.

Summary Exhibit 1 shows the *annual* economic impacts of three components of Oklahoma yearly historic preservation activity as of 2007: rehabilitation of structures (\$125 million), heritage tourism (\$175 million), and the Main Street program (\$57 million). Based on multi-year averages and expressed on an annual basis as of 2007, these items together comprise a total of \$357 million annually in direct spending. This spending creates over 8,000 jobs within Oklahoma that generate \$460 million in output, \$166 million in labor income, \$243 million in gross state product (GSP), about \$194 million to the state's total wealth (in-state wealth, which encompasses GSP less federal taxes) and \$25 million in Oklahoma state and local taxes.

Summary Exhibit 2 quantifies the *cumulative* impacts of the Main Street program and the federal Historic Rehabilitation Investment Tax Credit (ITC) in Oklahoma. These programs have had long-running impacts on the state; ITC was created by an act of Congress in 1976 and was implemented two years later, while the national Main Street program was created in 1980 and arrived in Oklahoma in 1986 with the founding of local groups in Duncan and Okmulgee. From 1978 through 2007, cumulative investment in Oklahoma-based ITC was \$507 million while the cumulative Oklahoma Main Street investment from 1986 through 2007 was \$885 million. (All cumulative dollar values are expressed in 2007 inflation-adjusted dollars.) Combined, the programs have generated nearly \$1.4 billion in direct historic preservation spending (in today's dollars) since their inception; those investments have created nearly 35,000 jobs statewide in Oklahoma, contributing \$1.9 billion in output in Oklahoma, \$1.1 billion in GSP, \$782 million in income, \$888 million in net wealth to Oklahoma (GSP less federal taxes), and a cumulative \$102 million in Oklahoma state and local taxes.

**SUMMARY EXHIBIT 1**  
**Summary of the Annual (2007) Economic Impacts of Historic Preservation Activities in Oklahoma— Historic Rehabilitation, Tourism, and Main Street**

	I	II	III	<i>Total Examined Economic Impacts</i>	
	<i>Historic Rehabilitation</i>	<i>Heritage Tourism</i>	<i>Main Street Program<sup>†</sup></i>		
<b>OKLAHOMA DIRECT EFFECTS</b>	<b>\$125 million</b> annually of historic rehabilitation expenditures results in:	<b>\$175 million</b> annually of heritage travel-attributed expenditures results in:	<b>\$57 million</b> annually of construction and added retail payroll results in:	<b>\$357 million</b> ( <i>I + II + III</i> )	
↓	<b>National Total (Direct and Multiplier) Impacts</b>				
<b>NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)</b>	Jobs (person-years)	3,186	4,735	1,820	<b>9,740</b>
	Income (\$ million)	88.8	84.2	39.6	<b>212.5</b>
	Output (\$ million)	238.1	285.2	105.4	<b>628.6</b>
	GDP* (\$ million)	124.9	131.6	58.6	<b>315.0</b>
	Taxes (\$ million)	28.8	36.8	15.6	<b>81.2</b>
	<i>Federal (\$ million)</i>	21.4	21.0	10.1	<b>52.5</b>
	<i>Local/State (\$ million)</i>	7.4	15.8	5.5	<b>28.8</b>
↓	<b>In-State Oklahoma Total (Direct and Multiplier) Impacts</b>				
<b>OKLAHOMA PORTION OF NATIONAL TOTAL IMPACTS</b>	Jobs (person-years)	2,530	3,980	1,560	<b>8,071</b>
	Income (\$ million)	69.9	63.6	32.1	<b>165.6</b>
	Output (\$ million)	171.2	208.9	79.6	<b>459.8</b>
	GSP* (\$ million)	96.0	100.0	47.0	<b>243.1</b>
	Taxes (\$ million)	26.3	33.6	14.5	<b>74.4</b>
	<i>Federal (\$ million)</i>	20.4	19.6	9.6	<b>49.5</b>
	<i>Local/State (\$ million)</i>	5.9	14.0	4.9	<b>24.9</b>
	In-state wealth* (\$ million)	75.6	80.4	37.4	<b>193.6</b>

Source: Rutgers University, Center for Urban Policy Research, 2008.

\*GDP=Gross Domestic Product; GSP = Gross State Product; In-state wealth = GSP less federal taxes.

Note: Totals may differ from indicated subtotals because of rounding.

<sup>†</sup>Net of Main Street-associated historic rehabilitation spending—as this activity is already counted in the state’s overall historic rehab tally.

**SUMMARY EXHIBIT 2**  
**Summary of Select Cumulative Economic Impacts of Historic Preservation Programs in Oklahoma—**  
**Federal ITC and Main Street**

	I <i>Historic Rehabilitation Federal Investment Tax Credit (ITC)</i>	II <i>Main Street Program<sup>†</sup></i>	<i>Total Examined Economic Impacts</i>	
<b>OKLAHOMA DIRECT EFFECTS</b>	<b>\$507 million</b> of tax credit- related construction expenses since 1978 resulted in:	<b>\$885 million</b> of construction and added retail payroll since 1986 resulted in:	<b>\$1,392 million</b> <i>(I+ II)</i>	
↓	<b>National Total (Direct and Multiplier) Impacts</b>			
<b>NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)</b>	Jobs (person-years)	12,996	28,446	<b>41,442</b>
	Income (\$ million)	361.3	612.5	<b>973.8</b>
	Output (\$ million)	968.5	1,634.3	<b>2,602.7</b>
	GDP* (\$ million)	506.7	908.8	<b>1,415.5</b>
	Taxes (\$ million)	116.9	243.3	<b>360.1</b>
	<i>Federal (\$ million)</i>	<i>87.0</i>	<i>156.0</i>	<i>243.0</i>
	<i>Local/State (\$ million)</i>	<i>29.8</i>	<i>87.3</i>	<i>117.1</i>
↓	<b>In-State Oklahoma Total (Direct and Multiplier) Impacts</b>			
<b>OKLAHOMA PORTION OF NATIONAL TOTAL IMPACTS</b>	Jobs (person-years)	10,322	24,437	<b>34,760</b>
	Income (\$ million)	283.7	498.1	<b>781.8</b>
	Output (\$ million)	694.0	1,237.4	<b>1,931.4</b>
	GSP* (\$ million)	389.3	730.4	<b>1,119.8</b>
	Taxes (\$ million)	106.7	226.2	<b>332.9</b>
	<i>Federal (\$ million)</i>	<i>82.8</i>	<i>148.7</i>	<i>231.4</i>
	<i>Local/State (\$ million)</i>	<i>24.0</i>	<i>77.5</i>	<i>101.5</i>
	In-state wealth* (\$ million)	306.5	581.7	<b>888.4</b>

Source: Rutgers University, Center for Urban Policy Research, 2008.

\*GDP=Gross Domestic Product; GSP = Gross State Product; In-state wealth = GSP less federal taxes.

Note: Totals may differ from indicated subtotals because of rounding.

<sup>†</sup> Includes Main Street-associated historic rehabilitation spending.

## ECONOMIC IMPACTS OF ANNUAL OKLAHOMA HISTORIC REHABILITATION (2007)

- Between 2001 and 2007, an estimated annual total of just over \$1.2 billion was spent on the rehabilitation of existing residential and nonresidential buildings in Oklahoma, according to CUPR research. Of this total, an estimated \$125 million (10 percent) was spent on rehabilitation of historic properties (older properties that were on, or might qualify for, the National Register of Historic Places and/or local landmark designations). Just under \$30 million of the historic rehabilitation was on residential properties, with the remainder (about \$95 million) on structures serving non-residential uses.

### SUMMARY EXHIBIT 3 Estimated Annual Value of Total Rehabilitation and Historic Building Rehabilitation in Oklahoma, 2001-07

Property Type	Estimated Total Rehabilitation (in \$ million)	Estimated Historic Rehabilitation (in \$ million)	Historic Rehab as Share of Total Rehabilitation
Residential	295.7	29.7	10.0%
Nonresidential	920.8	95.3	10.3%
Total	1,216.5	125.0	10.3%

- Economic benefits from the historic rehabilitation are enjoyed throughout the Oklahoma economy. The total economic impacts to the nation from the \$125 million in annual statewide historic rehabilitation spending include 3,186 jobs generating an additional \$238 million in output, \$89 million in income and \$125 million in GDP. At the state of Oklahoma level, the \$125 million in annual (2007) historic rehabilitation spending translates to 2,530 jobs, \$70 million in labor income, \$96 million in GSP and \$6 million in annual state and local Oklahoma taxes. The in-state wealth (GSP minus federal taxes) resulting from rehabilitation expenditures amounts to \$76 million, indicating a high 79 percent retention rate.

### SUMMARY EXHIBIT 4 Total Economic Impacts of Annual Oklahoma Historic Building Rehabilitation (\$125 million), 2007

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	2,530	656	3,186
Income (\$millions)	69.9	18.9	88.8
Output (\$millions)	171.2	66.9	238.1
GDP/GSP <sup>a</sup> (\$millions)	96.0	28.9	124.9
Total taxes (\$millions)	26.3	2.5	28.8
<i>Federal (\$millions)</i>	20.4	1.0	21.4
<i>State/Local (\$millions)</i>	5.9	1.5	7.4
In-State wealth <sup>b</sup> (\$millions)	75.6	---	---

<sup>a</sup> GDP/GSP = Gross Domestic Product/Gross State Product.

<sup>b</sup> In-State wealth = GSP minus federal taxes.

- The benefits that accrue to Oklahomans from annual investment in historic rehabilitation projects are extensive. As with all spending examined in this study, every sector of the state's economy sees their payrolls and production increased. Just under half of the Oklahoma-based jobs from the annual rehabilitation investment (1,168 of 2,530 jobs) and Oklahoma gross state product (\$43.7 million of \$96.0 million GSP) created by historic rehabilitation within Oklahoma accrue to the state's construction industry; this is as one would expect, given the share of such projects that require the employment of building contractors. Other Oklahoma major beneficiaries are transportation and utilities (345 jobs, \$18.6 million in GSP) as well as the finance, insurance, and real estate (FIRE) sector (301 jobs, \$7.0 million in GSP). The services sector, plus both the wholesale and retail trades, all see many jobs and \$12 million in GSP created as a result of historic rehabilitation activity.

### ECONOMIC IMPACTS OF ANNUAL OKLAHOMA HERITAGE TOURISM (2007)

- What is the profile of heritage travel and heritage travelers in Oklahoma? While the current investigation was not able to obtain Oklahoma-specific information, from studies done nationally on heritage travel, the average heritage traveler is middle-aged and middle-income; is often employed (when working) in managerial/professional or technical/sales/administrative support occupations, or may be retired; is motivated by leisure travel; often stays in a hotel/motel/B&B; and spends considerably more than the “average” leisure traveler.
- CUPR estimates that, based on tourism industry trends and previous research into the nature of heritage tourism, approximately \$175 million (minimum) was spent in Oklahoma in 2007 on goods and services related to such Oklahoma heritage travel. The total national economic impacts of this include 4,735 jobs generating \$285 million in output, \$132 million in GDP, and \$84 million in income at the national level. At the state of Oklahoma level, the \$175 million in Oklahoma heritage travel translates to 3,980 jobs, an additional \$209 million in Oklahoma output, \$100 million in-state GSP, and \$64 million in income. The in-state wealth deriving from heritage tourism (GSP less federal taxes) amounts to just over \$80 million with \$14 million realized in state and local Oklahoma taxes.

#### SUMMARY EXHIBIT 5

##### Total Economic Impacts of Annual Oklahoma Heritage Tourism Spending (\$175 million), 2007

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	3,980	755	4,735
Income (\$millions)	63.6	20.6	84.2
Output (\$millions)	208.9	76.3	285.2
GDP/GSP (\$millions)	100.0	31.6	131.6
Total taxes (\$millions)	33.6	3.2	36.8
Federal (\$millions)	19.6	1.4	21.0
State/Local (\$millions)	14.0	1.8	15.8
In-state wealth (\$millions)	80.4	---	---



- With regard to heritage tourism, it is no surprise that the vast majority of annual employment and GSP gains within the state are located in retail trade (2,290 jobs, \$43.0 million in GSP) and services (1,212 jobs, \$30.0 million GSP) sectors, since these would include the businesses that tourists would most likely interact with – gift shops, gas stations, restaurants, lodging, etc. However, due to the indirect and induced effects, significant impacts reverberate throughout the state's economy, most prominently in the finance, insurance, and real estate (FIRE) sector (136 jobs, \$9.4 million GSP). Wholesale trade firms see 118 jobs created that contribute nearly \$5.1 million to the state's pre-tax wealth or gross state product, but the manufacturing group adds more to GSP (\$6.0 million) with fewer jobs (99), since industries there are typically much more capital intensive.
- As just detailed, heritage tourism in Oklahoma generates considerable economic benefit in terms of jobs, wealth created, income earned, etc. A further contribution is that the above economic activity is often disproportionately derived from residents traveling from out-of-state. Thus, the economic benefit from Oklahoma heritage travel is disproportionately importing new dollars of economic activity to Oklahoma—an optimal strategy of economic pump priming. Additionally, heritage travel in Oklahoma is contextually most important to the economic vitality of the host communities containing the historic resources that are visited.
- Illustrative is the economic contribution of one aspect of heritage travel in Oklahoma—that associated with visitors to Route 66 in this state. Route 66 travelers to Oklahoma are considerable in number; spend large sums on lodging, food, travel, and other purchases; and often come from out-of-state so that the Route 66 traveler spending “imports” considerable economic benefit to the state of Oklahoma.
- For example, two Route 66 sites in Oklahoma are the Historic Round Barn in Arcadia (2006 population of 279) and the Route 66 Museum in Clinton (2006 population of 8,448). The following data on visitation to these sites show the large number of Route 66 site visitors to these communities (especially relative to the size of Arcadia and Clinton) and that many of the visitors come from out of Oklahoma—thus “importing” their spending’s economic benefit to Oklahoma.

**Visitation to Historic Round Barn—Arcadia, OK  
(April-September 2007)**

Visitor Residence	Number	%
In-State (Oklahoma)	1,305	47.2
Out-of-State (Rest of U.S.)	1,027	37.2
Foreign	<u>431</u>	<u>15.6</u>
	2,763	100.0

**Visitation to Route 66 Museum—Clinton, OK  
(2006)**

Visitor Residence	Number	%
In-State (Oklahoma)	4,995	16.0
Out-of-State (Rest of U.S.)	18,152	58.2
Foreign	<u>8,063</u>	<u>25.8</u>
	31,210	100.0

- A more detailed picture of the significant “imported” economic benefit of heritage travel, in this instance Route 66 visitation, is evident from the detailed visitor origin data on travelers to the Historic Round Barn in Arcadia. (See attached Round Barn table.) Of the 2,763 visitors to this historic site as of spring-summer 2007 (for which data were available), 1,305 or somewhat less than half came from Oklahoma. About 110 visitors (5 percent of the total) came from neighboring Texas. Many Round Barn visitors, however, came from afar including 81 from California, 79 from Germany, 57 from England, 55 from Norway, 39 from Italy, and about 30-40 from each of the following states—Arkansas, Florida, Illinois, Indiana, Kansas, Michigan, Missouri, New York, Ohio, and Tennessee.

**Visitor Origin Data**  
**Historic Round Barn on Route 66**

Arcadia, Oklahoma

For April- September 2007:

Total Visitation: 2,763

<u>US States</u>	<u>Tally</u>	<u>%</u>
Alabama	16	0.74%
Alaska	1	0.05%
Arizona	20	0.93%
Arkansas	30	1.39%
California	81	3.75%
Colorado	21	0.97%
Connecticut	7	0.32%
Delaware	5	0.23%
Florida	30	1.39%
Georgia	16	0.74%
Hawaii	2	0.09%
Idaho	3	0.14%
Illinois	31	1.44%
Indiana	28	1.30%
Iowa	14	0.65%
Kansas	38	1.76%
Kentucky	12	0.56%
Louisiana	10	0.46%
Maine	7	0.32%
Maryland	9	0.42%
Massachusetts	16	0.74%
Michigan	32	1.48%
Minnesota	10	0.46%
Mississippi	5	0.23%
Missouri	40	1.85%
Montana	5	0.23%
Nebraska	8	0.37%
Nevada	6	0.28%
New Hampshire	1	0.05%
New Jersey	10	0.46%
New Mexico	7	0.32%
New York	25	1.16%
North Carolina	21	0.97%
North Dakota	6	0.28%
Ohio	44	2.04%
Oklahoma	1305	60.47%
Oregon	14	0.65%
Pennsylvania	23	1.07%
Rhode Island	2	0.09%
South Carolina	16	0.74%
South Dakota	5	0.23%
Tennessee	27	1.25%
Texas	108	5.00%
Utah	6	0.28%
Vermont	1	0.05%
Virginia	8	0.37%
Washington	11	0.51%
West Virginia	0	0.00%
Wisconsin	15	0.70%
Wyoming	0	0.00%
<b>TOTAL</b>	<b>2158</b>	<b>100.00%</b>

<u>Foreign Countries</u>	<u>Tally</u>	<u>%</u>
Australia	3	0.70%
Austria	5	1.16%
Belgium	4	0.93%
Bolivia	1	0.23%
Brazil	5	1.16%
Canada	20	4.64%
Chile	1	0.23%
China	1	0.23%
Colombia	1	0.23%
Costa Rica	1	0.23%
Czech Republic	1	0.23%
Denmark	10	2.32%
England	57	13.23%
Estonia	0	0.00%
Finland	2	0.46%
France	33	7.66%
Germany	79	18.33%
Hungary	1	0.23%
Holland	13	3.02%
Iceland	2	0.46%
Indonesia	1	0.23%
Ireland	12	2.78%
Israel	0	0.00%
Italy	39	9.05%
Japan	12	2.78%
Mexico	0	0.00%
Netherlands	20	4.64%
New Zealand	7	1.62%
Nicaragua	0	0.00%
Norway	55	12.76%
Poland	1	0.23%
Portugal	6	1.39%
Romania	0	0.00%
Saudia Arabia	1	0.23%
Scotland	4	0.93%
Singapore	0	0.00%
Slovakia	0	0.00%
Spain	1	0.23%
South Africa	2	0.46%
Sweden	10	2.32%
Switzerland	18	4.18%
Thailand	1	0.23%
Venezuela	1	0.23%
<b>TOTAL</b>	<b>431</b>	<b>100.00%</b>

## ECONOMIC IMPACTS OF THE ANNUAL OKLAHOMA MAIN STREET PROGRAM (1986-2007 YEARLY AVERAGE)

- As in many other states, Oklahoma has a Main Street program to help revitalize downtown business districts statewide. Oklahoma's program was founded in 1986 and is now active in 41 communities ranging from small Oklahoma towns to several neighborhoods of Oklahoma City. The program is designed to provide local businesses with professional expertise and seed-money financial assistance, as well as create public-private partnerships to leverage added investment in their communities.
- The program's own records indicate that the Main Street program is associated with approximately \$57 of investment million per year (based on a multi-year average). (The \$57 million subtracts Main Street-associated historic rehabilitation which has already been counted in the previously detailed Oklahoma historic rehabilitation tally and converts Main Street-associated retail employment into a value figure.) This \$57 million comes from a combination of private investment, related infrastructure improvements, and the payrolls of newly-created firms (over 200 per year). On a statewide basis, the Main Street Program helps to create 1,560 jobs annually statewide in Oklahoma that were associated with \$80 million in output, \$47 million in GSP, and \$32 million in new labor income. Overall, \$37 million was added to the state's wealth, including nearly \$5 million in state and local tax revenues.

### SUMMARY EXHIBIT 6

#### Total Economic Impacts of Annual Oklahoma Main Street Investment (\$57 million), 2007

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	1,560	260	1,820
Income (\$million)	32.1	7.5	39.6
Output (\$million)	79.6	25.8	105.4
GDP/GSP (\$million)	47.0	11.6	58.6
Total taxes (\$million)	14.5	1.1	15.6
Federal (\$million)	9.6	0.5	10.1
State/Local (\$million)	4.9	0.6	5.5
In-state wealth (\$million)	37.4	---	---

- As one would expect, more than half of the state's jobs (about 1,600) created by Main Street program activity fall under retail trade (804), since a large number of tenants in rehabilitated downtowns are shopkeepers. Nearly \$16.5 million in gross state product is generated from this employment. The next-largest impacts come from the construction sector (382 jobs, \$13.9 million in GSP), as effects attributable to the program include both public infrastructure improvements and rehabilitation of non-historic structures within downtown areas. More than 100 additional jobs in the services (146 jobs, \$3.8 million in GSP) and manufacturing (107 jobs, \$6.4 million in GSP) sectors are generated by Main Street program activity as well.

## ECONOMIC IMPACTS FROM THE CUMULATIVE INVESTMENT IN FEDERAL HISTORIC TAX CREDIT PROJECTS (1978-2006) AND MAIN STREET PROGRAM (1986-2007) IN OKLAHOMA

- The federal Historic Rehabilitation Investment Tax Credit (ITC) program for income-producing properties has been an effective tool for neighborhood and historic revitalization in both the nation and Oklahoma. Since the passage of the program's enabling legislation in 1976, it has nationally leveraged \$31 billion in private sector investment in historic structures, mostly from the private sector. Tax credits differ from, and are financially more desirable than, tax deductions. A tax credit directly reduces the amount of taxes owed by a taxpayer dollar-for-dollar, while a tax deduction merely reduces the amount of income subject to taxation. Under the federal ITC program, owners of income-producing buildings listed on the National Register of Historic Places can earn a tax credit equal to 20 percent of rehabilitation expenditures.
- Over the life of the program, projects in the state of Oklahoma that were undertaken by the private sector and subsidized by federal ITC had a market value of \$346 million, or \$507 million in today's (2007) dollars. These projects created over 10,300 jobs in Oklahoma (of 13,000 nationally), leading to \$694 million in Oklahoma based output, \$389 million in GSP, \$284 million in labor income and \$307 million in added in-state wealth (GSP minus federal taxes), of which \$24 million found its way into state and local government coffers.

### SUMMARY EXHIBIT 7

#### Cumulative Economic Impact of Oklahoma Construction Projects Subsidized by the Federal Historic Rehabilitation Investment Tax Credit (\$507 million)

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	10,323	2,673	12,996
Income (\$millions)	283.7	77.6	361.3
Output (\$millions)	694.0	274.4	968.4
GDP/GSP (\$millions)	389.4	117.3	506.7
Total taxes (\$millions)	106.7	10.1	116.8
<i>Federal (\$millions)</i>	82.7	4.3	87.0
<i>State/Local (\$millions)</i>	24.0	5.8	29.8
In-State wealth (\$millions)	306.7	---	---

- As noted, over the life of the federal ITC program, more than 10,000 jobs and nearly \$390 million of state gross product were created in Oklahoma by projects that received the tax credits. Almost half of both Oklahoma totals accrued to the construction sector (4,826 jobs, \$177 million in GSP). Three other areas of the state's economy saw over 1,000 jobs created, thanks to the ITC: services (1,734), manufacturing (1,436), and retail trade (1,219). Compared to the services sector, however, manufacturing again produced more wealth despite fewer additional employees (\$77.9 million GSP in manufacturing versus \$49.5 million GSP in services). Retail generated \$28.5 million in new gross state wealth, while the finance, insurance, and real estate (FIRE) sector was not far behind (\$21.8 million GSP) despite only 380 added employees over thirty years.

- Main Street is another important program to foster historic preservation, both nationally and in Oklahoma. Since its creation in 1986 more than 1,200 local Main Street initiatives have been established nationally representing a cumulative national investment of about \$45 billion (not adjusted for inflation or constant dollars).
- Since its initiation in 1986, the cumulative investment in the Oklahoma Main Street Program is estimated at \$885 million in current (2007) dollars<sup>2</sup>.
- The cumulative impact from the Oklahoma \$825 million in Main Street investment has created a total of 28,446 jobs nationwide, the vast majority of which (24,437) were retained in-state. This increase in employment can be shown to have generated \$1.2 billion in Oklahoma-based output, just under \$500 million within Oklahoma alone in labor income, \$730 million in addition to the gross state product, and a \$582 million boost to total in-state wealth (GSP minus federal taxes) –\$504 million for residents and businesses and \$78 million in tax revenues for the state and local entities.

### SUMMARY EXHIBIT 8

#### Cumulative Economic Impact of the Oklahoma Main Street Program (\$885 million)

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	24,437	4,009	28,446
Income (\$million)	498.1	114.4	612.5
Output (\$million)	1,237.4	396.9	1,634.3
GDP/GSP <sup>a</sup> (\$million)	730.4	178.4	908.8
Total taxes (\$million)	226.2	17.1	243.3
<i>Federal (\$million)</i>	148.7	7.3	156.0
<i>State/Local (\$million)</i>	77.5	9.8	87.3
In-state wealth (\$million)	581.7	---	---

- As noted, more than two decades of Main Street activity in Oklahoma have generated 24,437 jobs for the state's residents, equivalent to roughly 1.5% of the state's entire non-farm workforce. Just over half of these have been located in the retail trades (12,887), with those jobs contributing \$263.9 million in gross state product. The construction sector generated less than half the number of jobs (5,797) but nearly as much in wealth (\$211.3 million in GSP) from Main Street program-related investments. Other major beneficiaries included services (2,257 jobs, \$58.3 million in GSP), manufacturing (1,631 jobs, \$97.9 million GSP), and finance, insurance, and real estate (FIRE) (716 jobs, \$42.7 million GSP).

<sup>2</sup> The Oklahoma Main Street program, records indicate that a total of \$425 million can be attributed to the program's physical improvement activities since 1986. Façade rehabilitations (which were omitted from the earlier (annual 2007) count to avoid duplicating some projects included in the overall Oklahoma annual rehabilitation investment) contributed an additional \$33 million. Adjusted for inflation, we find a total of \$546 million. Furthermore, \$339 million (constant dollars) was added to state payrolls by the creation of new firms in Main Street districts statewide or the expansion of existing ones. This yields a grand cumulative total of \$885 million in Oklahoma Main Street investments, which is employed in the current analysis.

## IMPACTS OF HISTORIC PRESERVATION ON PROPERTY VALUES IN OKLAHOMA

- In addition to having properties listed in the National Register of Historic Places, Oklahoma maintains its own state registry, which directly mirrors its national equivalent and includes other properties as well. Moreover, some communities in Oklahoma have enacted historic preservation ordinances and have established local preservation programs. An important prompt to local preservation and designation activity in Oklahoma is the Certified Local Government program.
- From a theoretical perspective, historic designation can exert many different pressures on a property's value. It can improve it by providing prestige, protection from demolition, financial incentives via tax credits, and being a catalyst for neighborhood-wide improvement. It can theoretically dampen a property's value, however, by sometimes ramping up the costs of building rehabilitation and by sometimes disallowing or challenging the realization of real estate "highest and best use." Thus, it is theoretically possible that some owners will gain and others will lose as a result of officially designating their properties as historic.
- Given the theoretical ambiguities of the effect of historic designation on property values, a large literature has developed to estimate the *net* impact of historic designation on property values. The techniques applied in this literature have become more sophisticated over time, suggesting that the most recent literature is the most statistically valid. Regardless of the vintage, however, the literature overwhelmingly points to a net positive effect on property values of historic designation. Only a handful of studies come to a negative impact conclusion, and most of these are studies focusing strictly either upon the costs of alteration and demolition or upon the values of multifamily residential properties.
- To assess the effect of historic designation on property values in the State of Oklahoma, the current study analyzed two samples of housing values and characteristics. The samples were for different years—2000 and 2003—and limited to properties in Oklahoma County. Each sample was evaluated for the differential effects caused by structural housing characteristics, geographic location characteristics, and location within a particular historic district in Oklahoma County (eleven historic districts in this county were examined). Ordinary least squares regression was the statistical device used to control for these various factors.
  - In the year 2000 sample, three historic districts—Crown Heights, Jefferson Park, and Edgemere Park—had higher property values compared to other neighborhoods in Oklahoma County controlling for differences in housing characteristics and general location.
  - By 2003 all but the Putnam Heights and Jefferson Park historic neighborhoods had higher values. In other words, in 2003, 9 of 11 historic districts in Oklahoma County had statistically higher property values after controlling for standard real estate influences.
  - Thus, property values in 9 of 11 districts appreciated more during the three-year span (2000-2003) compared to equivalent properties in non-historic-designated areas of the

same neighborhoods. The greatest rates of appreciation occurred in the historic districts of Crown Heights (69%), Edgemere Park (53%), and Heritage Hills and Capitol-Lincoln (28%). That is, homes in these four districts experienced remarkable average annual appreciation rates exceeding 8.5% during the three-year study period!

- The analysis that yielded the reported results assumes, in a statistical sense, housing and neighborhood characteristics neither improved nor declined across the study period. But the national literature suggests such characteristics are actually more likely to improve under a regime of historic designation. In this vein, the study results are likely conservative with respect to the magnitude of the positive effects accrued by properties within historic districts of Oklahoma County. The property value appreciating effect of designation may thus be greater than that reported above.
- Overall, our analysis shows that *residential properties in historic districts in Oklahoma County, Oklahoma, generally experienced greater price appreciation than did residential properties in other (nonhistoric) neighborhoods of that county.*

## CONCLUSION

- The detail on the economic contributions from the many facets of historic preservation in Oklahoma are contained in Summary Exhibits 9-22 which are organized as follows:

<i>Summary Exhibit #</i>	<i>Historic Spending Type</i>	<i>National or State-Level Impact</i>	<i>Annual or Cumulative Spending</i>
9	Rehab, Tourism, and Main Street	National	Annual
10	Rehab, Tourism, and Main Street	State (OK)	Annual
11	Federal ITC and Main Street	National	Cumulative
12	Federal ITC and Main Street	State (OK)	Cumulative
13	Rehab	National	Annual
14	Rehab	State (OK)	Annual
15	Tourism	National	Annual
16	Tourism	State (OK)	Annual
17	Main Street	National	Annual
18	Main Street	State (OK)	Annual
19	Federal ITC	National	Cumulative
20	Federal ITC	State (OK)	Cumulative
21	Main Street	National	Cumulative
22	Main Street	State (OK)	Cumulative





- While numbers are important to quantitatively frame the many economic contributions of historic preservation in Oklahoma, they do not convey the significant qualitative contribution of preservation to local revitalization in this state. Figure 1 contains a sample of “snapshots” (from the Oklahoma Main Street Program) of how preservation is enhancing the quality of life in communities throughout Oklahoma while contributing to their economic revitalization.



- The full report on the economic contributions of historic preservation in Oklahoma follow in the current study which is organized as follows:

<i>Study Chapter</i>	<i>Contents</i>
1	Background of Historic Preservation Economics
2	Economic Impacts of Annual Oklahoma Historic Rehabilitation
3	Economic Impacts of Annual Oklahoma Heritage Tourism
4	Economic Impacts of Annual and Cumulative Oklahoma Main Street Program
5	Economic Impacts of the Cumulative Oklahoma Investment in Federal Historic Tax Credit Projects
6	Historic Property Valuation: Issues and Impacts
7	Economic Benefits of Historic Preservation in Oklahoma: Summary, Context, and Policy
Appendix A	Input-Output Analysis—Technical Notes
Appendix B	Bibliography: Economics of Historic Preservation

**Figure 1:  
Examples of Historic Preservation Investment and Revitalization in Oklahoma  
(From Oklahoma Main Street Program)**

<i>Oklahoma Community</i>	<i>Illustrative Investment</i>
<b>Cordell</b>	<p><b>Renovation of Washita Theatre</b> -Built in 1946; transformed into modern complex by 1999 -Attracts many more people to downtown.</p> <p>Before Investment:  After Investment: </p>
<b>El Reno</b>	<p><b>Restoration of Downtown trolley</b> -8,000 people ride in first 5 months of operation -Encourages downtown investment</p> 
<b>Enid</b>	<p><b>Façade Improvement Program</b> -Enhances the sales of downtown businesses</p> 

**Newkirk**

**Façade and Other Improvements**

- 1909 Korns Building restored to enhance the local heritage and economic activity

Before Investment:



After Investment:



**Okmulgee**

**First Rehabilitation Program in Oklahoma Main Street History**

M&D Drug Store – displays excellence of downtown Okmulgee



**Shattuck**

**Renovation/Adaptive Reuse**

-Downtown Funeral Home to downtown Main Street Office

-Successful results promoted other business in the area to renovate as well.



**Idabel**

**Renovation of Rouleau Hotel (built 1916)**

Before Investment:

After Investment:

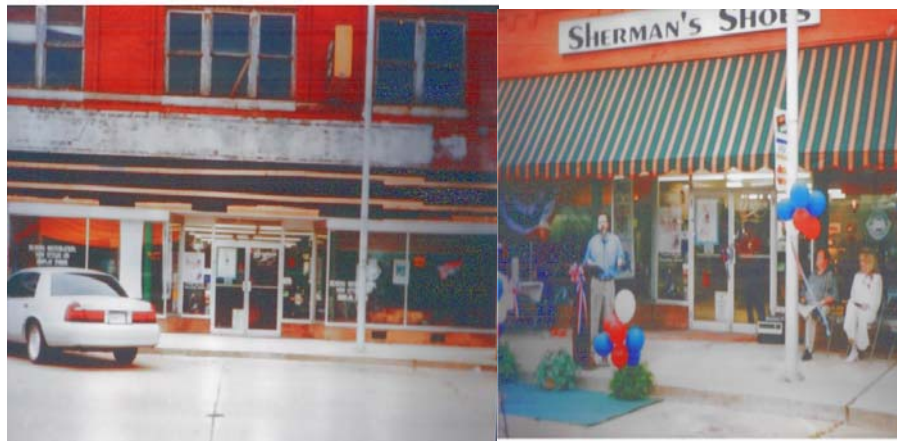


**Renovation of the Sherman's Shop**

- Preservation encouraged maintaining historical character
- First of several facade improvements by downtown businesses

Before Investment:

After Investment:



## SUMMARY EXHIBIT 9

**Total National Economic & Tax Impacts of Annual Oklahoma Historic Preservation Activity:  
Historic Rehabilitation, Heritage Tourism, and Main Street Program (\$357 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	7,970.3	108	510.0	1,668.3
2. Agri. Serv., Forestry, & Fish	2,001.6	48	723.5	1,681.4
3. Mining	9,648.0	58	2,077.0	3,604.2
4. Construction	78,292.9	1,618	44,452.0	60,973.1
5. Manufacturing	177,080.4	1,134	40,062.9	63,583.2
6. Transport. & Public Utilities	39,563.2	335	10,448.6	16,311.2
7. Wholesale	28,228.9	309	11,479.3	13,443.5
8. Retail Trade	122,229.2	3,492	44,043.4	68,630.8
9. Finance, Ins., & Real Estate	46,228.3	472	14,712.0	28,929.1
10. Services	114,023.9	2,129	43,014.9	54,582.4
11. Government	3,375.4	36	1,021.5	1,593.2
<b>Total Effects (Private and Public)</b>	<b>628,642.1</b>	<b>9,740</b>	<b>212,545.3</b>	<b>315,000.5</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	335,983.4	6,337	128,787.9	184,602.8
2. Indirect and Induced Effects	292,658.7	3,403	83,757.4	130,397.7
3. Total Effects	628,642.1	9,740	212,545.3	315,000.5
4. Multipliers (3/1)	1.871	1.537	1.650	1.706
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				188,490.0
2. Taxes				48,244.6
a. Local				8,919.0
b. State				13,160.6
c. Federal				26,165.0
General				7,854.7
Social Security				18,310.3
3. Profits, dividends, rents, and other				78,265.8
4. Total Gross State Product (1+2+3)				315,000.5
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		188,490.0	170,780.2	
2. Taxes		48,244.6	32,992.7	81,237.3
a. Local		8,919.0	1,900.8	10,819.8
b. State		13,160.6	4,769.7	17,930.3
c. Federal		26,165.0	26,322.2	52,487.2
General		7,854.7	26,322.2	34,176.9
Social Security		18,310.3	0.0	18,310.3
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.3
Income				595,365
State/Local Taxes				80,533
Gross State Product				882,354
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>357,000,000</b>

## SUMMARY EXHIBIT 10

**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic Preservation Activity:  
Historic Rehabilitation, Heritage Tourism, and Main Street Program (\$357 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,921.5	13	97.5	349.2
2. Agri. Serv., Forestry, & Fish	1,320.8	39	560.3	1,138.9
3. Mining	5,860.5	39	1,267.7	2,215.5
4. Construction	74,233.7	1,566	42,995.6	58,685.7
5. Manufacturing	87,222.1	550	19,485.8	31,118.0
6. Transport. & Public Utilities	22,004.4	148	5,366.6	8,291.2
7. Wholesale	21,274.7	233	8,651.4	10,131.7
8. Retail Trade	118,581.1	3,394	42,727.9	66,494.9
9. Finance, Ins., & Real Estate	28,754.0	276	7,814.7	17,489.3
10. Services	95,902.5	1,784	35,771.7	45,939.2
11. Government	2,695.3	29	812.8	1,256.9
<b>Total Effects (Private and Public)</b>	<b>459,770.8</b>	<b>8,071</b>	<b>165,552.2</b>	<b>243,110.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	296,301.4	5,979	117,297.7	167,433.6
2. Indirect and Induced Effects	163,469.4	2,092	48,254.5	75,677.1
3. Total Effects	459,770.8	8,071	165,552.2	243,110.6
4. Multipliers (3/1)	1.552	1.350	1.411	1.452
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				148,667.9
2. Taxes				42,447.3
a. Local				6,834.1
b. State				11,584.7
c. Federal				24,028.4
General				6,278.6
Social Security				17,749.8
3. Profits, dividends, rents, and other				51,995.5
4. Total Gross State Product (1+2+3)				243,110.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		148,667.9	165,552.2	
2. Taxes		42,447.3	31,982.7	74,429.9
a. Local		6,834.1	1,842.6	8,676.7
b. State		11,584.7	4,623.7	16,208.4
c. Federal		24,028.4	25,516.4	49,544.8
General		6,278.6	25,516.4	31,795.0
Social Security		17,749.8	0.0	17,749.8
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				22.6
Income				463,732
State/Local Taxes				69,706
Gross State Product				680,982
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>357,000,000</b>

**SUMMARY EXHIBIT 11**  
**Cumulative National Economic & Tax Impacts of Oklahoma Historic**  
**Preservation Programs: Federal ITC and Main Street (\$1,392 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	21,857.0	338	1,512.1	4,874.3
2. Agri. Serv., Forestry, & Fish	7,493.0	171	2,565.3	6,228.3
3. Mining	38,083.1	257	8,805.3	15,361.6
4. Construction	487,802.0	10,823	294,577.6	397,460.3
5. Manufacturing	793,733.0	5,457	189,800.2	310,273.1
6. Transport. & Public Utilities	153,299.7	1,110	38,716.6	61,399.4
7. Wholesale	111,750.6	1,211	45,443.6	53,219.2
8. Retail Trade	481,532.2	14,542	184,621.8	301,881.4
9. Finance, Ins., & Real Estate	183,049.7	1,974	64,498.3	115,123.1
10. Services	312,236.4	5,433	139,673.4	144,102.3
11. Government	11,844.0	126	3,588.3	5,609.7
<b>Total Effects (Private and Public)</b>	<b>2,602,680.7</b>	<b>41,442</b>	<b>973,802.5</b>	<b>1,415,532.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	1,391,843.3	26,931	615,386.1	867,438.6
2. Indirect and Induced Effects	1,210,837.4	14,511	358,416.4	548,094.0
3. Total Effects	2,602,680.7	41,442	973,802.5	1,415,532.6
4. Multipliers (3/1)	1.870	1.539	1.582	1.632
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				832,897.2
2. Taxes				205,093.8
a. Local				30,823.6
b. State				54,917.8
c. Federal				119,352.4
General				33,301.9
Social Security				86,050.5
3. Profits, dividends, rents, and other				377,541.5
4. Total Gross State Product (1+2+3)				1,415,532.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		832,897.2	802,592.5	
2. Taxes		205,093.8	155,051.2	360,145.1
a. Local		30,823.6	8,932.9	39,756.5
b. State		54,917.8	22,415.5	77,333.3
c. Federal		119,352.4	123,702.9	243,055.3
General		33,301.9	123,702.9	157,004.8
Social Security		86,050.5	0.0	86,050.5
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				29.8
Income				699,571
State/Local Taxes				84,116
Gross State Product				1,016,906
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>1,392,000,000</b>

**SUMMARY EXHIBIT 12**  
**Cumulative In-State Economic & Tax Impacts of Oklahoma Historic**  
**Preservation Programs: Federal ITC and Main Street (\$1,392 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	4,804.2	36	271.7	986.7
2. Agri. Serv., Forestry, & Fish	4,835.3	137	1,981.6	4,136.3
3. Mining	22,922.5	174	5,376.6	9,386.2
4. Construction	472,130.8	10,623	289,025.3	388,697.4
5. Manufacturing	439,963.9	3,067	107,516.8	175,730.9
6. Transport. & Public Utilities	87,268.7	526	20,633.4	32,139.3
7. Wholesale	83,404.5	904	33,916.7	39,719.9
8. Retail Trade	465,363.3	14,106	178,783.1	292,388.1
9. Finance, Ins., & Real Estate	106,108.7	1,096	33,249.1	64,490.8
10. Services	235,452.5	3,992	108,309.4	107,830.7
11. Government	9,137.3	98	2,755.4	4,261.1
<b>Total Effects (Private and Public)</b>	<b>1,931,391.9</b>	<b>34,760</b>	<b>781,819.1</b>	<b>1,119,767.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	1,248,419.8	25,685	572,759.1	800,203.0
2. Indirect and Induced Effects	682,972.0	9,075	209,060.0	319,564.6
3. Total Effects	1,931,391.9	34,760	781,819.1	1,119,767.6
4. Multipliers (3/1)	1.547	1.353	1.365	1.399
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				670,114.6
2. Taxes				181,868.7
a. Local				22,454.5
b. State				48,485.1
c. Federal				110,929.1
General				27,105.9
Social Security				83,823.3
3. Profits, dividends, rents, and other				267,784.3
4. Total Gross State Product (1+2+3)				1,119,767.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		670,114.6	781,819.1	
2. Taxes		181,868.7	151,038.1	332,906.8
a. Local		22,454.5	8,701.7	31,156.2
b. State		48,485.1	21,835.3	70,320.4
c. Federal		110,929.1	120,501.1	231,430.2
General		27,105.9	120,501.1	147,606.9
Social Security		83,823.3	0.0	83,823.3
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				25.0
Income				561,652
State/Local Taxes				72,900
Gross State Product				804,431
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>1,392,000,000</b>



**SUMMARY EXHIBIT 13**  
**Total National Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Historic Rehabilitation (\$125 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,806.7	32	132.6	426.0
2. Agri. Serv., Forestry, & Fish	1,436.0	33	495.5	1,193.2
3. Mining	4,612.8	39	1,204.1	2,122.3
4. Construction	55,796.0	1,186	32,627.2	44,443.1
5. Manufacturing	85,839.7	586	20,054.1	31,654.5
6. Transport. & Public Utilities	14,838.4	115	3,920.4	6,350.6
7. Wholesale	9,658.8	105	3,927.8	4,599.8
8. Retail Trade	12,795.5	340	4,706.5	7,876.2
9. Finance, Ins., & Real Estate	15,753.6	172	5,688.8	9,917.5
10. Services	34,486.8	567	15,718.6	15,774.0
11. Government	1,055.5	11	319.7	499.6
<b>Total Effects (Private and Public)</b>	<b>238,079.8</b>	<b>3,186</b>	<b>88,795.3</b>	<b>124,856.8</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	124,995.5	1,853	55,432.1	74,352.4
2. Indirect and Induced Effects	113,084.3	1,333	33,363.2	50,504.5
3. Total Effects	238,079.8	3,186	88,795.3	124,856.8
4. Multipliers (3/1)	1.905	1.719	1.602	1.679
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				75,041.2
2. Taxes				14,981.4
a. Local				2,225.3
b. State				2,351.8
c. Federal				10,404.2
General				2,722.6
Social Security				7,681.7
3. Profits, dividends, rents, and other				34,834.3
4. Total Gross State Product (1+2+3)				124,856.8
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		75,041.2	71,646.8	
2. Taxes		14,981.4	13,841.3	28,822.7
a. Local		2,225.3	797.4	3,022.8
b. State		2,351.8	2,001.0	4,352.8
c. Federal		10,404.2	11,042.9	21,447.1
General		2,722.6	11,042.9	13,765.4
Social Security		7,681.7	0.0	7,681.7
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				25.5
Income				710,363
State/Local Taxes				59,005
Gross State Product				998,855
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>125,000,000</b>

**SUMMARY EXHIBIT 14**  
**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Historic Rehabilitation (\$125 million, 2007)**

	<b>Economic Component</b>			
	<b>Output (000 \$)</b>	<b>Employment (jobs)</b>	<b>Income (000\$)</b>	<b>Gross State Product (000\$)</b>
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture				
2. Agri. Serv., Forestry, & Fish	389.7	3	25.0	90.4
3. Mining	994.5	29	413.4	851.8
4. Construction	3,053.1	29	831.2	1,468.1
5. Manufacturing	54,373.7	1,168	32,138.6	43,663.5
6. Transport. & Public Utilities	49,691.1	345	11,819.6	18,614.9
7. Wholesale	7,993.8	52	1,972.8	3,105.1
8. Retail Trade	7,020.9	76	2,855.1	3,343.6
9. Finance, Ins., & Real Estate	11,343.3	301	4,182.4	7,024.8
10. Services	8,839.7	93	2,893.1	5,370.6
11. Government	792.8	9	239.0	369.1
<b>Total Effects (Private and Public)</b>	<b>171,232.1</b>	<b>2,530</b>	<b>69,851.2</b>	<b>96,049.9</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	108,343.3	1,706	50,623.9	66,924.1
2. Indirect and Induced Effects	62,888.8	824	19,227.3	29,125.9
3. Total Effects	171,232.1	2,530	69,851.2	96,049.9
4. Multipliers (3/1)	1.580	1.483	1.380	1.435
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				59,445.7
2. Taxes				12,834.2
a. Local				1,446.6
b. State				1,757.1
c. Federal				9,630.5
General				2,141.4
Social Security				7,489.1
3. Profits, dividends, rents, and other				23,770.0
4. Total Gross State Product (1+2+3)				96,049.9
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		59,445.7	69,851.2	
2. Taxes		12,834.2	13,494.4	26,328.7
a. Local		1,446.6	777.4	2,224.1
b. State		1,757.1	1,950.9	3,708.0
c. Federal		9,630.5	10,766.1	20,396.6
General		2,141.4	10,766.1	12,907.5
Social Security		7,489.1	0.0	7,489.1
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				20.2
Income				558,809
State/Local Taxes				47,456
Gross State Product				768,399
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>125,000,000</b>

**SUMMARY EXHIBIT 15**  
**Total National Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Heritage Tourism (\$175 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	5,236.2	63	315.1	1,041.1
2. Agri. Serv., Forestry, & Fish	381.5	10	161.2	333.5
3. Mining	3,689.0	11	586.6	985.1
4. Construction	5,236.3	42	1,177.8	2,250.8
5. Manufacturing	62,901.7	353	13,128.8	20,375.3
6. Transport. & Public Utilities	18,372.1	175	4,933.7	7,430.7
7. Wholesale	13,802.5	152	5,612.8	6,573.2
8. Retail Trade	82,595.6	2,331	29,000.2	43,894.7
9. Finance, Ins., & Real Estate	22,824.9	218	6,359.8	14,202.7
10. Services	68,396.1	1,360	22,382.1	33,632.5
11. Government	1,835.6	20	555.1	864.1
<b>Total Effects (Private and Public)</b>	<b>285,271.4</b>	<b>4,735</b>	<b>84,213.1</b>	<b>131,583.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	153,997.8	3,250	48,153.2	73,763.9
2. Indirect and Induced Effects	131,273.7	1,485	36,059.9	57,819.7
3. Total Effects	285,271.4	4,735	84,213.1	131,583.6
4. Multipliers (3/1)	1.852	1.457	1.749	1.784
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				79,362.5
2. Taxes				24,039.1
a. Local				5,297.1
b. State				7,951.8
c. Federal				10,790.2
General				3,698.0
Social Security				7,092.2
3. Profits, dividends, rents, and other				28,182.0
4. Total Gross State Product (1+2+3)				131,583.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		79,362.5	66,148.5	
2. Taxes		24,039.1	12,779.1	36,818.2
a. Local		5,297.1	736.2	6,033.4
b. State		7,951.8	1,847.5	9,799.2
c. Federal		10,790.2	10,195.4	20,985.6
General		3,698.0	10,195.4	13,893.4
Social Security		7,092.2	0.0	7,092.2
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.1
Income				481,217
State/Local Taxes				90,472
Gross State Product				751,906
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>175,000,000</b>

**SUMMARY EXHIBIT 16**  
**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Heritage Tourism (\$175 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,325.4	9	61.5	218.7
2. Agri. Serv., Forestry, & Fish	211.7	7	98.7	188.5
3. Mining	2,036.6	5	276.4	469.9
4. Construction	3,234.4	16	438.6	1,101.8
5. Manufacturing	22,224.8	99	3,850.8	6,080.0
6. Transport. & Public Utilities	10,332.7	74	2,530.5	3,838.3
7. Wholesale	10,623.2	118	4,319.9	5,059.1
8. Retail Trade	81,053.2	2,290	28,444.9	42,994.1
9. Finance, Ins., & Real Estate	15,408.0	136	3,537.7	9,379.4
10. Services	60,942.5	1,212	19,552.1	30,003.2
11. Government	1,522.9	16	459.3	710.6
<b>Total Effects (Private and Public)</b>	<b>208,915.3</b>	<b>3,980</b>	<b>63,570.4</b>	<b>100,043.5</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	135,887.9	3,082	42,985.9	66,468.2
2. Indirect and Induced Effects	73,027.4	899	20,584.5	33,575.4
3. Total Effects	208,915.3	3,980	63,570.4	100,043.5
4. Multipliers (3/1)	1.537	1.292	1.479	1.505
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				61,549.5
2. Taxes				21,323.9
a. Local				4,326.8
b. State				7,229.2
c. Federal				9,768.0
General				2,952.3
Social Security				6,815.7
3. Profits, dividends, rents, and other				17,170.1
4. Total Gross State Product (1+2+3)				100,043.5
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		61,549.5	63,570.4	
2. Taxes		21,323.9	12,281.0	33,605.0
a. Local		4,326.8	707.5	5,034.3
b. State		7,229.2	1,775.4	9,004.6
c. Federal		9,768.0	9,798.0	19,566.1
General		2,952.3	9,798.0	12,750.3
Social Security		6,815.7	0.0	6,815.7
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				22.7
Income				363,259
State/Local Taxes				80,222
Gross State Product				571,677
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>175,000,000</b>

**SUMMARY EXHIBIT 17**  
**Total National Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Main Street Program (\$57 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	929.4	13	62.5	201.7
2. Agri. Serv., Forestry, & Fish	184.3	4	66.9	154.9
3. Mining	1,347.9	8	286.6	497.2
4. Construction	17,264.1	390	10,648.3	14,281.2
5. Manufacturing	28,357.0	195	6,883.7	11,559.3
6. Transport. & Public Utilities	6,360.0	46	1,596.2	2,532.7
7. Wholesale	4,770.6	52	1,940.0	2,271.9
8. Retail Trade	26,847.1	822	10,340.0	16,865.3
9. Finance, Ins., & Real Estate	7,660.4	82	2,667.4	4,815.5
10. Services	11,150.7	203	4,918.2	5,180.6
11. Government	484.9	5	146.9	229.7
<b>Total Effects (Private and Public)</b>	<b>105,356.3</b>	<b>1,820</b>	<b>39,556.7</b>	<b>58,590.2</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	56,990.2	1,234	25,202.6	36,486.6
2. Indirect and Induced Effects	48,366.1	586	14,354.1	22,103.7
3. Total Effects	105,356.3	1,820	39,556.7	58,590.2
4. Multipliers (3/1)	1.849	1.475	1.570	1.606
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				34,104.3
2. Taxes				9,228.6
a. Local				1,397.6
b. State				2,858.3
c. Federal				4,972.8
General				1,434.8
Social Security				3,538.0
3. Profits, dividends, rents, and other				15,257.3
4. Total Gross State Product (1+2+3)				58,590.2
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		34,104.3	32,998.7	
2. Taxes		9,228.6	6,374.9	15,603.6
a. Local		1,397.6	367.3	1,764.8
b. State		2,858.3	921.6	3,779.9
c. Federal		4,972.8	5,086.1	10,058.9
General		1,434.8	5,086.1	6,520.9
Social Security		3,538.0	0.0	3,538.0
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				31.9
Income				693,978
State/Local Taxes				97,276
Gross State Product				1,027,899
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>57,000,000</b>

**SUMMARY EXHIBIT 18**  
**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Main Street Program (\$57 million, 2007)**

	<b>Economic Component</b>			
	<b>Output (000 \$)</b>	<b>Employment (jobs)</b>	<b>Income (000\$)</b>	<b>Gross State Product (000\$)</b>
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	206.3	1	11.0	40.1
2. Agri. Serv., Forestry, & Fish	114.6	3	48.2	98.7
3. Mining	770.8	5	160.1	277.5
4. Construction	16,625.6	382	10,418.5	13,920.4
5. Manufacturing	15,306.3	107	3,815.4	6,423.1
6. Transport. & Public Utilities	3,677.9	22	863.2	1,347.7
7. Wholesale	3,630.7	39	1,476.4	1,729.0
8. Retail Trade	26,184.7	804	10,100.7	16,476.0
9. Finance, Ins., & Real Estate	4,506.3	46	1,384.0	2,739.3
10. Services	8,220.5	146	3,738.7	3,788.0
11. Government	379.6	4	114.5	177.2
<b>Total Effects (Private and Public)</b>	<b>79,623.4</b>	<b>1,560</b>	<b>32,130.6</b>	<b>47,017.1</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	52,070.2	1,191	23,687.9	34,041.3
2. Indirect and Induced Effects	27,553.2	369	8,442.7	12,975.8
3. Total Effects	79,623.4	1,560	32,130.6	47,017.1
4. Multipliers (3/1)	1.529	1.310	1.356	1.381
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				27,672.7
2. Taxes				8,289.1
a. Local				1,060.7
b. State				2,598.5
c. Federal				4,629.9
General				1,185.0
Social Security				3,444.9
3. Profits, dividends, rents, and other				11,055.4
4. Total Gross State Product (1+2+3)				47,017.1
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		27,672.7	32,130.6	
2. Taxes		8,289.1	6,207.3	14,496.3
a. Local		1,060.7	357.6	1,418.3
b. State		2,598.5	897.4	3,495.8
c. Federal		4,629.9	4,952.3	9,582.1
General		1,185.0	4,952.3	6,137.2
Social Security		3,444.9	0.0	3,444.9
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.4
Income				563,696
State/Local Taxes				86,213
Gross State Product				824,862
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>57,000,000</b>

**SUMMARY EXHIBIT 19**  
**Cumulative National Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Federal ITC (\$507 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	7,342.8	132	537.7	1,728.1
2. Agri. Serv., Forestry, & Fish	4,663.2	103	1,536.8	3,848.8
3. Mining	17,409.2	140	4,415.6	7,750.8
4. Construction	225,379.1	4,898	132,947.5	180,610.0
5. Manufacturing	359,191.1	2,467	84,501.6	133,510.3
6. Transport. & Public Utilities	54,996.2	406	14,051.4	22,292.1
7. Wholesale	38,656.1	419	15,719.6	18,409.3
8. Retail Trade	51,905.3	1,379	19,090.2	31,943.2
9. Finance, Ins., & Real Estate	63,984.7	699	23,113.0	40,283.1
10. Services	140,612.8	2,308	64,048.5	64,303.6
11. Government	4,316.0	46	1,307.2	2,042.5
<b>Total Effects (Private and Public)</b>	<b>968,456.4</b>	<b>12,996</b>	<b>361,269.2</b>	<b>506,721.8</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	506,992.5	7,569	225,151.4	301,101.6
2. Indirect and Induced Effects	461,463.9	5,427	136,117.8	205,620.2
3. Total Effects	968,456.4	12,996	361,269.2	506,721.8
4. Multipliers (3/1)	1.910	1.717	1.605	1.683
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				303,957.2
2. Taxes				60,624.7
a. Local				8,970.1
b. State				9,503.0
c. Federal				42,151.6
General				10,947.5
Social Security				31,204.1
3. Profits, dividends, rents, and other				142,139.9
4. Total Gross State Product (1+2+3)				506,721.8
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		303,957.2	291,040.4	
2. Taxes		60,624.7	56,225.5	116,850.2
a. Local		8,970.1	3,239.3	12,209.4
b. State		9,503.0	8,128.4	17,631.4
c. Federal		42,151.6	44,857.8	87,009.4
General		10,947.5	44,857.8	55,805.3
Social Security		31,204.1	0.0	31,204.1
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				25.6
Income				712,563
State/Local Taxes				58,858
Gross State Product				999,451
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>507,000,000</b>

**SUMMARY EXHIBIT 20**  
**Cumulative In-State Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Federal ITC (\$507 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,575.9	14	99.8	361.5
2. Agri. Serv., Forestry, & Fish	3,078.2	86	1,241.6	2,622.8
3. Mining	11,128.1	101	2,934.0	5,152.4
4. Construction	219,601.8	4,826	130,962.0	177,443.1
5. Manufacturing	206,218.2	1,436	49,341.6	77,838.5
6. Transport. & Public Utilities	30,350.2	189	7,275.0	11,298.0
7. Wholesale	27,830.8	302	11,317.5	13,253.9
8. Retail Trade	46,000.0	1,219	16,959.5	28,482.3
9. Finance, Ins., & Real Estate	35,934.1	380	11,757.8	21,832.7
10. Services	109,065.4	1,734	50,875.3	49,543.0
11. Government	3,235.6	35	975.2	1,506.1
<b>Total Effects (Private and Public)</b>	<b>694,018.1</b>	<b>10,322</b>	<b>283,739.3</b>	<b>389,334.4</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	438,188.5	6,971	205,497.1	270,952.7
2. Indirect and Induced Effects	255,829.6	3,351	78,242.2	118,381.7
3. Total Effects	694,018.1	10,322	283,739.3	389,334.4
4. Multipliers (3/1)	1.584	1.481	1.381	1.437
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				240,319.0
2. Taxes				51,928.7
a. Local				5,807.2
b. State				7,087.1
c. Federal				39,034.3
General				8,613.0
Social Security				30,421.3
3. Profits, dividends, rents, and other				97,086.7
4. Total Gross State Product (1+2+3)				389,334.4
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		240,319.0	283,739.3	
2. Taxes		51,928.7	54,815.0	106,743.7
a. Local		5,807.2	3,158.0	8,965.2
b. State		7,087.1	7,924.5	15,011.7
c. Federal		39,034.3	43,732.5	82,766.8
General		8,613.0	43,732.5	52,345.5
Social Security		30,421.3	0.0	30,421.3
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				20.4
Income				559,644
State/Local Taxes				47,292
Gross State Product				767,918
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>507,000,000</b>



**SUMMARY EXHIBIT 21**  
**Cumulative National Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Main Street (\$885 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	14,515.6	206	974.4	3,146.5
2. Agri. Serv., Forestry, & Fish	2,829.8	69	1,028.5	2,379.5
3. Mining	20,674.5	117	4,389.8	7,611.0
4. Construction	262,424.4	5,925	161,630.6	216,851.1
5. Manufacturing	434,550.3	2,990	105,300.4	176,765.4
6. Transport. & Public Utilities	98,306.8	704	24,665.9	39,108.6
7. Wholesale	73,096.0	792	29,724.7	34,810.6
8. Retail Trade	429,631.0	13,164	165,533.1	269,940.7
9. Finance, Ins., & Real Estate	119,070.1	1,275	41,387.1	74,843.2
10. Services	171,628.1	3,125	75,626.8	79,800.9
11. Government	7,528.3	80	2,281.1	3,567.3
<b>Total Effects (Private and Public)</b>	<b>1,634,255.0</b>	<b>28,446</b>	<b>612,542.4</b>	<b>908,824.8</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	884,850.8	19,362	390,234.6	566,336.9
2. Indirect and Induced Effects	749,404.2	9,084	222,307.7	342,487.9
3. Total Effects	1,634,255.0	28,446	612,542.4	908,824.8
4. Multipliers (3/1)	1.847	1.469	1.570	1.605
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				528,948.3
2. Taxes				144,471.3
a. Local				21,854.0
b. State				45,415.4
c. Federal				77,202.0
General				22,354.8
Social Security				54,847.2
3. Profits, dividends, rents, and other				235,405.3
4. Total Gross State Product (1+2+3)				908,824.8
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		528,948.3	511,559.1	
2. Taxes		144,471.3	98,827.1	243,298.4
a. Local		21,854.0	5,693.7	27,547.7
b. State		45,415.4	14,287.3	59,702.7
c. Federal		77,202.0	78,846.2	156,048.1
General		22,354.8	78,846.2	101,201.0
Social Security		54,847.2	0.0	54,847.2
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				32.1
Income				692,138
State/Local Taxes				98,588
Gross State Product				1,026,921
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>885,000,000</b>

**SUMMARY EXHIBIT 22**  
**Cumulative In-State Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Main Street (\$885 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	3,228.3	22	171.9	625.3
2. Agri. Serv., Forestry, & Fish	1,757.2	51	739.9	1,513.5
3. Mining	11,794.5	73	2,442.6	4,233.8
4. Construction	252,529.1	5,797	158,063.3	211,254.4
5. Manufacturing	233,745.7	1,631	58,175.2	97,892.4
6. Transport. & Public Utilities	56,918.5	337	13,358.4	20,841.3
7. Wholesale	55,573.7	602	22,599.2	26,466.0
8. Retail Trade	419,363.3	12,887	161,823.6	263,905.8
9. Finance, Ins., & Real Estate	70,174.7	716	21,491.2	42,658.1
10. Services	126,387.1	2,257	57,434.2	58,287.8
11. Government	5,901.7	63	1,780.2	2,755.0
<b>Total Effects (Private and Public)</b>	<b>1,237,373.8</b>	<b>24,437</b>	<b>498,079.8</b>	<b>730,433.2</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	810,231.4	18,714	367,262.0	529,250.4
2. Indirect and Induced Effects	427,142.4	5,723	130,817.8	201,182.9
3. Total Effects	1,237,373.8	24,437	498,079.8	730,433.2
4. Multipliers (3/1)	1.527	1.306	1.356	1.380
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				429,795.6
2. Taxes				129,940.0
a. Local				16,647.3
b. State				41,398.0
c. Federal				71,894.8
General				18,492.8
Social Security				53,402.0
3. Profits, dividends, rents, and other				170,697.6
4. Total Gross State Product (1+2+3)				730,433.2
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		429,795.6	498,079.8	
2. Taxes		129,940.0	96,223.0	226,163.1
a. Local		16,647.3	5,543.6	22,190.9
b. State		41,398.0	13,910.8	55,308.8
c. Federal		71,894.8	76,768.6	148,663.4
General		18,492.8	76,768.6	95,261.4
Social Security		53,402.0	0.0	53,402.0
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.6
Income				562,802
State/Local Taxes				87,570
Gross State Product				825,348
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>885,000,000</b>

**CHAPTER ONE**  
**BACKGROUND ON HISTORIC PRESERVATION ECONOMICS**

## THE NEED FOR INFORMATION ON HISTORIC PRESERVATION ECONOMICS

Until almost the mid-twentieth century, the idea of historic preservation was alien to the American reverence for the new. There were but a handful of exceptions. Independence Hall, slated for demolition, was purchased by the City of Philadelphia in 1816, and Mount Vernon was saved by a valiant private women's group in the 1850s. Private philanthropy from the Rockefeller family helped restore Colonial Williamsburg in the mid-1920s. In the mid-1930s, there was some nascent public preservation action. The federal government, authorized by the 1935 Historic Sites Act, began identifying landmarks on the National Register of Historic Sites and Buildings. In the 1930s, a handful of communities, most notably Charleston, S.C., in 1931 and New Orleans in 1937, established local preservation commissions to identify and protect selected historic districts.

These preservation activities, however, were the exceptions. More typical was destruction of even acknowledged landmarks. Pennsylvania Station in New York City is a prime example. Federal programs, ranging from urban renewal to the interstate highway systems, fueled the demolition of the nation's historic built environment. Partly in reaction to the widespread loss of historic properties, a system for preservation had developed by the 1960s. At the federal level, the National Historic Preservation Act (NHPA) of 1966 created a National Register of Historic Places and a review process, Section 106 of the NHPA, to evaluate federal undertakings that threatened National Register-eligible resources. With federal funds from NHPA, state historic preservation offices (SHPOs) were established to help identify sites and structures to be placed on the National Register. Many states further enacted their own procedures to evaluate state and local government actions that threatened historic properties.

Most significant was the establishment of local preservation commissions. These were created by ordinances to identify historic resources and then take appropriate action to designate these resources as landmarks. Once designated, the landmarks could not be demolished, nor could their facades be altered in a historically inaccurate fashion without review by the commission. At minimum, these actions would be advisory only.

In a short period of time, historic preservation has mushroomed in scope. There were about 1,000 entries on the National Register of Historic Places in 1968; today there are nearly 70,000. In the last decade, the National Trust for Historic Preservation's Main Street Program, designed to revitalize older downtowns, has grown from a handful to hundreds of successful examples nationwide. Local historic commissions totaled only about 20 as of the mid-1950s. Civic spirit fueled by the Bicentennial increased that number to 100, and today there are almost 2,000 local commissions. Other barometers of historic preservation activity also show quantum increases; still, preservation remains the exception rather than the rule.

Preservation has accomplished much. Icons that have been saved, such as Grand Central Station in New York, are important to the perception of quality of life. Less dramatic, but equally as important, is the preservation of properties of statewide and local significance throughout the United States. The aesthetic and quality-of-life benefits of preservation are generally acknowledged. However, doubts are often expressed about the quantifiable economic contribution of preservation. While proponents of investment in such areas as public infrastructure and new housing construction tout the job, income, and other financial benefits of

their respective activities, historic preservationists are much less vocal about the economic benefits that accrue from their activities.

A dearth of information on the economic benefits of preservation has unfortunate consequences, especially in competing for public and other support. Take, for instance, the federal Historic Rehabilitation Tax Credit Program (ITC). Initiated in 1976, the ITC has generated billions of dollars in investment in historic preservation, encompassing about 30,000 separate projects. The ITC is the most significant federal financial support for preservation, eclipsing the Historic Preservation Fund that supports grants to State Historic Preservation Offices (SHPOs). Despite its accomplishments, the ITC has been under assault from those working to reduce federal tax incentives. In 1986, the ITC tax credit was reduced from 25 to 20 percent, and there are periodic calls for further reductions or even elimination of the ITC. Critics of the ITC cite its costs to the Federal Treasury. Preservationists, however, have failed to document the ITC's full economic benefits. This omission, in part due to the fact that a methodology for documenting the ITC's benefits is not readily at hand, puts preservationists at a competitive disadvantage compared with those arguing for federal tax breaks for other investments (e.g., capital gains and infrastructure), who can marshal arrays of statistics to support their respective causes.

Parallel developments exist at the state level. As the federal government has cut back and states have ascended as implementers and funders, state activity has become more significant in historic preservation. It is no accident that a recent publication from the National Trust for Historic Preservation is entitled *Smart States, Better Communities* (Beaumont 1997). Numerous states, including Florida, Maryland, Texas, and Vermont, have passed bond issues to foster preservation. But there are many demands on the public purse, and preservation is in competition for state support for other investments ranging from adding new or repairing existing highways to providing affordable mortgages for new housing. Preservationists often do not have hard numbers on the economic benefits of their projects, unlike the proponents of competing investments. The same is true when other state preservation incentives are proposed, such as a state income tax credit. State legislators might be more inclined to support such a credit if they were presented with evidence that their home constituencies would benefit from increased jobs, income, and spending as a result of the credit-induced preservation. Yet, such evidence is often not readily available because the procedures for measuring the economic benefits deriving from preservation projections are not developed.

In summary, the dearth of "hard" economic numbers on preservation and the lack of procedures to quantify these benefits have significant adverse implications. This is unfortunate, since historic preservation generates extensive economic benefits. In fact, preservation's benefits surpass those yielded by such alternative public sector investments as infrastructure and new housing construction. This study documents the benefits of preservation and develops procedures for assessing its economic effects that others may apply. The focus of the study is the state of Oklahoma. Few previous analyses have examined the economic impacts of historic preservation at a statewide level to the scope and detail of this study.

To set the perspective for the current investigation, prior literature is briefly reviewed here. (An extensive listing of relevant literature and annotations of critical studies are contained in the bibliography in Appendix B.)

## LITERATURE ON THE ECONOMIC IMPACTS OF HISTORIC PRESERVATION

Studies conducted in the late 1970s and early 1980s, although nominally addressing the economic benefits of historic preservation, focused less on economic benefits and more on financial feasibility. (This was a time when the feasibility of preservation vis-à-vis new construction was still an issue.) For example, *The Economic Benefits of Preserving Old Buildings* (National Trust for Historic Preservation 1982) considered such topics as hidden assets of old buildings, the costs of preservation, the types of government grants available for the preservation process, and the advantages of historic preservation from a financier's viewpoint.

Some of the early literature did introduce economic effects into the discussion, typically in anecdotal or case-study fashion. For instance, *The Contributions of Historic Preservation to Urban Revitalization* (Advisory Council on Historic Preservation 1979) investigated the effect of historic preservation activities in Alexandria (Virginia), Galveston (Texas), Savannah (Georgia), and Seattle (Washington). According to the Advisory Council on Historic Preservation, historic designation and attendant preservation activities provide many benefits, including saving important properties from demolition, fostering construction, and providing a concentrated area of interest to attract tourists and metropolitan-area visitors. Designation also was found to have the beneficial effect of strengthening property values—an impact documented by comparing the selling prices of buildings located within versus outside historic districts in Alexandria and other cities studied.

The economic topics considered by the Advisory Council on Historic Preservation in 1979—preservation's relationship to property values, tourism, and construction—have been revisited numerous times, typically on a case-study basis (see bibliography). For instance, Samuels (1981) examined increases in property values in designated historic neighborhoods in Washington, D.C. Schaeffer and Ahern (1988), Benson and Klein (1988), Ford (1989), Gale (1991), and Leithe et al. (1991) did similar property value analyses in Chicago, Cleveland, Baltimore, Washington, and Galveston, respectively.

Construction and tourism effects from preservation have also been studied by numerous authors. For instance, Lane (1982) and Johnson and Sullivan (1992) examined the tourism benefits of Civil War battlefield visitation. Avault and Van Buren (1985) examined the economic contributions of historic rehabilitation construction activity in Boston, and a similar analysis was done in Atlanta by the Center for Business and Economic Studies (1986).

Our review of the existing literature shows some changes over time. The geographical scale of analysis in considering economic impact has expanded. Whereas earlier the focus was typically a neighborhood or two (e.g., Philadelphia's Society Hill or Seattle's Pioneer Square), investigations are now more commonly citywide (e.g., Fredericksburg, Virginia, and Galveston, Texas), and there have been some examples of statewide studies, such as in Kentucky, Missouri, Colorado, Virginia (Preservation Alliance of Virginia 1996), Rhode Island (University of Rhode Island 1993), and CUPR's own study of historic preservation activity in Arkansas in 2005. In combination, some of these more geographically broad studies have examined not only the direct but the total economic effects of historic preservation, the latter including multiplier benefits to the larger state and regional economies.

For example, the University of Rhode Island (1993) reviewed the impacts of the Rhode Island Historical Preservation Commission's (RIHPC) programs on the state economy in the areas of employment, wages, value added, and tax revenues generated. To that end, the study used computer models of the state economy to incorporate both direct and multiplier impacts. The study found that the greatest impacts of RIHPC's programs were in the construction-related industries, with retail sales and service industries affected positively as well.

A general approach for examining the total (direct and multiplier) impacts of preservation was developed by Joni Leithe, Thomas Muller, John Peterson, and Susan Robinson of the Government Finance Research Center (Leithe et al. 1991) for the National Trust for Historic Preservation. This work, important to the field, included approaches for estimating the benefits of construction activity, real estate activity (e.g., historic property value appreciation), and commercial activity (e.g., enhanced tourism). Leithe et al. applied the approach in Fredericksburg, VA, and Galveston, TX (Government Finance Officers Association 1995). In Fredericksburg, for instance, they found historic preservation had the following effects:

- Over an eight-year period, 777 projects totaling \$12.7 million were undertaken in the historic district. These projects created approximately 293 construction jobs and approximately 284 jobs in sales and manufacturing.
- Property values, both residential and commercial, experienced a dramatic increase. Between 1971 and 1990, residential property values in the historic district increased an average of 674 percent as compared with a 410 percent average increase in properties located elsewhere in the city.
- In 1989 alone, \$11.7 million in tourist purchases were made within the historic district, and another \$17.4 million outside the district, with secondary impacts resulting in \$13.8 million.

No overview of literature on the subject would be complete without mentioning *The Economics of Historic Preservation* by Donovan Rypkema (1994), which compiled results from numerous studies showing the economic benefits of preservation. Rypkema also was the author of the Virginia report (Preservation Alliance of Virginia 1996) that summarized how preservation benefited the state's economy through tourism, construction, business development, and property value enhancement. Rypkema's numerous and important contributions to the field are noted in the bibliography to this study.

We should also note studies by the authors of the current investigation that have focused on several states, most notable are those performed for New Jersey and Texas (Listokin and Lahr 1997; 1999). The New Jersey and Texas reports considered the direct and total (with multiplier) effects of different components of historic preservation in these states, including historic rehabilitation, heritage tourism, and the operation of such preservation efforts as the Main Street Program. The current analysis considers the similar aspects of historic preservation in Oklahoma.

Notably, most studies have focused on places with settlement patterns unlike those of Oklahoma, typically older areas on the East Coast. This bias in the field is undoubtedly due to the large stock of rapidly diminishing and deteriorating historic structures, where settlement had occurred much earlier. A spat of recent studies by CUPR (Texas, Arkansas, Missouri, and Memphis) and others undoubtedly compensates for some of this bias. While historic landmarks in more densely populated areas have typically been around for longer periods of time than they have in the

Midwest and High Plains, their ranks have been more frequently depleted due to development that ignored historic assets in previous eras. Indeed, in Olde City of Philadelphia, for example, some debate arose when existing Civil War era structures were torn down to make way for reconstructions of pre-Revolutionary ones. In any case, Oklahoma's relative youth places it in a great position to preserve a larger share of its historic resources and to capitalize on them economically, especially inasmuch as they are advertised and availed to in-state and out-of-state history buffs alike.

## **CURRENT STUDY SCOPE AND APPROACH**

The current investigation builds from, and adds to, the state of the art as reflected in the extant literature. Some of the distinguishing characteristics of the current study are its

1. statewide scope
2. development of preservation-specific data
3. comprehensive linked analysis
4. use of a state-of-the-art input-output model

### **Statewide Scope**

The current investigation is truly statewide in scope. It estimates statewide figures on the amount of historic rehabilitation, heritage tourism, property values, and Main Street investment. Other state investigations have not done this to the same scale. For instance, the Virginia study (Preservation Alliance of Virginia 1996) examined construction impacts from the rehabilitation of some Virginia historic properties, but did not conduct a full inventory of such state activity since this information was simply not available.

### **Development of Preservation-Specific Data**

Some other studies have developed preservation-specific information, such as the profile and spending of heritage versus non-heritage tourists (Preservation Alliance of Virginia 1996), but few do this to the extent accomplished here. Thus, the chapter on heritage tourism in this study develops side-by-side profiles of all tourists who visit historic and non-historic sites, as well as such subgroups as heritage versus non-heritage day-trippers, and heritage versus non-heritage overnighters. This side-by-side profiling is accomplished for many types of characteristics, such as demographic background, trip origin, and trip spending, with the latter differentiated into numerous components. The point is not detail for detail's sake, but rather that the more precisely the profile and spending of heritage travelers is detailed, the more precise will be the projection of economic impact of this aspect of preservation.

The more refined development of preservation-specific data is especially pronounced in the current study in regard to the breakdown of historic rehabilitation expenditures. Many studies to date use "canned programs" that have information on rehabilitation in general. But historic rehabilitation is not the same as general rehabilitation. To that end, the current study deconstructs in great detail the components of historic rehabilitation. This detailed breakdown permits a much more precise estimate of the economic impacts of historic rehabilitation, which in turn is one of the most important components of historic preservation.



### Comprehensive Linked Analysis

As there are many facets to historic preservation, a study of its economic impacts should incorporate as many of these as possible. The current investigation attempts to do this by analyzing the respective economic contribution of (1) historic rehabilitation, (2) heritage tourism, and (3) Main Street investment. The Oklahoma investigation also considers the effects on property values in historic districts and the use of historic preservation tax incentives.

The comprehensive inclusion of the many components of historic preservation in an economic assessment must carefully avoid double counting. For instance, if all of the activity of Main Street investments, historic rehabilitation were included, there would be duplicative counting because each one of these entities includes historic rehabilitation, which presumably is already tallied in the separate historic rehabilitation component.

The current study avoids this. For instance, in considering the economic contribution of Main Street, we *net* out from the Main Street investment capital spending and revenue derived from historic rehabilitation because this is considered in the earlier tallied historic rehabilitation projections.

### Use of a State-of-the-Art Input-Output Model

As other recent studies have done, the current investigation of the economic impacts of historic preservation considers direct effects of preservation-related activities as well as indirect and induced economic impacts. (See Appendix A for more information on the mathematical logistics of the input-output model.) The total or multiplier effect, often referred to as the ripple effect, has three segments:

1. A *direct effect* (the initial drop causing the ripple effects) is the change in purchases due to a change in economic activity.
2. An *indirect effect* is the change in the purchases of suppliers to the economic activity directly experiencing change.
3. An *induced effect* is the change in consumer spending that is generated by changes in labor income within the region as a result of the direct and indirect effects.

To illustrate briefly, the *direct effects* encompass the goods and services immediately involved in the economic activity analyzed, such as historic rehabilitation. For historic rehabilitation, this could include carpenters hired and construction materials purchased. *Indirect effects* encompass the value of goods and services needed to support the provision of the direct effects (e.g., materials purchases by construction suppliers). *Induced effects* include the goods and services needed by households to provide the direct and indirect labor required to rehabilitate a historic structure (e.g., food purchases by the carpenters' or suppliers' households). The estimation of indirect and induced effects is accomplished by what is referred to as an input-output model.

In this study, the projection of the total or multiplier effects of historic preservation is accomplished by application of an input-output model developed by the authors. This model offers significant advantages in detailing the total economic effects of an activity (such as historic rehabilitation), including multiplier effects (see appendix A). The analysis in the subsequent chapters first presents the direct effects of the components of historic preservation—historic rehabilitation, heritage tourism, Main Street investment, and the state's tax credit for historic preservation activity—and then applies the I-O model to derive the effects.

**CHAPTER TWO**  
**ECONOMIC IMPACTS OF ANNUAL OKLAHOMA HISTORIC  
REHABILITATION**

## INTRODUCTION AND SUMMARY

This chapter first describes the profile and magnitude of historic rehabilitation in Oklahoma. The analysis is for the year 2007 which, when this study commenced, was the most recent year for which construction information was available. (We also examine the Oklahoma rehabilitation investment from 2001 and 2007—the period over which we estimate 2007 rehab investment in the state.) The chapter then considers how the direct Oklahoma historic rehabilitation investment translates into total economic impacts, including multiplier effects. The results of the analysis are summarized below:

### ECONOMIC IMPACTS OF ANNUAL OKLAHOMA HISTORIC REHABILITATION (2007)

- Between 2001 and 2007, an estimated annual total of just over \$1.2 billion was spent on the rehabilitation of existing residential and nonresidential buildings in Oklahoma, according to CUPR research. Of this total, an estimated \$125 million (10 percent) was spent on rehabilitation of historic properties (older properties that were on, or might qualify for, the National Register of Historic Places and/or local landmark designations). Just under \$30 million of the historic rehabilitation was on residential properties, with the remainder (about \$95 million) on structures serving non-residential uses.

#### EXHIBIT 2.1

##### Estimated Annual Value of Total Rehabilitation and Historic Building Rehabilitation in Oklahoma, 2001-07

Property Type	Estimated Total Rehabilitation (in \$ million)	Estimated Historic Rehabilitation (in \$ million)	Historic Rehab as Share of Total Rehabilitation
Residential	295.7	29.7	10.0%
Nonresidential	920.8	95.3	10.3%
Total	1,216.5	125.0	10.3%

- The direct effects of historic rehabilitation are translated into multiplier effects, which encompass such dimensions as *jobs* (employment by place of work), *income* (total wages, salaries, and proprietor's income), *output* (value of shipments), *gross domestic product* or GDP (total wealth accumulated, referred to at the state level as gross state product or GSP), *taxes* (federal, state, and local), and *in-state wealth* (GSP less federal tax "leakage").
- The total economic impacts to the nation from the \$125 million in annual statewide historic rehabilitation spending include 3,186 jobs generating an additional \$238 million in output, \$89 million in income and \$125 million in GDP. At the state of Oklahoma level, the \$125 million in annual (2007) historic rehabilitation spending translates to 2,530 jobs, \$70 million in labor income, \$96 million in GSP and \$6 million in annual state and local Oklahoma taxes. The in-state wealth (GSP minus federal taxes) resulting from rehabilitation expenditures amounts to \$76 million, indicating a high 79 percent retention rate.

**EXHIBIT 2.2**  
**Total Economic Impacts of Annual Oklahoma**  
**Historic Building Rehabilitation (\$125 million), 2007**

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	2,530	656	3,186
Income (\$millions)	69.9	18.9	88.8
Output (\$millions)	171.2	66.9	238.1
GDP/GSP <sup>a</sup> (\$millions)	96.0	28.9	124.9
Total taxes (\$millions)	26.3	2.5	28.8
<i>Federal (\$millions)</i>	20.4	1.0	21.4
<i>State/Local (\$millions)</i>	5.9	1.5	7.4
In-State wealth <sup>b</sup> (\$millions)	75.6	---	---

<sup>a</sup> GDP/GSP = Gross Domestic Product/Gross State Product.

<sup>b</sup> In-State wealth = GSP minus federal taxes.

- The benefits that accrue to Oklahomans from annual investment in historic rehabilitation projects are extensive. As with all spending examined in this study, every sector of the state's economy sees their payrolls and production increased. Just under half of the Oklahoma-based jobs from the annual rehabilitation investment (1,168 of 2,530 jobs) and Oklahoma gross state product (\$43.7 million of \$96.0 million GSP) created by historic rehabilitation within Oklahoma accrue to the state's construction industry; this is as one would expect, given the share of such projects that require the employment of building contractors. Other Oklahoma major beneficiaries are transportation and utilities (345 jobs, \$18.6 million in GSP) as well as the finance, insurance, and real estate (FIRE) sector (301 jobs, \$7.0 million in GSP). The services sector, plus both the wholesale and retail trades, all see many jobs and \$12 million in GSP created as a result of historic rehabilitation activity.

## HISTORIC REHABILITATION IN OKLAHOMA

### Definition of Historic Rehabilitation

For the purposes of this study, historic rehabilitation includes all “rehabilitation” that is effected in “historic” properties. “Rehabilitation” is defined as encompassing all construction work that the Census classifies as “alterations.” Not included are minor repairs or structures added to buildings (i.e., the Census categories “repairs” and “additions”). All rehabilitation is included—not just work of a historic nature (e.g., facade restoration)—as long as the rehabilitation is effected in a historic property. “Historic” is defined as a property that is designated as a national, state, or local landmark; or is located in a national, state or local historic register district; or because of age and other factors might be eligible for historic designation.

The definition of “rehabilitation” is straightforward (from the Census); however, the label of “historic” as used in the present study bears further comment. Inclusion of landmarks listed by all levels of government—federal, state, and local—acknowledges that all of these listings are important. Including only entries on the National Register of Historic Places and omitting local landmarks would fail to incorporate the tremendous interest in preservation at the local level and

the significance of local involvement, as evidenced by the numbers of landmark and historic district designations and the related rehabilitation of these resources.

Thus, our specification of historic includes only those properties already officially listed on registers, whether federal, state, or local, and properties that, because of age and other factors, *might* be eligible for historic listing. In the field of preservation, eligibility for designation is in fact a recognized status. At the federal level, a Section 106 review is triggered when federal action threatens properties both on, and eligible for, the National Register. There is a valid reason why eligibility for listing is recognized by historic preservationists, principally that the time gap between eligibility status and official listing should not thwart the ultimate goal of protecting legitimate historic resources.

### **Scale of Historic Rehabilitation in Oklahoma**

At first glance, the task of determining the share of rehabilitation work that is in historic stock seems easy: simply sum for all historic properties the total amount of rehabilitation and repair work that is performed. Unfortunately, there is no centralized data source for current building rehabilitation activity, nor is there one that lists all historic properties in the state. The amount of rehabilitation by community – or at any level – cannot be obtained by any direct means. The US Census Bureau ceased the tabulation of such data in 1994. We therefore have to proceed through a series of estimates that looks at new construction activity in Oklahoma, then from that tally estimates first rehabilitation investment in general and then historic rehab in particular.

To recap, our ultimate goal is to estimate the dollar amount of historic rehabilitation of the existing building stock (both residential and non-residential) that took place in Oklahoma during the course of the current decade (i.e. 2001 through 2007). We proceed as follows. Between 2001 through 2007, the 295 Oklahoma communities statewide reporting to the U.S. Bureau of the Census issued permits for \$15.75 billion of new residential building construction (adjusted for inflation), or an annual average of \$2.25 billion of new residential construction in Oklahoma. Unfortunately, however, no central repository exists for data on the value of building permits issued for either the *rehabilitation* of the existing stock or *nonresidential new construction* taking place in Oklahoma communities. Hence, past relationships for each community between permits for new residential building and both new nonresidential and rehabilitation construction were applied to the 2001-2007 data for new residential construction.

Specifically, ratios were devised that gauged how much structural rehabilitation, both residential and nonresidential, would be expected for given values of new residential construction, the latter our known value. Computing these calculations yielded estimates for the 295 Oklahoma communities of \$160.8 million in total annual residential rehabilitation spending and \$591.4 million expended on rehabilitation of non-residential properties. These values do not include the entire state, however, as small towns and unincorporated areas in rural counties in Oklahoma typically do not report building permit activity to the federal government. Extrapolating available data to generate county-level estimates, then adding these together to generate statewide figures, yields average annual estimated values of \$295.7 and \$920.8 million in total Oklahoma statewide residential and non-residential rehabilitation, respectively (See Exhibit 2.3).

The next step was to use those results to develop a protocol to estimate the incidence of *historic rehabilitation* statewide, in each county, and for as many Oklahoma communities as possible (which, due to missing data, is only 176). In short, we are trying to estimate the portion of total statewide rehabilitation that is occurring in the historic stock. In similar studies for Texas, New Jersey and other states, the study team tested various methods in their ability to estimate the incidence of the level of historic rehabilitation in selected communities. The approaches included several statistically grounded analyses. In the end, the simplest technique was selected. Not only was the principle of Occam's Razor (which suggests that when in wavering between two approaches choose the simplest) applied, but also because the simplest technique performed best in estimating actual dollar amounts of rehabilitation activity in the sets of selected cities.

The method used to estimate the incidence levels for rehabilitation of historic residential properties employs 2000 Census data on the age of each town's housing stock. The historic rehabilitation incidence level (i.e. the share of total rehabilitation occurring in the historic stock) is estimated by taking the ratio of housing built before 1940 to that built before 1980. In short, it is assumed that housing built before 1980 is the locus of the lion's share of the value of rehabilitation construction, simply by virtue of its age. That is, housing less than 30 years old (as of 2010, housing built after 1980) tends not to receive many alterations or even repairs.

The part of this ratio that may appear less reasonable, at least at first glance, is its numerator: the amount of housing built before 1940. This is because its application seems to assume that all housing built prior to 1940 is "historic" in the sense that is used in the literature (and therefore how it will be used in our report). That is, in order for this ratio to serve well as a measure of incidence of historic residential rehabilitation it would appear that all pre-1940 housing in a community would have to be designated historic, or be in a district that is designated historic, or be eligible for designation. Thus, the numbers were downwardly adjusted to two-thirds of the estimated values to account for older structures that do not qualify as specified. In Oklahoma, employing this method leads us to conclude that 10.0 percent of all residential rehabilitation statewide is occurring in the historic stock, constituting a total of \$29.7 million annually (i.e. \$295.7 million in total residential rehabilitation x 10.0%).

What about the incidence of nonresidential rehabilitation that is occurring in the historic stock? In previous studies, both in states neighboring Oklahoma and elsewhere nationwide, the share of rehabilitation in nonresidential structures categorized as historic has been found to vary widely around the incidence for residential properties, which is somewhat more stable across geography. The variation in the incidence of historic nonresidential rehabilitation across states is typically grounded in recorded efforts such as federal historic tax credits and other incentives, budgets for rehabilitating government structures, historic and the estimated incidence of residential rehabilitation.

We had little information for nonresidential rehabilitation in Oklahoma, outside of the reported \$27 million in annual federal historic rehabilitation tax credit activity statewide. The tax credit is applied only on income-producing properties largely nonresidential. Based on our studies elsewhere, a rate of historic rehabilitation incidence of 2.9 percent (\$27 million of federal tax credit divided by our estimate of \$921 million in total annual nonresidential rehabilitation, both historic and non-historic) in Oklahoma is almost certainly an underestimate. A more reasonable

*lower bound* would be something more like twice that incidence, 5.8 percent, roughly equal to the estimate applied in a previous study in Arkansas. This 5.8 percent rate implies a minimum of \$53.4 million in annual nonresidential historic rehabilitation spending (\$920.8 million in total nonresidential rehabilitation x 5.8%). As an *upper bound*, we used the estimated level in Nebraska, which was 15.0 percent. This translates to an annual average of \$138.1 million in annual nonresidential historic rehabilitation (\$920.8 million in total non residential rehabilitation x 15.0%). Given such a wide range, an authoritative point estimate would be presumptuous. A judgment was made to estimate the total private sector historic rehabilitation total at \$125 million, which is the approximate midpoint of the estimated range noted above. This value suggests that 10.3% of all calculated structural rehabilitation in Oklahoma, residential and non-residential, is historic in nature (See Exhibit 2.3).

At the present time, we have no data on public historic rehabilitation spending. This outlay is typically dwarfed by such spending in the private sector, but it is not insignificant and is clearly the most directly influenced by public policy. The provision of such data would ideally be added to the summary of the above findings provided in Appendix Table 1.

### EXHIBIT 2.3

#### Estimated Annual Total and Historic Building Rehabilitation in Oklahoma, 2001-2007

<i>Property Type</i>	<i>Estimated Total Rehabilitation (\$M)</i>	<i>Estimated Historic Rehabilitation (\$M)</i>	<i>Historic Rehabilitation Share of Total Rehab.</i>
Private, Residential	295.7	29.7	10.0%
Private, Nonres. - Minimum		53.4	5.8%
Private, Nonres. - Estimate	920.8	95.3	10.3%
Private, Nonres. - Maximum		138.1	15.0%
Private Sector Total - Min.		83.1	6.8%
Private Sector Total - Est.	1,216.5	<b>125.0</b>	<b>10.3%</b>
Private Sector Total - Max.		167.8	13.8%

Last, Appendix Table 2 displays the residential and non-residential rehabilitation estimates (both in the historic and non-historic stock) for each county in Oklahoma. Based on data in Appendix Table 1, one can roughly estimate each county's historic preservation activity, though admittedly the distribution of historic structures and districts is clearly not uniform across the state. Because the economic impact model to be used in this study considers the state as a single economic unit, however, this fact will not distort the final results.

**EXHIBIT 2.4**  
**Estimated Annual Average Total Historic and Non-Historic Rehabilitation Spending**  
**by Oklahoma County, 2001-2007**

<i>County Name</i>	<i>Estimated Total Residential Structural Rehabilitation</i>	<i>Estimated Total Non-Residential Structural Rehabilitation</i>
Adair	\$166,081	\$512,047
Alfalfa	\$344,191	\$980,697
Atoka	\$175,115	\$313,853
Beaver	\$80,393	\$295,900
Beckham	\$1,027,961	\$3,632,830
Blaine	\$226,569	\$713,028
Bryan	\$8,479,589	\$22,352,627
Caddo	\$1,717,817	\$1,336,352
Canadian	\$6,468,217	\$24,081,811
Carter	\$2,079,197	\$10,250,608
Cherokee	\$2,942,368	\$3,197,202
Choctaw	\$231,216	\$101,766
Cimarron	\$71,229	\$193,173
Cleveland	\$23,377,049	\$64,150,209
Coal	\$59,076	\$203,612
Comanche	\$9,007,541	\$15,622,431
Cotton	\$60,355	\$109,275
Craig	\$336,623	\$451,219
Creek	\$2,990,483	\$2,806,948
Custer	\$1,095,658	\$2,989,397
Delaware	\$4,739,503	\$6,932,407
Dewey	\$63,650	\$94,601
Ellis	\$211,891	\$407,990
Garfield	\$4,590,755	\$15,090,650
Garvin	\$2,308,372	\$9,190,438
Grady	\$2,261,057	\$5,602,377
Grant	\$10,404	\$38,507
Greer	\$153,126	\$498,180
Harmon	\$74,771	\$243,259
Harper	\$91,719	\$150,301
Haskell	\$231,205	\$1,346,732
Hughes	\$64,310	\$480,036
Jackson	\$382,686	\$1,027,014
Jefferson	\$293,129	\$1,041,479
Johnston	\$241,227	\$781,516
Kay	\$473,172	\$1,574,684
Kingfisher	\$789,257	\$3,480,666
Kiowa	\$37,175	\$50,483
Latimer	\$399,084	\$4,223



**EXHIBIT 2.4 (continued)**  
**Estimated Annual Average Total Historic and Non-Historic Rehabilitation Spending**  
**by Oklahoma County, 2001-2007**

<i>County Name</i>	<i>Estimated Total Residential Structural Rehabilitation</i>	<i>Estimated Total Non-Residential Structural Rehabilitation</i>
Le Flore	\$2,119,598	\$2,836,079
Lincoln	\$2,003,257	\$4,106,626
Logan	\$4,994,855	\$14,285,787
Love	\$46,277	\$156,845
McClain	\$1,472,287	\$4,262,624
McCurtain	\$210,129	\$512,859
McIntosh	\$659,024	\$4,507,974
Major	\$438,915	\$114,497
Marshall	\$722,629	\$790,401
Mayes	\$2,821,675	\$8,846,035
Murray	\$445,619	\$511,252
Muskogee	\$6,305,858	\$13,678,214
Noble	\$197,536	\$192,456
Nowata	\$182,019	\$598,868
Okfuskee	\$620,195	\$1,382,393
Oklahoma	\$57,617,267	\$260,955,424
Okmulgee	\$1,558,343	\$895,126
Osage	\$15,935,565	\$49,474,991
Ottawa	\$729,838	\$5,072,387
Pawnee	\$2,085,435	\$3,967,390
Payne	\$6,952,404	\$30,350,201
Pittsburg	\$4,026,256	\$7,831,126
Pontotoc	\$1,153,594	\$2,834,731
Pottawatomie	\$6,606,264	\$13,045,373
Pushmataha	\$3,589	\$52,451
Roger Mills	\$146,808	\$435,977
Rogers	\$33,896,251	\$81,713,480
Seminole	\$854,079	\$7,003,394
Sequoyah	\$2,696,155	\$9,949,073
Stephens	\$2,782,124	\$7,134,296
Texas	\$599,064	\$1,546,788
Tillman	\$7,149	\$18,802
Tulsa	\$22,490,883	\$120,495,188
Wagoner	\$27,193,789	\$45,712,824
Washington	\$3,619,264	\$3,008,287
Washita	\$535,125	\$1,104,996
Woods	\$326,697	\$896,693
Woodward	\$2,320,652	\$8,209,497
<b>TOTAL</b>	<b>\$295,729,687</b>	<b>\$920,821,937</b>

## TRANSLATING THE ANNUAL HISTORIC REHABILITATION INVESTMENT INTO TOTAL ECONOMIC IMPACTS

This section discusses how the *total economic impact* of the \$125 million of rehabilitation effected in historic properties annually is derived. First, the typical purchases for each type of property on which historic rehabilitation is taking place—single-family, multifamily, and nonresidential—are detailed by industry. The lists of typical labor, material, and service purchases for each property type are then standardized. These estimated economic “recipes” for historic renovation are then multiplied by the annual amount of such activity for each type of property. The resulting vectors of historic rehabilitation volume are then applied to input-output models that calculate total economic impacts (direct, indirect, and induced) for the state of Oklahoma and the nation.

### “Recipes” for Historic Rehabilitation

*Direct effects*, or direct requirements, the first category of total economic impact, are readily identified once a project has been bid and once its costs have been calculated and summed. In theory, the best way to estimate a project’s direct requirements would be to use bid sheets that apply cost elements (i.e., labor and materials) to items specified by the project’s architects and engineers. Bid sheets would provide sufficient detail on project requirements to identify the industry that supplies the components, as well as the type of labor needed for the work. The quality of the estimates of a project’s direct requirements, in turn, determines the quality of the estimates of other categories of economic impacts. Thus, estimates demand exceptional thoroughness and care. In ideal circumstances, the thoroughness extends to identifying where the direct requirements come from, as well as a detailed specification of the supplying industry.

In prior studies, CUPR obtained detailed cost information on renovations effected on a variety of historic properties by contacting developers/sponsors active in historic preservation, obtaining files on historic rehabilitation projects certified for federal preservation tax credits, and obtaining files on projects that had received public funding.

In all instances, the information obtained approached the detail of a bid sheet. Based on these sources, CUPR received information on almost 60 historic properties requiring just shy of \$100 million in recent rehabilitation. The detailed cost estimates for these projects were summed by property type—residential and nonresidential. Using information from the detailed cost estimates as well as the prior experience of the Regional Science Research Corporation in similar studies (University of Rhode Island 1993), the cost estimates by property type were converted into purchases of goods and services, including labor, by industry. This lengthy, sometimes subjective, conversion process enabled the specification required to get accurate results by industry from the preservation economic impact model. The result is an “economic recipe” of the direct requirements for historic rehabilitation by property type.

### Estimating Total Economic Impacts

Total economic impacts encompass both *direct* and *multiplier* effects. The latter incorporate *indirect* and *induced* impacts. The character of the direct impacts of historic preservation is derived from the recipes noted above. The process for estimating a given project’s indirect and

induced economic impacts is more roundabout. By definition, a project's first round of indirect impact includes the purchases of any supplies and/or services that are required to produce the direct effects. Subsequent purchases of supplies and services generate other rounds of indirect impacts. The induced impacts are the purchases that arise, in turn, from the increase in aggregate labor income of households. Aggregate labor income is defined as the sum of wages, salaries, and proprietors' income earned by workers. Both the indirect and induced economic impacts demonstrate how the demand for direct requirements reverberates through an economy.

Exhibit 2.5 details the economic impacts of the rehabilitation of historic properties. The *direct impact* component consists of purchases made specifically for the construction project. Direct impacts on the local economy are composed only of purchases from local organizations.

The *indirect impact* component consists of spending on goods and services by industries that produce the items purchased by the contractors who are preserving the property. Among his many business relationships, for example, a contractor might purchase windows from "Jerry's Home Improvement Inc." (JHI), which makes custom windows. In order to produce windows, JHI must hire craftsmen as well as contract with firms that supply glass, adhesives, paints and coatings, glazing, and wood products. JHI also hopes to make a profit for its owners or shareholders. In order to meet JHI's needs, its suppliers must also hire workers and obtain materials and specialized services. The same process is repeated for their suppliers, and so on. Thus, an extensive network of relationships is established based upon round after round after round of business transactions that emanate from a single preservation project. It is this network of transactions that describes the set of indirect impacts. Of course, a firm's net indirect contribution to the preservation activity largely depends on (1) the total value of its transactions in the network and (2) the proximity of its business relationship(s) to the preservation contractor within the project's business network. Similar to direct impacts, local indirect impacts are composed only of indirect business transactions that occur in the local economy.

Finally, *induced impacts* are a measure of household spending. They are a tally of the expenses made by the households of the construction workers on a preservation project, as well as the households of employees of the supplying industries.

**EXHIBIT 2.5**  
**Examples of Direct and Multiplier Effects**  
**(Indirect and Induced Impacts) of Historic Preservation**

<b>MULTIPLIER EFFECTS</b>		
<b>DIRECT IMPACTS</b>	<b>INDIRECT IMPACTS</b>	<b>INDUCED IMPACTS</b>
Purchases for: <ul style="list-style-type: none"> <li>• Architectural design</li> <li>• Site preparation</li> <li>• Construction labor</li> <li>• Building materials</li> <li>• Machinery &amp; tools</li> <li>• Finance &amp; insurance</li> <li>• Inspection fees</li> </ul>	Purchases of: <ul style="list-style-type: none"> <li>• Lumber &amp; wood products</li> <li>• Machine components</li> <li>• Stone, clay, glass, &amp; gravel</li> <li>• Fabricated metals</li> <li>• Paper products</li> <li>• Retail &amp; wholesale services</li> <li>• Trucking &amp; warehousing</li> </ul>	Household spending on: <ul style="list-style-type: none"> <li>• Food, clothing, day care</li> <li>• Retail services, public transit, utilities, car(s), oil &amp; gasoline, property &amp; income taxes, medical services, and insurance</li> </ul>

One means of estimating indirect and induced impacts would be to conduct a survey of the business transactions of the primary contractor. The business questionnaire for this survey would ask for the names and addresses of the contractor's suppliers; what and how much they supply; the names and addresses of the contractor's employees; and the annual payroll.

A related questionnaire would cover household spending of the employees of the surveyed firms. It would request a characterization of each employee's household budget by detailed line items, including names and addresses of the firms from which each line item is purchased.

Both questionnaires subsequently could be used to measure indirect and induced impacts of the primary contractor's activity. The business questionnaire would be sent to the business addresses identified by the primary contractor; the household questionnaire, in turn, would be sent to the homes of the employees of those businesses that responded to the survey. This "snowball-type" sampling would continue until time or money was exhausted. In order to keep each organization's or household's contribution to the project in proper perspective, its total spending would be weighted by the size of its transaction with its customers who were included in the survey activity. The sum of the weighted transaction values obtained through the surveys would be the total economic impact of the project.

This survey-based approach to estimating indirect and induced impacts consumes a great deal of money and time, however. In addition, response rates by firms and households on surveys regarding financial matters are notoriously low. Hence, in the rare cases where survey work has been conducted to measure economic impacts, the results have tended to be not statistically representative of the targeted network of organizations and households. Hence, relatively less expensive economic models based on Census data are often used to measure economic impacts.

The economic model that has proven to estimate the indirect and induced economic effects of events most accurately is the input-output model. Its advantage stems from its level of industry detail and its depiction of interindustry relations. As shown in Appendix A, a single calculation—known as the Leontief inverse—simulates the many rounds of business and household surveys. Input-output tables are constructed from nationwide Census surveys of businesses and households. The most difficult part of regional impact analysis is modifying a national input-output model so that it can be used to estimate impacts at a subnational level. Regionalization of the model typically is undertaken by the model producer and requires a large volume of data on the economy being modeled. This study employs regional input-output models to estimate the extent of the indirect and induced economic effects of a direct investment in historic preservation activities. The economic effects of historic rehabilitation are studied in this chapter; the effects of heritage tourism and the Main Street Program are studied in later chapters.

### **The Preservation Economic Impact Model**

The regional input-output model used by this study to derive the total economic impacts is a regionalized version of the Preservation Economic Impact Model produced by CUPR for the National Park Service. The PEI model (PEIM) produces very accurate estimates of the total regional impacts of an economic activity and employs detail for more than 500 industries in calculating the effects.

This model and its predecessors have proven to be the best of the non-survey-based regional input-output models at measuring a region's economic self-sufficiency. The models also have a wide array of measures that can be used to analyze impacts. In particular, PEIM produces one of the only regional economic models that enable an analysis of governmental revenue (i.e., tax) impacts and an analysis of gains in total regional wealth. (See Appendix A for more details on the relative higher quality of the PEIM.)

The results of PEIM include many fields of data. The fields most relevant to this study are the total impacts with respect to the following:

- **Jobs:** *Employment, both part- and full-time, by place of work, estimated using the typical job characteristics of each detailed industry.* (Manufacturing jobs, for example, tend to be full-time; in retail trade and real estate, part-time jobs predominate.) All jobs generated at businesses in the region are included, even though the associated labor income of commuters may be spent outside of the region. In this study, all results are for activities occurring within the time frame of one year. Thus, the job figures should be read as job-years, i.e.; several individuals might fill one job-year on any given project.
- **Income:** *“Earned” or “labor” income—specifically wages, salaries, and proprietors’ income.* Income in this case does not include non-wage compensation (i.e., benefits, pensions, or insurance), transfer payments, or dividends, interest, or rents.
- **Wealth:** *Value added—the equivalent at the subnational level of gross domestic product (GDP).* At the state level, this is called gross state product (GSP). Value added is widely accepted by economists as the best measure of economic well-being. It is estimated from state-level data by industry. For a firm, value added is the difference between the value of goods and services produced and the value of goods and nonlabor services purchased. For an industry, therefore, it is composed of labor income (net of taxes); taxes; non-wage labor compensation; profit (other than proprietors’ income); capital consumption allowances; and net interest; dividends; and rents received.
- **Output:** Of the measures in any input-output report, perhaps the least well defined one is that labeled "output." *Output is defined as the value of shipments, which is reported in the Economic Census.* The value of shipments is very closely related to the notion of business revenues. Thus it is NOT the "output" to which most other economists refer and which is better known as "gross domestic product" (GDP).

Input-output analysis "output" is not the same as business revenues for several reasons, however. First, establishments often sell some of their output to themselves and therefore do not ship it. Hence, such sales cannot be included in the Census's tally of the value of shipments. Second, to avoid some double counting in national accounts (those used to produce input-output tables), "output" in the wholesale and retail trade industries is measured simply as their margins, which is value added plus the costs of inputs used in the course of doing business. That is for these trade industries, "output" does NOT include the value of the items stocked on shelves.

- **Taxes:** *Tax revenues generated by the activity.* The tax revenues are detailed for the federal, state, and local levels of government. Totals are calculated by industry.

*Federal tax* revenues include corporate and personal income, social security, and excise taxes, estimated from the calculations of value added and income generated.

*State tax* revenues include personal and corporate income, state property, excise, sales, and other state taxes, estimated from the calculations of value added and income generated (e.g., purchases by visitors).

*Local tax* revenues include payments to sub-state governments mainly through property taxes on new worker households and businesses. Local tax revenues can also include revenues from local income, sales, and other taxes.

## TOTAL ANNUAL IMPACTS OF OKLAHOMA HISTORIC REHABILITATION

This chapter previously estimated that \$125 million in historic rehabilitation is affected annually as of 2007 in Oklahoma. Of this, \$29.7 million is in residential historic properties (single- and multi-family) and \$95.3 million in nonresidential historic properties. What is the total economic benefit nationally of this activity? What share of these benefits accrues to Oklahoma?

To answer these questions, the study team applied the direct requirements of \$125 million in historic rehabilitation construction activity to economic models of Oklahoma and the whole of the United States. This yielded total economic impacts for the country as a whole (national effects) and for the state of Oklahoma (in-state effects). For both the nation and state, the significant economic indicators were jobs created, resident income generated, resident wealth generated (gross domestic or state product), and taxes generated by level of government.

Besides the above five measures, CUPR estimated an additional gauge of activity termed *in-state wealth*. This measure consists of in-state generation of value added (or gross state product), less the amount that “leaks” out of the state’s economy in the form of taxes paid to the federal government. Since taxes paid to the state and local governments remain in state, they cannot be said to “leak” and, thus, are considered part of the accumulated in-state wealth. PEIM expresses resulting jobs, income, and wealth impacts in various levels of industry detail. The most convenient application breaks the industry-level results at the one-digit standard industrial code (SIC) or division level. This level has eleven industry divisions:

1. Agriculture
2. Agricultural, Fishing, and Forestry Services
3. Mining
4. Construction
5. Manufacturing
6. Transportation, Communications, and Public Utilities (TCPU)
7. Wholesale Trade
8. Retail Trade
9. Finance, Insurance, and Real Estate (FIRE)
10. Services
11. Government

PEIM provides results in two other industry breakdowns that detail subcategories under each of these eleven groups. These breakdowns use the two-digit SIC (86-industry) specification and the full industry specification of the input-output model (about 517 industries). The model results, however, are only as good as the data that go into them. Thus, when the direct requirements are estimated, and the industry-level purchases are also estimated (as is the case in this study), care should be taken in interpreting model results, especially when they contain extreme categorical detail. Hence, the main body of this report focuses on the one-digit SIC level results, but data on the two-digit SIC results are made available as Exhibits. The purpose of providing such detail is to enable a better idea of the quality of jobs that are likely to be created and of the types of industries that are most likely to be affected by historic rehabilitation activities. The total economic impacts of the \$125 million in historic rehabilitation spending are summarized below in Exhibit 2.6 and detailed in Exhibits 2.7 through 2.12.

**EXHIBIT 2.6**  
**Total Economic Impacts of Annual Oklahoma**  
**Historic Building Rehabilitation (\$125 million), 2007**

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	2,530	656	3,186
Income (\$millions)	69.9	18.9	88.8
Output (\$millions)	171.2	66.9	238.1
GDP/GSP <sup>a</sup> (\$millions)	96.0	28.9	124.9
Total taxes (\$millions)	26.3	2.5	28.8
<i>Federal (\$millions)</i>	<i>20.4</i>	<i>1.0</i>	<i>21.4</i>
<i>State/Local (\$millions)</i>	<i>5.9</i>	<i>1.5</i>	<i>7.4</i>
In-State wealth <sup>b</sup> (\$millions)	75.6	---	---

<sup>a</sup> GDP/GSP = Gross Domestic Product/Gross State Product.  
<sup>b</sup> In-State wealth = GSP minus federal taxes.

*Nationwide Impacts*

Exhibit 2.7 quantifies the national level impacts of the historic rehabilitation in Oklahoma. The national total economic effects (direct and indirect, the latter encompassing indirect and induced effects) are 3,186 jobs, \$238 million output, \$89 million income, and \$125 million GSP. The construction, manufacturing, services, retail trade, and finance, insurance, & real estate industries exhibit the largest employment, income, GDP and other gains. Construction exhibits the largest gains with 1,186 additional jobs, \$33 million in household income, and \$44 million in GDP. Direct effects account for most of the gains, though indirect and induced effects contribute an additional 60 to 91 percent to the national output (91 percent), national employment (72 percent), national income (60 percent), and national GDP totals (67 percent). The Federal tax rolls are augmented by \$21.4 million every year as a result of rehabilitation related activities.

Employment attributions by industry type, at the national level, demonstrate the range across which benefits accrue (Exhibit 2.8). The construction industry is the largest employer with general building contractors adding 776 jobs. Engineering and management service industries constitute the second largest change with jobs. Other industries adding substantial numbers of

jobs are heavy construction contractors (285), eating & drinking places, special trade contractors, fabricated metal producers, and lumber & wood producers.

A detailed breakout of national employment impacts by occupation from Oklahoma historic rehabilitation is shown in Exhibit 2.9. For example, of the 3,186 national jobs supported by Oklahoma historic rehab, 808 jobs are in precision productions occupations while 446 jobs are in administrative support occupations.

### *State-Level Impacts*

At the state level, the \$125 million historic rehabilitation expenditure in Oklahoma yields 2,530 jobs, \$171 million in output, \$70 million in income, and \$96 million in GSP (Exhibit 2.10). Direct effects from the Oklahoma historic rehabilitation predominate with respect to the state-level jobs (1,706), output (\$108 million), income (\$51 million), and GSP (\$67 million). Indirect and induced effects add to these tallies in state-level jobs (824), output (\$63 million), income (\$20 million), and GSP (\$29 million). The multiplier from the direct historic rehabilitation investment to total economic effects in Oklahoma—derived by dividing total effects by direct effects—are therefore 1.48 with respect to job (2,530 jobs/1,706 jobs) 1.58 concerning output (\$171 million/\$108 million), 1.38 concerning income (\$70 million/\$51 million) and 1.43 concerning GSP (\$96 million/\$67 million).

Oklahoma state-level impacts of rehabilitation manifest most acutely in construction, services, retail trade, manufacturing, and finance, insurance, & real estate, as displayed in Exhibit 2.10. The bulk of output, employment, income, and GSP accrue to construction, though in slightly varied proportions. The majority of impacts result from direct effects yielding a multiplier ranging from 1.3 to 1.5. State and local tax rolls each grow by \$0.5 million dollars.

Specific job attributions by industry type, at the state level, found in Exhibit 2.11, demonstrate the similar range across which benefits accrue at the national level. The construction industry is the largest resulting employer with general building contractors adding 260 jobs (35 percent). Nevertheless, engineering and management service industries represent the second largest change with 64 jobs (9 percent). Other industries adding substantial numbers of jobs are heavy construction contractors (47), special trade contractors (37), eating & drinking places (32), and fabricated metal producers (21).

The distribution of nationwide impacts across industries is similar to that for Oklahoma. As might be expected, however, the state experiences more of an impact in such industries as construction, retail trade, and real estate. Some consumer-oriented goods-producing industries loom larger in the national mix of affected sectors. In particular, preservation activities contribute relatively more to GDP in such industries as food and kindred products, printing and publishing, and transportation equipment (automobile) manufacturing than they do to GSP. The contribution to GDP is also relatively larger for air transportation services; electricity, gas, and sanitary services; non-real estate finance industries; and business services. Of these, only the business services sector is a producer-oriented industry. The influence on this industry is difficult to interpret, however, since it typically is largely composed of temporary help services, which are ultimately used by all other industries in the economy.



The state-level job impact of Oklahoma's \$125 million in historic rehabilitation by occupation is shown in Exhibit 2.12. Of the total 2,530 jobs, the largest numbers are in precision production (728 jobs), operator-fabricator (481 jobs), administrative support (336 jobs), and marketing (187 jobs) occupations.

**EXHIBIT 2.7**  
**Total National Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Historic Rehabilitation (\$125 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,806.7	32	132.6	426.0
2. Agri. Serv., Forestry, & Fish	1,436.0	33	495.5	1,193.2
3. Mining	4,612.8	39	1,204.1	2,122.3
4. Construction	55,796.0	1,186	32,627.2	44,443.1
5. Manufacturing	85,839.7	586	20,054.1	31,654.5
6. Transport. & Public Utilities	14,838.4	115	3,920.4	6,350.6
7. Wholesale	9,658.8	105	3,927.8	4,599.8
8. Retail Trade	12,795.5	340	4,706.5	7,876.2
9. Finance, Ins., & Real Estate	15,753.6	172	5,688.8	9,917.5
10. Services	34,486.8	567	15,718.6	15,774.0
11. Government	1,055.5	11	319.7	499.6
<b>Total Effects (Private and Public)</b>	<b>238,079.8</b>	<b>3,186</b>	<b>88,795.3</b>	<b>124,856.8</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	124,995.5	1,853	55,432.1	74,352.4
2. Indirect and Induced Effects	113,084.3	1,333	33,363.2	50,504.5
3. Total Effects	238,079.8	3,186	88,795.3	124,856.8
4. Multipliers (3/1)	1.905	1.719	1.602	1.679
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				75,041.2
2. Taxes				14,981.4
a. Local				2,225.3
b. State				2,351.8
c. Federal				10,404.2
General				2,722.6
Social Security				7,681.7
3. Profits, dividends, rents, and other				34,834.3
4. Total Gross State Product (1+2+3)				124,856.8
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		75,041.2	71,646.8	
2. Taxes		14,981.4	13,841.3	28,822.7
a. Local		2,225.3	797.4	3,022.8
b. State		2,351.8	2,001.0	4,352.8
c. Federal		10,404.2	11,042.9	21,447.1
General		2,722.6	11,042.9	13,765.4
Social Security		7,681.7	0.0	7,681.7
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				25.5
Income				710,363
State/Local Taxes				59,005
Gross State Product				998,855
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>125,000,000</b>

**EXHIBIT 2.8**  
**National Industrial Impacts of Annual Oklahoma Historic Rehabilitation Activity**  
**(\$125 million, 2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>1,806.7</b>	<b>32</b>	<b>132.6</b>	<b>426.0</b>
Dairy Farm Products	325.9	1	19.5	38.6
Eggs	1.4	0	0.1	0.2
Meat Animals	632.2	4	28.6	79.8
Misc. Livestock	14.1	0	1.2	3.2
Wool	4.4	0	0.4	1.0
Cotton	143.9	3	14.2	47.7
Tobacco	4.7	0	0.3	1.6
Grains & Misc. Crops	66.5	0	1.7	25.1
Feed Crops	182.0	0	3.9	63.4
Fruits & Nuts	266.3	14	44.7	89.0
Vegetables	17.3	8	1.7	6.2
Greenhouse/Nursery Products	68.0	1	12.7	39.0
Sugar Beets & Cane	18.4	0	0.4	8.9
Flaxseed, Peanuts, Soybean	61.6	0	3.2	22.2
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>1,436.0</b>	<b>33</b>	<b>495.5</b>	<b>1,193.2</b>
Agri. Services (07)	829.2	31	440.5	744.1
Forestry (08)	599.6	2	53.1	442.6
Fishing, Hunting, Trapping (09)	7.3	0	1.9	6.5
<b>Mining</b>	<b>4,612.8</b>	<b>39</b>	<b>1,204.1</b>	<b>2,122.3</b>
Coal Mining (12)	373.4	2	116.0	172.5
Oil & Gas Extraction (13)	1,764.8	4	236.6	402.0
Nonmetal Min.-Ex. Fuels (14)	2,425.6	32	838.9	1,503.7
Metal Mining (10)	49.0	0	12.5	44.1
<b>Construction</b>	<b>55,796.0</b>	<b>1,186</b>	<b>32,627.2</b>	<b>44,443.1</b>
General Bldg. Contractors (15)	39,595.5	776	22,616.9	31,081.5
Heavy Const. Contractors (16)	10,024.1	285	6,735.3	8,809.2
Special Trade Contractors (17)	6,176.4	125	3,275.0	4,552.4
<b>Manufacturing</b>	<b>85,839.7</b>	<b>586</b>	<b>20,054.1</b>	<b>31,654.5</b>
Food & Kindred Prod. (20)	4,429.3	18	593.8	1,111.8
Tobacco Manufactures (21)	280.0	0	26.2	115.0
Textile Mill Prod. (22)	6,905.5	55	1,198.0	1,334.8
Apparel & Other Prod. (23)	1,491.4	21	425.0	447.8
Limber & Wood Prod. (24)	12,286.7	110	2,756.8	3,491.4
Furniture & Fixtures (25)	590.0	8	181.8	217.8
Paper & Allied Prod. (26)	1,234.6	6	272.1	503.5
Chemicals & Allied Prod. (28)	8,336.8	8	1,678.3	1,283.0
Petroleum & Coal Prod. (29)	8,191.5	26	1,238.0	2,094.9
Rubber & Misc. Plastics (30)	4,769.9	40	1,298.0	2,247.7
Leather & Leather Prod. (31)	241.8	3	64.2	126.5
Stone, Clay, & Glass (32)	9,577.1	92	2,954.2	5,302.8
Primary Metal Prod. (33)	2,260.6	11	480.5	822.6
Fabricated Metal Prod. (34)	12,215.7	110	3,653.7	6,935.0
Machinery, Except Elec. (35)	2,766.1	21	880.7	1,127.0
Electric & Elec. Equip. (36)	4,085.2	23	973.2	2,480.3
Transportation Equipment (37)	3,179.8	8	497.6	868.0
Instruments & Rel. Prod. (38)	636.1	6	191.5	299.5
Misc. Manufacturing Inds. (39)	932.2	5	240.9	346.4
Printing & Publishing (27)	1,429.5	15	449.7	498.8

<b>Transport. &amp; Public Utilities</b>	<b>14,838.4</b>	<b>115</b>	<b>3,920.4</b>	<b>6,350.6</b>
Railroad Transportation (40)	1,322.5	9	548.3	1,190.2
Local Pass. Transit (41)	333.5	10	143.9	195.0
Trucking & Warehousing (42)	4,160.4	60	1,651.1	2,169.5
Water Transportation (44)	627.5	10	176.8	371.7
Transportation by Air (45)	552.9	4	192.4	237.7
Pipe Lines-Ex. Nat. Gas (46)	112.8	0	12.2	31.4
Transportation Services (47)	234.8	2	87.7	74.2
Communication (48)	2,731.9	11	554.2	1,136.3
Elec., Gas, & Sanitary Serv. (49)	4,762.1	8	553.8	944.5
<b>Wholesale</b>	<b>9,658.8</b>	<b>105</b>	<b>3,927.8</b>	<b>4,599.8</b>
Wholesale-Nondurable Goods (51)	3,710.3	42	1,508.8	1,767.0
Wholesale-Durable Goods (50)	5,948.6	63	2,419.0	2,832.9
<b>Retail Trade</b>	<b>12,795.5</b>	<b>340</b>	<b>4,706.5</b>	<b>7,876.2</b>
Bldg. Mat.-Garden Supply (52)	725.8	17	315.2	493.1
General Merch. Stores (53)	1,485.9	41	535.8	1,009.6
Food Stores (54)	1,266.8	39	493.9	860.8
Auto. Dealers-Serv. Stat. (55)	2,091.2	29	551.7	1,420.9
Apparel & Access. Stores (56)	704.8	28	331.0	478.9
Furniture & Home Furnish. (57)	351.1	9	164.0	238.6
Eating & Drinking Places (58)	4,314.3	124	1,466.6	2,113.5
Miscellaneous Retail (59)	1,855.5	53	848.3	1,260.8
<b>Finance, Ins., &amp; Real Estate</b>	<b>15,753.6</b>	<b>172</b>	<b>5,688.8</b>	<b>9,917.5</b>
Banking (60)	2,124.9	18	560.9	1,227.4
Nondep. Credit Institutions (61)	4,249.7	70	2,225.9	2,072.2
Security, Comm. Brokers (62)	558.6	4	274.6	274.4
Insurance Carriers (63)	3,670.6	37	1,477.0	3,177.1
Ins. Agents, Brokers (64)	797.3	12	307.0	345.7
Real Estate (65)	3,371.9	22	329.8	2,074.2
Holding and Invest. Off. (67)	980.6	10	513.6	746.5
<b>Services</b>	<b>34,486.8</b>	<b>567</b>	<b>15,718.6</b>	<b>15,774.0</b>
Hotels & Other Lodging (70)	905.1	21	292.9	512.8
Personal Services (72)	1,396.5	47	497.9	600.6
Business Services (73)	4,266.5	69	1,687.6	2,108.0
Auto Repair, Serv., Garages (75)	1,209.8	12	322.7	531.1
Misc. Repair Services (76)	735.1	13	284.5	319.2
Motion Pictures (78)	778.4	13	204.3	306.5
Amusement & Recreation (79)	580.1	20	221.2	470.4
Health Services (80)	1,408.7	26	765.8	738.6
Legal Services (81)	3,994.8	34	1,847.5	1,942.0
Educational Services (82)	614.2	19	313.3	305.8
Social Services (83)	338.7	10	165.5	172.1
Museums & Gardens (84, 86)	1,460.9	36	764.3	727.0
Engineer. & Manage. Serv. (87)	15,747.0	221	7,892.1	6,596.9
Private Households (88)	50.7	4	50.7	50.7
Miscellaneous Services (89)	1,000.3	20	408.3	392.3
<b>Government</b>	<b>1,055.5</b>	<b>11</b>	<b>319.7</b>	<b>499.6</b>
<b>Total</b>	<b>238,079.8</b>	<b>3,186</b>	<b>88,795.3</b>	<b>124,856.8</b>

**EXHIBIT 2.9**  
**National Employment Impacts of Annual Oklahoma Historic Rehabilitation Activity**  
**(\$125 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>3,186</b>
<b>Executive, administrative, and managerial occupations</b>	<b>373</b>
Managerial and administrative occupations	270
Management support occupations	103
<b>Professional specialty occupations</b>	<b>197</b>
Engineers	68
Architects and surveyors	23
Life scientists	1
Computer, mathematical, and operations research occupations	22
Physical scientists	5
Religious workers	5
Social scientists	2
Social and recreation workers	4
Lawyers and judicial workers	12
Teachers, librarians, and counselors	17
Health diagnosing occupations	2
Health assessment and treating occupations	7
Writers, artists, and entertainers	22
All other professional workers	9
<b>Technicians and related support occupations</b>	<b>96</b>
Health technicians and technologists	12
Engineering and science technicians and technologists	69
Technicians, except health and engineering and science	15
<b>Marketing and sales occupations</b>	<b>233</b>
Cashiers	47
Counter and rental clerks	14
Insurance sales agents	6
Marketing and sales worker supervisors	28
Models, demonstrators, and product promoters	1
Parts salespersons	3
Real estate agents and brokers	11
Retail salespersons	61
Sales engineers	2
Securities, commodities, and financial services sales agents	3
Travel agents	0
All other sales and related workers	57
<b>Administrative support occupations, including clerical</b>	<b>446</b>
Adjusters, investigators, and collectors	22
Communications equipment operators	3
Computer operators	3
Information clerks	24
Mail clerks and messengers	4
Postal clerks and mail carriers	5
Material recording, scheduling, dispatching, and distributing occupations	70
Records processing occupations	85
Secretaries, stenographers, and typists	84

Other clerical and administrative support workers	145
<b>Service occupations</b>	<b>199</b>
Cleaning and building service occupations, except private household	38
Food preparation and service occupations	123
Health service occupations	10
Personal service occupations	9
Private household workers	3
Protective service occupations	15
All other protective service workers	1
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>100</b>
Farm operators and managers	5
Farm workers	24
Fishers and fishing vessel operators	1
Forestry, conservation, and logging occupations	6
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	50
Supervisors, farming, forestry, and agricultural related occupations	2
Veterinary assistants and non-farm animal caretakers	4
All other agricultural, forestry, fishing, and related workers	9
<b>Precision production, craft, and repair occupations</b>	<b>808</b>
Blue-collar worker supervisors	120
Construction trades	452
Extractive and related workers, including blasters	7
Mechanics, installers, and repairers	119
Machinery mechanics, installers, and repairers	52
Vehicle and mobile equipment mechanics and repairers	23
Other mechanics, installers, and repairers	36
<b>Production occupations, precision</b>	<b>70</b>
Assemblers, precision	6
Food workers, precision	3
Inspectors, testers, and graders, precision	17
Metal workers, precision	14
Printing workers, precision	1
Textile, apparel, and furnishings workers, precision	7
Woodworkers, precision	15
Other precision workers	6
<b>Plant and system occupations</b>	<b>2</b>
Chemical plant and system operators	1
Electric power generating plant operators, distributors, and dispatchers	0
Gas and petroleum plant and system occupations	1
Stationary engineers	0
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>661</b>
Machine setters, set-up operators, operators, and tenders	163
Hand workers, including assemblers and fabricators	89
Transportation and material moving machine and vehicle operators	136
Helpers, laborers, and material movers, hand	273

**EXHIBIT 2.10**  
**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Historic Rehabilitation (\$125 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture				
2. Agri. Serv., Forestry, & Fish	389.7	3	25.0	90.4
3. Mining	994.5	29	413.4	851.8
4. Construction	3,053.1	29	831.2	1,468.1
5. Manufacturing	54,373.7	1,168	32,138.6	43,663.5
6. Transport. & Public Utilities	49,691.1	345	11,819.6	18,614.9
7. Wholesale	7,993.8	52	1,972.8	3,105.1
8. Retail Trade	7,020.9	76	2,855.1	3,343.6
9. Finance, Ins., & Real Estate	11,343.3	301	4,182.4	7,024.8
10. Services	8,839.7	93	2,893.1	5,370.6
11. Government	792.8	9	239.0	369.1
<b>Total Effects (Private and Public)</b>	171,232.1	2,530	69,851.2	96,049.9
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	108,343.3	1,706	50,623.9	66,924.1
2. Indirect and Induced Effects	62,888.8	824	19,227.3	29,125.9
3. Total Effects	171,232.1	2,530	69,851.2	96,049.9
4. Multipliers (3/1)	1.580	1.483	1.380	1.435
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				59,445.7
2. Taxes				12,834.2
a. Local				1,446.6
b. State				1,757.1
c. Federal				9,630.5
General				2,141.4
Social Security				7,489.1
3. Profits, dividends, rents, and other				23,770.0
4. Total Gross State Product (1+2+3)				96,049.9
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		59,445.7	69,851.2	
2. Taxes		12,834.2	13,494.4	26,328.7
a. Local		1,446.6	777.4	2,224.1
b. State		1,757.1	1,950.9	3,708.0
c. Federal		9,630.5	10,766.1	20,396.6
General		2,141.4	10,766.1	12,907.5
Social Security		7,489.1	0.0	7,489.1
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				20.2
Income				558,809
State/Local Taxes				47,456
Gross State Product				768,399
<b>INITIAL EXPENDITURE IN DOLLARS</b>				125,000,000

**EHHIBIT 2.11**  
**In-State Industrial Impacts of Annual Oklahoma Historic Rehabilitation Activity**  
**(\$125 million,2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>389.7</b>	<b>3</b>	<b>25.0</b>	<b>90.4</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	251.7	1	11.1	31.2
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	31.8	1	3.1	10.5
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	16.4	0	0.4	6.2
Feed Crops	35.4	0	0.8	12.5
Fruits & Nuts	1.5	0	0.3	0.6
Vegetables	0.5	1	0.0	0.2
Greenhouse/Nursery Products	48.8	1	9.1	28.0
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean	3.5	0	0.2	1.3
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>994.5</b>	<b>29</b>	<b>413.4</b>	<b>851.8</b>
Agri. Services (07)	727.7	28	389.5	654.6
Forestry (08)	264.8	1	23.4	195.5
Fishing, Hunting, Trapping (09)	1.9	0	0.5	1.7
<b>Mining</b>	<b>3,053.1</b>	<b>29</b>	<b>831.2</b>	<b>1,468.1</b>
Coal Mining (12)	3.4	0	1.1	1.6
Oil & Gas Extraction (13)	1,084.9	3	145.5	247.1
Nonmetal Min.-Ex. Fuels (14)	1,963.1	27	684.2	1,217.9
Metal Mining (10)	1.7	0	0.5	1.5
<b>Construction</b>	<b>54,373.7</b>	<b>1,168</b>	<b>32,138.6</b>	<b>43,663.5</b>
General Bldg. Contractors (15)	39,160.4	768	22,409.0	30,779.1
Heavy Const. Contractors (16)	9,880.9	282	6,661.6	8,708.4
Special Trade Contractors (17)	5,332.4	117	3,068.0	4,176.0
<b>Manufacturing</b>	<b>49,691.1</b>	<b>345</b>	<b>11,819.6</b>	<b>18,614.9</b>
Food & Kindred Prod. (20)	1,585.4	7	227.2	359.6
Tobacco Manufactures (21)	0.0	0	0.0	0.0
Textile Mill Prod. (22)	2,982.3	18	455.5	563.0
Apparel & Other Prod. (23)	438.4	6	125.7	134.3
Limber & Wood Prod. (24)	8,900.8	81	2,026.2	2,472.9
Furniture & Fixtures (25)	189.7	3	60.8	71.2
Paper & Allied Prod. (26)	345.8	2	72.3	145.8
Chemicals & Allied Prod. (28)	4,126.5	2	796.9	649.2
Petroleum & Coal Prod. (29)	6,993.4	24	1,135.7	1,826.1
Rubber & Misc. Plastics (30)	887.2	7	243.3	421.9
Leather & Leather Prod. (31)	10.4	0	3.0	6.3
Stone, Clay, & Glass (32)	8,295.9	80	2,544.3	4,534.0
Primary Metal Prod. (33)	605.3	3	132.7	223.9
Fabricated Metal Prod. (34)	8,875.5	78	2,606.7	4,993.3
Machinery, Except Elec. (35)	1,736.1	14	555.1	714.0
Electric & Elec. Equip. (36)	870.0	6	240.8	593.8
Transportation Equipment (37)	1,472.5	3	216.9	391.0
Instruments & Rel. Prod. (38)	174.8	1	48.4	83.8
Misc. Manufacturing Inds. (39)	613.7	3	142.4	225.6
Printing & Publishing (27)	587.2	6	185.5	205.2



<b>Transport. &amp; Public Utilities</b>	<b>7,993.8</b>	<b>52</b>	<b>1,972.8</b>	<b>3,105.1</b>
Railroad Transportation (40)	442.5	3	183.5	398.3
Local Pass. Transit (41)	88.8	3	38.3	51.9
Trucking & Warehousing (42)	2,066.2	30	866.3	1,081.8
Water Transportation (44)	20.3	1	7.7	14.6
Transportation by Air (45)	298.7	2	104.0	128.5
Pipe Lines-Ex. Nat. Gas (46)	57.0	0	6.2	15.9
Transportation Services (47)	85.0	1	31.9	27.7
Communication (48)	1,860.6	8	376.7	779.8
Elec., Gas, & Sanitary Serv. (49)	3,074.7	5	358.2	606.8
<b>Wholesale</b>	<b>7,020.9</b>	<b>76</b>	<b>2,855.1</b>	<b>3,343.6</b>
Wholesale-Nondurable Goods (51)	2,808.3	32	1,142.0	1,337.4
Wholesale-Durable Goods (50)	4,212.6	44	1,713.1	2,006.2
<b>Retail Trade</b>	<b>11,343.3</b>	<b>301</b>	<b>4,182.4</b>	<b>7,024.8</b>
Bldg. Mat.-Garden Supply (52)	663.7	16	288.3	451.0
General Merch. Stores (53)	1,359.6	38	490.2	923.8
Food Stores (54)	1,156.6	35	450.9	785.8
Auto. Dealers-Serv. Stat. (55)	1,902.6	26	501.6	1,292.7
Apparel & Access. Stores (56)	643.0	26	302.0	436.9
Furniture & Home Furnish. (57)	319.2	8	149.1	216.9
Eating & Drinking Places (58)	3,600.7	103	1,224.0	1,764.0
Miscellaneous Retail (59)	1,697.9	48	776.3	1,153.7
<b>Finance, Ins., &amp; Real Estate</b>	<b>8,839.7</b>	<b>93</b>	<b>2,893.1</b>	<b>5,370.6</b>
Banking (60)	1,574.3	13	415.5	909.3
Nondep. Credit Institutions (61)	2,095.8	34	1,097.8	1,021.9
Security, Comm. Brokers (62)	295.5	2	145.2	145.2
Insurance Carriers (63)	1,495.7	15	601.9	1,294.6
Ins. Agents, Brokers (64)	651.0	10	250.7	282.3
Real Estate (65)	2,456.9	16	240.3	1,511.4
Holding and Invest. Off. (67)	270.5	3	141.7	205.9
<b>Services</b>	<b>26,739.6</b>	<b>426</b>	<b>12,481.0</b>	<b>12,148.0</b>
Hotels & Other Lodging (70)	130.9	3	46.3	79.4
Personal Services (72)	863.9	29	302.1	373.2
Business Services (73)	2,960.6	47	1,141.5	1,468.1
Auto Repair, Serv., Garages (75)	903.3	9	238.9	396.6
Misc. Repair Services (76)	461.2	8	176.7	200.8
Motion Pictures (78)	232.2	4	58.3	95.4
Amusement & Recreation (79)	264.2	9	92.2	216.4
Health Services (80)	1,282.8	24	699.2	674.0
Legal Services (81)	3,501.3	30	1,619.3	1,702.1
Educational Services (82)	529.0	16	269.4	263.8
Social Services (83)	297.1	9	143.5	150.4
Museums & Gardens (84, 86)	1,067.3	30	585.6	552.3
Engineer. & Manage. Serv. (87)	13,497.9	189	6,775.3	5,654.1
Private Households (88)	46.4	4	46.4	46.4
Miscellaneous Services (89)	701.4	14	286.3	275.0
<b>Government</b>	<b>792.8</b>	<b>9</b>	<b>239.0</b>	<b>369.1</b>
<b>Total</b>	<b>171,232.1</b>	<b>2,530</b>	<b>69,851.2</b>	<b>96,049.9</b>

**EXHIBIT 2.12**  
**In-State Occupational Employment Impacts of Annual Oklahoma Historic Rehabilitation**  
**Activity (\$125 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>2,530</b>
<b>Executive, administrative, and managerial occupations</b>	<b>299</b>
Managerial and administrative occupations	224
Management support occupations	75
<b>Professional specialty occupations</b>	<b>158</b>
Engineers	57
Architects and surveyors	20
Life scientists	1
Computer, mathematical, and operations research occupations	15
Physical scientists	4
Religious workers	4
Social scientists	1
Social and recreation workers	3
Lawyers and judicial workers	10
Teachers, librarians, and counselors	14
Health diagnosing occupations	2
Health assessment and treating occupations	6
Writers, artists, and entertainers	15
All other professional workers	6
<b>Technicians and related support occupations</b>	<b>78</b>
Health technicians and technologists	9
Engineering and science technicians and technologists	58
Technicians, except health and engineering and science	11
<b>Marketing and sales occupations</b>	<b>187</b>
Cashiers	41
Counter and rental clerks	9
Insurance sales agents	3
Marketing and sales worker supervisors	22
Models, demonstrators, and product promoters	1
Parts salespersons	3
Real estate agents and brokers	10
Retail salespersons	54
Sales engineers	1
Securities, commodities, and financial services sales agents	2
Travel agents	0
All other sales and related workers	41
<b>Administrative support occupations, including clerical</b>	<b>336</b>
Adjusters, investigators, and collectors	13
Communications equipment operators	2
Computer operators	2
Information clerks	17
Mail clerks and messengers	3
Postal clerks and mail carriers	3
Material recording, scheduling, dispatching, and distributing occupations	51
Records processing occupations	68
Secretaries, stenographers, and typists	70
Other clerical and administrative support workers	108

<b>Service occupations</b>	<b>153</b>
Cleaning and building service occupations, except private household	25
Food preparation and service occupations	98
Health service occupations	9
Personal service occupations	6
Private household workers	3
Protective service occupations	11
All other protective service workers	1
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>65</b>
Farm operators and managers	1
Farm workers	8
Fishers and fishing vessel operators	0
Forestry, conservation, and logging occupations	3
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	46
Supervisors, farming, forestry, and agricultural related occupations	1
Veterinary assistants and non-farm animal caretakers	3
All other agricultural, forestry, fishing, and related workers	4
<b>Precision production, craft, and repair occupations</b>	<b>728</b>
Blue-collar worker supervisors	104
Construction trades	439
Extractive and related workers, including blasters	5
Mechanics, installers, and repairers	93
Machinery mechanics, installers, and repairers	39
Vehicle and mobile equipment mechanics and repairers	18
Other mechanics, installers, and repairers	30
<b>Production occupations, precision</b>	<b>45</b>
Assemblers, precision	3
Food workers, precision	2
Inspectors, testers, and graders, precision	10
Metal workers, precision	8
Printing workers, precision	1
Textile, apparel, and furnishings workers, precision	4
Woodworkers, precision	12
Other precision workers	5
<b>Plant and system occupations</b>	<b>2</b>
Chemical plant and system operators	0
Electric power generating plant operators, distributors, and dispatchers	0
Gas and petroleum plant and system occupations	1
Stationary engineers	0
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>481</b>
Machine setters, set-up operators, operators, and tenders	88
Hand workers, including assemblers and fabricators	58
Transportation and material moving machine and vehicle operators	98
Helpers, laborers, and material movers, hand	237

**CHAPTER THREE**  
**ECONOMIC IMPACTS OF ANNUAL OKLAHOMA HERITAGE**  
**TOURISM**

## INTRODUCTION AND SUMMARY

By all accounts, travel is a huge industry. The Travel Industry Association of America (TIAA) asserts that Americans traveling 100 miles or more from home in 2004 spent \$524 billion (TIAA 2005). In addition, an estimated 51 million foreigners spent \$81.75 billion while visiting the United States. The approximate \$600 billion U.S. travel industry is one of the fastest-growing business segments--accounts for approximately 6 percent of the nation's gross domestic product.

This chapter analyzes heritage tourism in the nation and in Oklahoma. First, an overview of the U.S. travel market sets out a perspective on the market's size, features, trends, and impacts. Next, heritage tourism's growth factors, benefits, and impacts are briefly surveyed at the national level. Finally, the Oklahoma travel market is compiled on the features and economic impacts of Oklahoma heritage tourism are reviewed in detail.

Below are the major findings of this chapter:

### **National Travel and Heritage Tourism**

- There are numerous trends in the travel market fostering heritage tourism, including an increase in travel for pleasure, as opposed to business, and a growing tendency toward shorter duration and shorter distance trips. Baby boomers—large in number and with growing discretionary income—also have a proclivity toward heritage tourism.
- In 2002, over 14 percent of all travelers (persons who traveled at least 50 miles from home) participated in historic travel nationwide—that is, they specifically set out to visit an historic site, historic community, or history museum (Travel Industry Association [TIA], 2003). More generally, about 40 percent of families traveling on vacation stopped at historic sites (Schiller 1996), and museums and cultural events rank among Americans' favorite tourist attractions (McDowell 1997).
- There also has been a steady increase in the level of heritage-related travel. The TIA study reports that the number of historic/cultural person-trips grew by roughly 13 percent from 1996 to 2002, or about 2 percent annually.
- Numerous reports show heritage tourism's significant contribution to the economy. In Virginia, for instance, historic preservation visitors were found to stay longer, visit twice as many places, and spend on average more than two and one-half times more money in that state than other (non-heritage) visitors.

### **Oklahoma Travel and Heritage Tourism**

- In 2004 (latest data available), direct domestic travel expenditures in Oklahoma amounted to approximately \$4.5 billion. As of 2007, Oklahoma travel outlays likely amount to at least \$5 billion. Clearly, travel and tourism are significant to Oklahoma's well being and as an industry, Oklahoma tourism is one of the state's top revenue producers.

- Of total traveler spending in Oklahoma, leisure travelers (65 percent of outlays) are more significant than business travelers (35 percent of outlays). Spending by non-Oklahoma residents (75 percent of outlays) is more important than spending by Oklahoma residents (25 percent of outlays).
- Heritage tourism is an important component of the Oklahoma travel industry. A 2006 study found the following (*Oklahoma Tourism Segmentation* by Oklahoma Tourism and Recreation Department, Ackerman McQueen and TNS):
  - Consumers who are interested in Oklahoma travel are interested in the state's Indian culture (78 percent), outdoor activities (63 percent), and historical sites (61 percent).
  - The most frequent activities on an Oklahoma leisure vacation are shopping (50 percent), family friend event (48 percent), and historic sites (31 percent).
- What is the profile of heritage travel and heritage travelers in Oklahoma? While the current investigation was not able to obtain Oklahoma-specific information from studies done nationally on heritage travel, the average heritage traveler is middle-aged and middle-income; is often employed (when working) in managerial/professional or technical/sales/administrative support occupations, or may be retired; is motivated by leisure travel; often stays in a hotel/motel/B&B; and spends considerably more than the "average" leisure traveler.
- At a minimum, Oklahoma heritage travel amounts to an estimated minimum of \$175 million in 2007.

### EXHIBIT 3.1

#### Estimated Total Oklahoma Domestic Travel Expenditures and Heritage Travel Outlays

<i>Year</i>	<i>Domestic Oklahoma Travel Expenditures (\$ millions)</i>	<i>Estimated Heritage Travel (minimum)</i>	
		<i>%</i>	<i>\$ millions</i>
2003	\$4,208		
2004	\$4,456		
2007 (estimated)	±\$5,000	3.5%	\$175

- The total national economic impacts from the \$175 million in annual 2007 Oklahoma heritage travel include 4,735 jobs generating \$285 million in output, \$132 million in GDP, and \$84 million in income at the national level. At the state of Oklahoma level, the \$175 million in Oklahoma heritage travel translates to 3,980 jobs, an additional \$209 million in Oklahoma output, \$100 million in-state GSP, and \$64 million in income. The in-state wealth (GSP minus federal taxes) deriving from heritage tourism amounts to just over \$80 million with \$14 million realized in state and local Oklahoma taxes.

**EXHIBIT 3.2**  
**Total Economic Impacts of Annual Oklahoma**  
**Heritage Tourism Spending (\$175 million), 2007**

	<i>In-State</i>	<i>Out-of-State</i>	<i>Total (U.S.)</i>
Jobs (person years)	3,980	755	4,735
Income (\$millions)	63.6	20.6	84.2
Output (\$millions)	208.9	76.3	285.2
GDP/GSP (\$millions)	100.0	31.6	131.6
Total taxes (\$millions)	33.6	3.2	36.8
Federal (\$millions)	19.6	1.4	21.0
State/Local (\$millions)	14.0	1.8	15.8
In-state wealth (\$millions)	80.4	---	---

- With regard to heritage tourism, it is no surprise that the vast majority of annual employment and GSP gains within the state are located in retail trade (2,290 jobs, \$43.0 million in GSP) and services (1,212 jobs, \$30.0 million GSP) sectors, since these would include the businesses that tourists would most likely interact with – gift shops, gas stations, restaurants, lodging, etc. However, due to the indirect and induced effects, significant impacts reverberate throughout the state's economy, most prominently in the finance, insurance, and real estate (FIRE) sector (136 jobs, \$9.4 million GSP). Wholesale trade firms see 118 jobs created that contribute nearly \$5.1 million to the state's pre-tax wealth or gross state product, but the manufacturing group adds more to GSP (\$6.0 million) with fewer jobs (99), since industries there are typically much more capital intensive.
- As just detailed, heritage tourism in Oklahoma generates considerable economic benefit in terms of jobs, wealth created, income earned, etc. A further contribution is that the above economic activity is often disproportionately derived from residents traveling from out-of-state. Thus, the economic benefit from Oklahoma heritage travel is disproportionately importing new dollars of economic activity to Oklahoma—an optimal strategy of economic pump priming. Additionally, heritage travel in Oklahoma is contextually most important to the economic vitality of the host communities containing the historic resources that are visited.
- Illustrative is the economic contribution of one aspect of heritage travel in Oklahoma—that associated with visitors to Route 66 in this state. Route 66 travelers to Oklahoma are considerable in number; spend large sums on lodging, food, travel, and other purchases; and often come from out-of-state so that the Route 66 traveler spending “imports” considerable economic benefit to the state of Oklahoma.

### **NATIONAL OVERALL AND HERITAGE TRAVEL OVERVIEW**

As noted, the travel industry in the United States is huge with total 2004 spending of about \$525 billion. The economic impact from such spending is quite significant. In 1992, the U.S. Travel Data Center projected the total economic effects (direct and secondary, the latter encompassing indirect and induced effects) of 1990 travel spending in the U.S. which in that year totaled \$290 billion. The results are shown in Exhibit 3.3.

Total impacts from the \$290 billion in 1990 direct travel spending include almost \$200 billion in output (expenditures), \$200 billion in income (earnings), and over 10 million jobs. By extrapolation, the current (2004) national direct travel spending of about \$524 billion (about three-quarters more than the 1990 travel outlay of \$290 billion) would be generating over \$1.2 trillion in output, about \$350 billion in income, and almost 18 million jobs.

**EXHIBIT 3.3**  
**Measures of Impact of Travelers on the U.S. Economy in 1990**

<i>Impact Measure</i>	<i>Direct Impact</i>	<i>Indirect/ Induced Impact</i>	<i>Total Impact</i>	<i>Multiplier</i>
Expenditures (Billions)	\$290.4	\$407.3	\$697.7	2.40
Earnings (Billions)	\$79.1	\$117.6	\$196.7	2.49
Employment (Millions)	5.2	5.3	10.5	1.92

*Source: Impact of Travel on State Economies, 1990, U.S. Travel Data Center, October 1992*

What is the profile of total United States travel?

The domestic portion of total travel in 2005 included more than 1.9 billion trips to destinations 100 miles or more from home. Domestic travel in the United States is composed of pleasure trips (69 percent) and business trips (31 percent); leisure travel (75 percent) business travel (25 percent) and combined leisure and business travel (25 percent). The major stimulus for travel growth is expected to come from the increasing numbers of pleasure leisure trips. More and more, consumers seem to prefer long-weekend getaways to lengthier vacations in more distant spots. Perhaps this reflects the rise in numbers of two-income households with more money but less free time (Standard and Poors 1996). Overall travel data also suggest an increasing trend to-ward shorter-duration trips—more day trips and one-night visits— and shorter-distance trips.

Heritage tourism comports well with these trends in pleasure trips, and historic sites play a crucial role in fostering pleasure travel. As travel expert Arthur Frommer (1993, 92) explains: “People travel in massive numbers to commune with the past.... [Y]ou cannot deny that seeing the cultural achievements of the past, as enshrined in period buildings, is one of the major motivators for travel.”

Precise data on heritage tourism's share of the overall travel market are not available, but various surveys report that historic site visits are increasingly included on pleasure travel itineraries. Growing heritage tourism is also linked to factors ranging from family finances to family leisure pursuit. Economist Tim Schiller (1996, 14) writes:

Historic sites are growing in popularity as destinations for pleasure trips...Several factors account for this increased interest. First, such trips tend to be less expensive than other types of vacations or pleasure travel. Second, family travel has increased, and often, historic sites are something of interest to all family members. Third, vacationers, especially family groups, are more concerned about adding educational opportunities to their vacation plans.

The \$16 billions of dollars spent on the restoration of American historic sites since 1976 has produced a critical mass of saved resources in many communities (“Saving Places”



1996). As the number of preserved historic sites and neighborhoods mounts, new tourism “product” becomes available for both domestic and international visitors, and the tourism-preservation cycle continues.

Evidence of heritage tourism's economic contribution (or its potential contribution) can be found throughout the country:

1. Almost 100 regional heritage areas are in varying phases of development across the United States. These efforts recent broad-based collaboration to protect a regional landscape, preserve historic resources, enhance recreation, or stimulate economic development and regional strength through tourism.
2. In Virginia the impact of travel to historic sites was found to be crucial to the state's economy. Historic preservation visitors stay longer, visit twice as many places, and spend, on average, over two-and-one-half times as much money in Virginia than do other visitors. The economic impact of Colonial Williamsburg alone on Virginia's economy is claimed to be more than \$0.5 billion a year (Preservation Alliance of Virginia 1996).
3. Civil War battle visitation has been found by numerous studies to be vast in scale and to have important economic benefits (Johnson and Sullivan 1992; Kennedy and Porter 1994; Lane 1982).

National data on heritage tourism volume and spending are sketchy. One of the most commonly cited studies is the *Historic/Cultural Traveler* analysis constructed by TIA (2004). That report, examining both historic tourism and cultural tourism as of 2002, found that this tourism segment was large, growing and an important spur to travel.

In 2002, heritage travel<sup>1</sup> was occasioned by 84.7 million of all U.S. adults (211.6 million) and 57.9 percent of all U.S. adult travelers<sup>2</sup> (146.4 million). Heritage travel in that year involved 143.5 million person trips<sup>3</sup>--about one seventh (14.1 percent) of all 2002 person trip volume (1,021.3 million). The more aggregate historic/cultural travel market size (inclusion of a historic *and/or* cultural activity on a trip) was yet larger--involving 118.1 million U.S. adults (55.8 percent of all U.S. adults, 80.7 percent of all U.S. adult travelers) and 216.8 million person trips (21.2 percent of all person trip volume). (See Exhibit 3.4 for more details.)

Historic/cultural travel activity has grown over time (from 192.4 million trips in 1996 to 216.8 million trips in 2002)-- an increase of 13 percent or more than twice the 1996-2006 growth (5.6 percent) in all United States domestic travel (TIA 2004, 10). (Separate historic trip volume is not available from TIA.)

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<sup>1</sup> Defined by TIA (2004, 8) as, “persons who traveled 50 miles or further from home who included at least one historic site, community, town, museum, military site, or memorial cemetery.”

<sup>2</sup> Defined by TIA (2004, 8) as “Adults who have taken at least one trip of at least 50 miles one-way away from home, in the last year, not involving trips taken in regular commuting to and from work or school or trips taken as a flight attendant or vehicle operator.”

<sup>3</sup> Defined by TIA (2004, 3) as “one person trip includes one person on one trip 50 miles or more, one-way away from home or including an overnight stay.”

**Exhibit 3.4:  
Historical/Cultural Travel Market Size (2002) in the United States**

	<i>Number of U.S. Adults</i>	<i>%</i>	<i>Number of Adult Travelers*</i>	<i>%</i>	<i>2002 Person-trip Volume**</i>	<i>%</i>
Total	211.6 million	100.0	146.4 million	100.0	1,021.3 million	100.0
Included an historic and/or cultural activity on a trip	118.1 million	55.8	118.1 million	80.7	216.8 million	21.2
Included a cultural activity on a trip	109.8 million	51.9	109.8 million	75.0	97.7 million	9.6
Included an historic activity on a trip	84.7 million	40.0	84.7 million	57.9	143.5 million	14.1

\*Adults who have taken at least one trip of at least 50 miles, one-way, away from home, in the past year, not including trips taken in regular commuting to and from work or school, or trips taken as a flight attendant or vehicle operator.  
\*\*Counts multiple trips and multiple people per trip. See methodology in Appendix A.  
*Sources: Travel Industry Association of America, TravelScope, Historic/Cultural Traveler Survey*

Among all 146.4 million adults who traveled in 2002, 59.5 million (40 percent) visited a designated historic site, such as a building, landmark, house, or monument (TIA, 5). Other popular historic travel involved visiting a designated historic community or town (41.1 million adult travelers), a military museum (36.3 million adult travelers), or a historic military site, such as a battlefield (30.4 million adult travelers). Of passing note is the tremendous draw of ethnicity, a reflection of the growing diversification of the United States that was traced earlier. Of all 146.4 million adult travelers in 2002, almost 50 million visited an ethnic area or ethnic culture exhibit. Combining historic and ethnic themes would thus pack a powerful travel lure.

While historic/cultural travelers often combine activities such as visiting friends/relatives or an ethnic site while also engaged in historic/cultural activities, the historic/cultural lure is very strong in its own right. About 40 percent of historic/cultural travelers extended extra time to their trip due to a historic/cultural event according to TIA. Visiting a historic site was frequently the primary motivation for taking a particular trip. Nationwide, 33 percent of historic travelers indicated that visiting a historic site, historic community, or history museum was *the* motivation for taking a trip.

Rutgers University has separately examined state-level tourism data in Arkansas, Florida, Massachusetts, Missouri, Ohio, Nebraska, New Jersey and Texas over the past decade. Rutgers has been found that heritage tourism comprise millions of annual trips (e.g., 3.3 million, 4.3 million and 40.7 million in Arkansas, Massachusetts and Texas respectively). What is the importance of these trips relative to total state travel? Rutgers found that heritage tourism comprised from a high of 17 percent of total statewide tourism trips (in Massachusetts) to a low of 5 percent (in New Jersey). The median was about 5 to 10 percent. The latter approximates on an order of magnitude basis the TIA finding that 14 percent of U.S. person trips involved heritage travel (Note, however that there is no

industry consensus in how to define the “historic” or “heritage” traveler, that TIA and Rutgers were viewing different data bases and as such differed in how they flagged a “historic” or “heritage traveler).

One of the states examined by Rutgers was Florida and for illustrative purposes we shall summarize its salient travel characteristics. In 2000, Florida had some 72 million visitors, the lion’s share (80 percent) coming from the United States. When domestic visitors to Florida were asked what were their primary activities, the top three responses were not surprisingly “beaches (32.4 percent), “shopping” (32.4 percent) and “theme/amusement parks” (26.5 percent). About one-tenth (9.1 percent), however, listed “historic places/museums” as their primary Florida travel activity.

Heritage travel is particularly important in some Florida communities as is attested to by the following examples in St. Augustine, Key West, and Tampa-Bay City.

St. Augustine epitomizes heritage tourism in Florida. The city’s 14,000 residents and 14.4 square miles host 3.5 million tourists annually. The tourists relive the history of the nation’s oldest continuously occupied city, strolling along St. George Street, peering from atop the Fortress of Castillo de San Marcos, or driving across the Bridge of the Lions.

Heritage tourism is the industry of St. Augustine. “The whole city is funded on tourism, and the tourism base is historic preservation (Birchim 2002).” The Economic Development Council of St. Augustine and St. Johns County Chamber of Commerce estimates that tourism county-wide brought in \$490 million in 2000.

Old Town in Key West is a 190 block area that contains 2,580 structures. Heritage tourism has been a mainstay for Key West and Pensacola. Key West’s Old Town and Hemingway House and Pensacola’s Seville Historic District have attracted tourists for decades.

In Tampa, a resurgent Ybor City Historic District is drawing a new breed of heritage tourists. The community is a mix of thirty percent commercial buildings and seventy percent residential property. It is now a fashionable entertainment district, rediscovering its potential as a tourist attraction in the wake of massive destruction after the failed promises of urban renewal.

Heritage tourism is important in many other places in the United States. There were an annual average of 50 million person trips to Memphis, Tennessee during the period 1996-2001 and of that total 0.8 million, or about one-quarter were heritage travelers. Some of the larger and more visible Memphis heritage tourism sites include the Beale Street Entertainment District (4.2 million annual visitors), Graceland (0.6 million annual visitors), and the Mud Island River Park (174,000 annual visitors) -- all on the National Register of Historic Places.

## OKLAHOMA HERITAGE AND TOTAL TRAVEL

In 2004, direct domestic travel expenditure in Oklahoma amounted to approximately \$4.5 billion comprising the following sectors.

**EXHIBIT 3.5**  
**Direct Domestic Travel Expenditures in Oklahoma by Industry Sector (2004)**

<i>2004 Expenditures</i>	<i>Total</i> <i>(\$ millions)</i>	<i>% of Total</i>
Public Transportation	\$540.8	12.1%
Auto Transportation	\$1,424.1	32.0%
Lodging	\$523.9	11.8%
Food Service	\$1,139.6	25.6%
Entertainment & Recreation	\$417.5	9.4%
General Retail Trade	\$409.9	9.2%
<i>Total</i>	\$4,455.8	100.0%

Travel spending in Oklahoma has continued to increase over time. Domestic travel expenditures in this state increased from \$4,208 million in 2003 to \$4,456 million in 2004. Conservatively, domestic travel spending on Oklahoma as of 2007 is at least \$5 billion. Of total traveler spending in Oklahoma, leisure travel (65 percent of outlays) are more significant than business travelers (35 percent of outlays) and spending by non-Oklahoma residents (75 percent of outlays) far exceeds that of spending by Oklahoma residents (25 percent of outlays). The details on these components of Oklahoma travel are shown below.

**EXHIBIT 3.6**  
**U.S. Traveler's Spending by Characteristics of Travelers to Oklahoma in 2004**  
**(Excluding Expenditures on Air Tickets)**

	<i>Total Expenditures</i> <i>(\$ millions)</i>	<i>Percentage of Total</i> <i>Expenditures</i>
<b>Total Travelers</b>	\$4,130.3	92.7%
<b>Origin of Travelers</b>		
Oklahoma Residents	\$1,019.6	24.7%
Non-Oklahoma Residents	\$3,110.7	75.3%
<b>Purpose of Trip</b>		
Leisure Travelers	\$2,668.2	64.6%
Business Travelers	\$1,462.1	35.4%

Not surprisingly, overnight travelers to Oklahoma spend more than day-trip travelers. In 2004 (latest data available), day-trip travelers to the state spent about \$116 per trip while overnight hotel travelers expended \$385 per trip.

Heritage travel is an important component of the travel industry in Oklahoma. The following reports on a 2006 study on Oklahoma Tourism Segmentation (hereinafter Segmentation study) conducted by the Oklahoma Tourism and Recreation Department, Ackerman McQueen and TNS. The Segmentation study was based in a mail survey from consumers across the United States and included 1,200 completed surveys.

Almost half (43 percent) of the respondents were interested (very or somewhat) in Oklahoma as a tourist destination, a little more than one-quarter (28 percent) were not interested, and about one-quarter (24 percent) were neutral.

Consumers interested in Oklahoma travel were most attracted to cultural (American Indian) and historic sites in the state as well as the outdoors.

#### **Perceptions of Oklahoma by Consumers Interested in Oklahoma Travel**

<i>Attraction</i>	<i>%</i>
Good Place for American Indian Culture	78%
Outdoor Activities	63%
Historic Sites	61%

Of all those surveyed (the full 1,200), visiting historic sites was cited as one of the top three activities enjoyed on leisure trips. Shopping was the most frequently cited activity (50 percent), followed by “family/friend event” (48 percent) and historic sites (31 percent).

The Segmentation study identified subgroups of visitors of particular significance to Oklahoma. One particularly important subgroup was described as “active-doers.” Historic sites are of particular importance to the “active-doers” as indicated below.

#### **Responses by “Active-Doers”**

<i>Activities on Most Recent Trip</i>	<i>%</i>
Shopping	59%
Family/Friend Event	46%
Historic Sites	37%

What is the profile of the heritage traveler to Oklahoma? In the current study we were not able to identify that group specifically, however, the heritage traveler to Oklahoma is likely to share many of the characteristics of the heritage travelers nationally.

To provide information on the latter, Exhibits 3.7 through 3.10 (end of chapter) summarize traveler and trip characteristics for all United States travelers then U.S. leisure travelers, and finally U.S. historical cultural travelers. These data are derived from surveys done by the Travel Industry Association of America (TIAA) and by Rutgers in prior state studies<sup>4</sup>. These data indicate that heritage and cultural travelers and the trips they engage in tend to be:

<sup>4</sup> The Rutgers studies would often analyze subgroups of travelers, including heritage travelers, originally surveyed by TIAA.

### I. Traveler Demographic Profile

*Age*- middle age (45-50 years)

*Education*- well educated (more college educated)

*Income*- middle to higher income

*Marital Status*- mostly married

*Household Size*- mostly 1-2 persons

*Occupation*- often managerial/professional/technical of those working—though a noticeable share is retired

### II. Trip Profile

*Accommodation*- typically hotel/motel, or B&B

*Primary Trip Purpose*- leisure

*Travel Party Size*- about 2.0-2.5

*Trip Activities*- varied, historic coupled with commonly shopping

*Trip Duration*- longer than average trips with multiple night stays

*Trip Spending*- much more than average trip (25-50 percent more)

How much is spent on heritage travel in Oklahoma? In the current study, we do not have the exact figure—and that further would beg the question of how heritage travel is defined. Again, however, we turn to past research. Prior Rutgers analysis in states in proximity to Oklahoma (Texas, Missouri, and Nebraska) has estimated that a *minimum* of about 3.5 percent of total state travel *spending* is associated with heritage travel. While an argument could be made that heritage travel would be more significant in Oklahoma because of such features as this state's pronounced Native American heritage, to be conservative the current investigation applies the same 3.5 percent lower heritage share—that is, a minimum of 3.5 percent of total Oklahoma travel spending has a heritage connection. That would imply the following. In 2007, about \$5 billion was expended in total domestic travel in Oklahoma (itself an estimate). Of that total, at least 3.5 percent or \$175 million can be characterized as heritage travel.

## TOTAL ANNUAL IMPACTS FROM HERITAGE TOURISM

The following section translates the \$175 million annual Oklahoma heritage travel-attributed direct spending into total economic benefits by applying the Preservation Economic Impact Model (PEIM). An overview of the results is contained below. Detailed results are contained in Exhibits 3.11 through 3.16.

### Total Economic Impacts of Annual Oklahoma Heritage Tourism Spending (\$175 million, 2007)

	<i>In-State</i>	<i>Out-of-State</i>	<i>Total (U.S.)</i>
Jobs (person years)	3,980	755	4,735
Income (\$millions)	63.6	20.6	84.2
Output (\$millions)	208.9	76.3	285.2
GDP/GSP (\$millions)	100.0	31.6	131.6
Total taxes (\$millions)	33.6	3.2	36.8
Federal (\$millions)	19.6	1.4	21.0

State/Local (\$millions)	14.0	1.8	15.8
In-state wealth (\$millions)	80.4	---	---

Nationally, the total (direct and multiplier) national economic impacts from an annual \$175 million in heritage tourism spending include \$285 million in output, 4,735 jobs, \$84 million in earned income, and \$132 million in GDP (Exhibit 3.11). For Oklahoma in particular, this translates to an additional \$209 million in output, 3,980 jobs, \$64 million in earned income, and \$100 million in GSP (exhibit 3.14). Subtracting federal taxes from the GSP figure means that in-state wealth derived from heritage tourism amounts to \$80 million.

Of the total 3,980 jobs generated nationwide by Oklahoma heritage tourism, the bulk are in three major industries: retail trade (2,290 jobs), services (1,212 jobs), and manufacturing (353 jobs). (In the case of tourism, manufactures produce goods served at restaurants, bathroom goods, clean sheets, and such at hotels; and the items on the shelves of retailers.) Of the total \$64 million in national labor income generated; these same three industries account for \$28 million, \$20 million, and \$13 million, respectively. Simple division of the number of jobs into the amount of labor income generated shows that nationwide, the labor income per job supporting heritage tourism is \$12,441 for retail trade, \$16,457 for services, and \$37,192 for manufacturing. Because of Oklahoma heritage tourism's emphasis in retail trade and services, the nation's average labor income per job supporting the tourism is \$17,785. This figure is substantially lower than the \$27,870 national average income per job supporting the state's historic building rehabilitation since the latter requires many more high-paying construction jobs.

The difference in job quality is even greater between the national jobs created indirectly and directly by Oklahoma heritage tourism. Items 1 and 2 in Section II of Exhibit 3.11 reveal that indirectly created jobs pay on average \$24,283, while jobs created directly pay on average \$14,816—a difference of \$9,467 per job. Low-paying jobs, in a way, indirectly create high-paying jobs. Some, but not all, of the pay gap between direct and indirect jobs is due to the part-time nature of the direct jobs created in the retail trade and service industries. A finer breakdown of national economic impacts by industry (Exhibit 3.12) shows that of the 1,360 jobs created in service industries, about 42 percent (571 jobs) are in the hotels/lodging category. Further, about 79 percent of the 2,331 retail jobs created through Oklahoma heritage tourism are in eating/drinking establishments (1,851 jobs). These two industries are characterized for paying low wages (although the income numbers in this study include reported tips as well) and have an above-average share of part-time jobs. A detailed breakdown of national-level jobs by occupation resulting from Oklahoma heritage tourism is shown in Exhibit 3.13.

An evaluation of job productivity (GDP per job) reveals an even larger gap of \$16,239 (\$38,935 versus \$22,696) between national indirect and direct jobs supporting Oklahoma heritage tourism. The differences between the two indirect-to-direct-job pay gaps (labor income/job and GDP/job) suggest that heritage tourism is far more profitable to firms indirectly affected by the industry. At any rate, the pay gap between the indirectly and directly created jobs in this category causes the traditional national multiplier for labor

income to be higher for heritage tourism (1.75) than for historic building rehabilitation (1.60). It also causes the national employment multiplier for heritage tourism (1.46) to be quite low (e.g., this multiplier is 1.72 for historic rehabilitation).

Which helps the national economy more on average, \$1 million in heritage tourism spending or \$1 million in historic building rehabilitation? The lower portion of exhibit 2.7 and 3.11 informs the answer: historic building rehabilitation provides a higher return. One can also readily infer that weak investment in historic building rehabilitation will eventually lead to lower annual spending on heritage tourism. Nonetheless, while historic building rehabilitation technically “helps” the national economy more than heritage tourism, it may be difficult to get one without the other.

Exhibits 3.14 through 3.16 present the total economic effects of Oklahoma heritage tourism spending within the state. Item 1 in Section II of Exhibit 3.14 shows that Oklahoma retains about 3,980 or 84 percent, of the total direct jobs (4,735) created in support of heritage tourism. This percentage is higher than the 79 percent job retention rate for historic building rehabilitation. Oklahoma retains a lower proportion of the indirect and induced heritage tourism employment impacts—only about 61 percent (899 of 1,475 jobs).

In sum, through heritage tourism Oklahoma gains 3,980 jobs (84 percent of 4,735 jobs total), \$64 million in income (76 percent of \$64 million total), \$209 million in output (73 percent of \$285 million total), and \$100 million in GSP (76 percent of \$132 million total GDP). Heritage tourism’s state multiplier effects (measured by subtracting one from the multipliers and dividing the region’s multiplier by the nation’s) are about 60 percent of the nation’s (Exhibits 3.11 and 3.14). Thus, the economic benefits of heritage tourism that accrue to Oklahoma are concentrated in the direct effects.

Finer-grained detail of state impacts by industry (Exhibit 3.15) and occupation (Exhibit 3.16) are also quantified and reflect concentrations similar to those noted at the national level. Of the 3,980 total state-level jobs derived from Oklahoma heritage tourism, most are to be found in eating/drinking establishments (1,829 jobs) and hotels/lodging (552 jobs). Of the total \$64 million generated in annual state income generated by Oklahoma heritage tourism, the eating/drinking and hotels/lodging industries garner \$22 million and \$8 million, respectively. The eating/drinking and hotels/lodging industries also comprise \$31 million and \$15 million, respectively, of the total \$100 million increase in GSP (Exhibit 3.15).

A detailed break-out of the in-state jobs generated by Oklahoma heritage tourism is found in Exhibit 3.16. Of the total 3,980 jobs, 1,985 are in service occupations (e.g., 1,661 jobs in food preparation), 529 in marketing and sales occupations (e.g., 210 cashiers), and 406 in administrative occupations (e.g., 115 clerical worker).

Heritage travel on Oklahoma generates important tax income to the state. The \$175 million in 2007 Oklahoma heritage tourism generates to the state of Oklahoma about \$9 million in state taxes and \$5 million in local taxes (Exhibit 3.14). That is in addition to almost \$20 million in federal taxes paid by Oklahoma businesses and individuals affected by heritage tourism in the state.



### Micro Effects of Oklahoma Heritage Tourism

As just detailed, heritage tourism in Oklahoma generates considerable economic benefit in terms of jobs, wealth created, income earned, etc. A further contribution is that the above economic activity is often disproportionately derived from residents traveling from out-of-state. Thus, the economic benefit from Oklahoma heritage travel is disproportionately importing new dollars of economic activity to Oklahoma—an optimal strategy of economic pump priming. Additionally, heritage travel in Oklahoma is often contextually most important to the economic vitality of the host communities containing the historic resources that are visited.

Illustrative is the economic contribution of one aspect of heritage travel in Oklahoma—that associated with visitors to Route 66 in this state. Route 66 travelers to Oklahoma are considerable in number; spend large sums on lodging, food, travel, and other purchases; and often come from out-of-state so that the Route 66 traveler spending “imports” considerable economic benefit to the state of Oklahoma.

For example, two Route 66 sites in Oklahoma are the Historic Round Barn in Arcadia (2006 population of 279) and the Route 66 Museum in Clinton (2006 population of 8,448). The following data on visitation to these sites show the large number of Route 66 site visitors to these communities (especially relative to the size of Arcadia and Clinton) and that many of the visitors come from out of Oklahoma—thus “importing” their spending’s economic benefit to Oklahoma.

#### EXHIBIT 3.17

##### Visitation to Historic Round Barn—Arcadia, OK (April-September 2007)

Visitor Residence	Number	%
In-State (Oklahoma)	1,305	47.2
Out-of-State (Rest of U.S.)	1,027	37.2
Foreign	<u>431</u>	<u>15.6</u>
	2,763	100.0

##### Visitation to Route 66 Museum—Clinton, OK (2006)

Visitor Residence	Number	%
In-State (Oklahoma)	4,995	16.0
Out-of-State (Rest of U.S.)	18,152	58.2
Foreign	<u>8,063</u>	<u>25.8</u>
	31,210	100.0

A more detailed picture of the significant “imported” economic benefit of heritage travel, in this instance Route 66 visitation, is evident from the detailed visitor origin data on travelers to the Historic Round Barn in Arcadia. (See Oklahoma Round Barn Exhibit 3.20 in the Addendum of this chapter) Of the 2,763 visitors to this historic site as of spring-summer 2007 (for which data were available), 1,305 or somewhat less than half came from Oklahoma. About 110 visitors (5 percent of the total) came from neighboring Texas. Many Round Barn visitors, however, came from afar including 81 from

California, 79 from Germany, 57 from England, 55 from Norway, 39 from Italy, and about 30-40 from each of the following states—Arkansas, Florida, Illinois, Indiana, Kansas, Michigan, Missouri, New York, Ohio, and Tennessee.

A more detailed description of the preservation of Arcadia’s Historic Round Barn and Clinton’s Route 66 Museum—and how these actions fostered heritage travel and local economic development—is found in detailed case studies of these two sites found in an addendum to this chapter.

## CONCLUSION

In sum the travel spending in Oklahoma is a key industry and in turn, heritage travel is an important component of Oklahoma’s overall travel sector. The overall travel industry in Oklahoma has potential for even greater growth and enhanced heritage tourism can help realize that potential.

The following data points to the unrealized potential of enhanced overall travel spending in Oklahoma<sup>5</sup>.

Heritage travel is intrinsically important to Oklahoma in a number of ways. First, it has the potential to increase overall travel and tourism in the state with attendant economic benefits. Further, heritage tourism can broaden the appeal of the state both generally and to specific ethnic/minority groups which are frequently drawn to sites like those in Oklahoma (e.g., Native Americans). Even better, heritage tourism nationally attracts higher percentages of overnight travelers, who are more likely to both be from out-of-state and spend more on their trips.

As elsewhere, heritage travel in Oklahoma can benefit from changes occurring generally in the country and from economic and demographic trends affecting travel. These include: an aging population; a population with enhanced interest in education, tradition, and roots; a large baby-boom population with discretionary income; and an increase in family travel, domestic travel, and shorter-duration and shorter-distance trips.

Exhibit 3.18 lists the 2004 travel spending data from the Travel Industry Association of America (TIAA) for Oklahoma and a number of nearby states. According to Exhibit 3.18, among nearby states Colorado, South Dakota, and Wyoming receive *more* travel spending than one might expect from the respective populations sizes. The data show Oklahoma receives *less* than the share of tourism dollars one might expect for a state with its population: it has 1.20 percent of the nation’s population, but only 0.84 percent of the nation’s domestic travel spending. Indeed, if Oklahoma received the share of tourism spending one would expect based on its population: it would gain additional hundreds of millions in travel spending.

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<sup>5</sup> The research and text from here to the end of the chapter are derived and excerpted from the work of Eric Thompson, Director of the University of Nebraska-Lincoln, Bureau of Economic Research. Dr. Thompson collaborated with Rutgers on a study on historic preservation and economics in Nebraska.

**EXHIBIT 3.18**  
**Domestic Travel Expenditures in Selected States, 2004**

<i>State</i>	<i>Total</i>	<i>% of U.S. Travel Spending</i>	<i>% of U.S. Population</i>
Colorado	\$9,965,000,000	1.87	1.57
Missouri	\$9,465,000,000	1.78	1.96
Minnesota	\$8,494,000,000	1.60	1.73
Iowa	\$5,014,000,000	0.94	1.01
<b>Oklahoma</b>	<b>\$4,456,000,000</b>	<b>0.84</b>	<b>1.20</b>
Kansas	\$4,172,000,000	0.78	0.93
Nebraska	\$2,982,000,000	0.56	0.59
Wyoming	\$1,842,000,000	0.35	0.17
South Dakota	\$1,663,000,000	0.31	0.26
U.S.	\$532,355,000,000	-----	-----

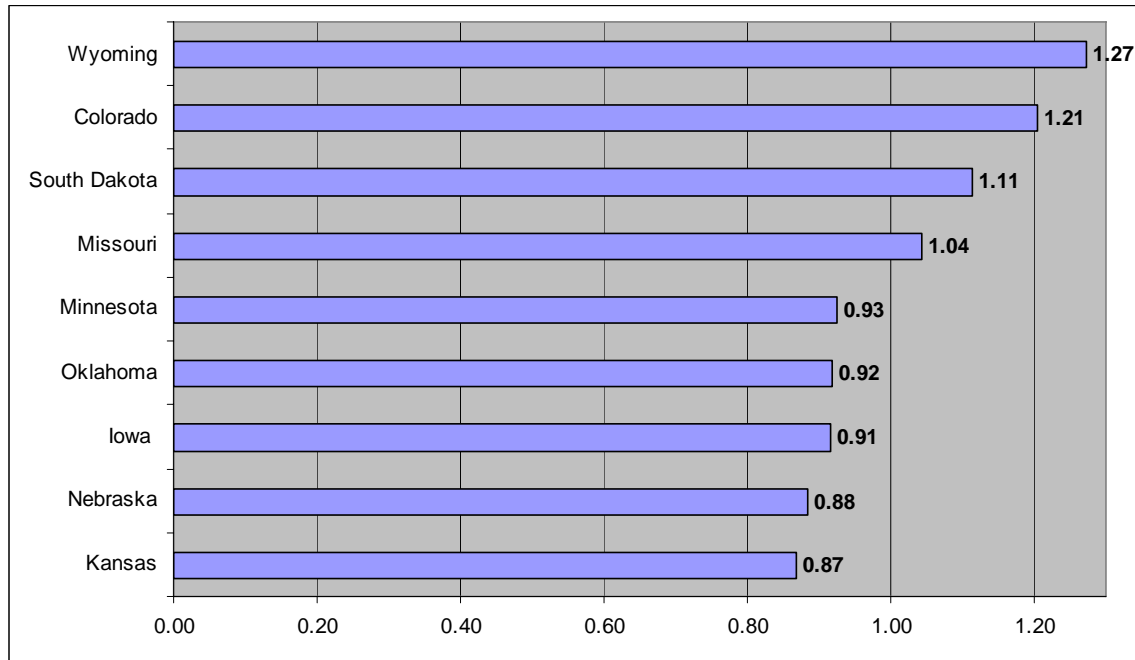
*Source:* Travel Industry Association of America, U.S. Census Bureau, 2006 *Statistical Abstract of the United States*.

Exhibit 3.19 compares employment in the leisure and hospitality super-sector in Oklahoma to that in neighboring states. The graph was created using location quotients, a widely used tool in regional economic analysis. Employment location quotients (LQs) measure a region's relative concentration of employment in an industry compared to that for the nation. Thus, if the location quotient is 1.0, the industry's share of local employment is the same as the industry's share nationally. A location quotient greater than 1.0 means the industry employs a greater share of the local workforce in the area than it does nationally. A location quotient less than 1.0 implies that the industry's share of local employment is smaller than its share of national employment.

Oklahoma's location quotient value of 0.92 in Exhibit 3.19 means that Oklahoma has a lower share of overall employment concentrated in the tourism industry. This confirms that Oklahoma's tourism industry is not as strong as it theoretically could be. Like the previously cited TIAA tourism expenditure data, the employment data indicate that Oklahoma is exporting jobs and economic activity due to the potential net loss of tourism dollars.

One way of improving this situation and to bolster the already large (but potentially larger) Oklahoma travel spending is through fostering heritage travel to the state. As detailed in this chapter, heritage travel is already an important component of the overall tourism industry in Oklahoma—but can also grow with added promotional and other investment (e.g., more dollars to fix up heritage sites). Such investment would enhance the already significant contribution of heritage tourism in Oklahoma's economy.

**EXHIBIT 3.19**  
**Location Quotients in 2005: Leisure and Hospitality Supersector for Selected States**



Source: U.S. Bureau of Labor Statistics.

In summary, we find that the Oklahoma travel and tourism industry, which is already quite large and significant, still has room to expand. One way that can be accomplished is by strengthening the heritage tourism component within the overall Oklahoma travel market. As detailed in this chapter, heritage tourism is already an important segment within the Oklahoma travel industry and investing yet further in this segment has much potential given Oklahoma's strong portfolio of historic attractions.

**EXHIBIT 3.7**  
**Demographic Profiles—Age, Education, and Income: U.S. All, Leisure, Cultural/Historic, and Selected State Heritage Travelers**

<b>HOUSEHOLD DEMOGRAPHIC CHARACTERISTICS</b>	All U.S. Travelers (TIAA, 2003)	U.S. Leisure Travelers (TIAA, 2004)	U.S. Historical/Cultural Travelers (TIAA, 2003)	U.S. Heritage Travelers <sup>a</sup> (CUPR, 1999-2006)
<b>Age</b>				
18-34 years old	26%	27%	24%	25%
35-54 years	43%	41%	41%	37%
55 and over	31%	32%	35%	34%
Average Age (years)	47	47	49	46
<b>Education</b>				
High school education or less	20%	22%	18%	25%
Some college—no degree	25%	26%	24%	29%
College graduate	36%	35%	37%	28%
Graduate work	19%	17%	21%	21%
<b>Annual Household Income</b>				
Less than \$50,000	43%	47%	44%	53%
\$50,000-\$74,999	22%	22%	23%	21%
\$75,000-\$99,999	16%	15%	16%	12%
\$100,000 or more	19%	16%	17%	14%
Average income	\$68,200	\$63,600	\$66,700	\$59,475
Median income	\$56,600	\$52,600	\$55,600	

*Note:* a. The statistics for U.S. heritage travelers are derived from the average of all available state heritage traveler data for Florida, Massachusetts, Missouri, Nebraska, New Jersey, Ohio, and Texas.

*Source:* TIAA and prior Rutgers state studies.

**EXHIBIT 3.8**  
**Demographic Profiles—Marital Status, Household Size, and Occupation:**  
**U.S. All, Leisure, Cultural/Historic and Selected State Heritage Travelers**

<b>HOUSEHOLD DEMOGRAPHIC CHARACTERISTICS</b>	All U.S. Travelers (TIAA, 2003)	U.S. Leisure Travelers (TIAA, 2004)	U.S. Historical/Cultural Travelers (TIAA, 2003)	U.S. Heritage Travelers <sup>a</sup> (CUPR, 1999-2006)
<b>Marital Status</b>				
Married	64%	63%	62%	60%
Never married	19%	19%	19%	18%
Divorced/Widowed/Separated	17%	18%	19%	22%
<b>Household Size</b>				
One person	21%	21%	23%	23%
Two people	36%	36%	36%	39%
Three people	17%	18%	17%	15%
Four people	16%	15%	14%	14%
Five or more people	10%	10%	10%	10%
<b>Occupation of Household Head</b>				
Managerial/Professional	39%	35%	37%	40%
Technical/Sales/Administrative Support	12%	12%	12%	15%
Service	5%	6%	5%	7%
Farming/Fishing/Forestry	1%	1%	1%	1%
Craftsman/Repairman	6%	6%	5%	4%
Operator/Laborer	7%	8%	6%	5%
Retired	16%	18%	20%	29%
Other	14%	14%	14%	

*Note:* a. The statistics for U.S. heritage travelers are derived from the average of all available state heritage traveler data for Florida, Massachusetts, Missouri, Nebraska, New Jersey, Ohio, and Texas.

*Source:* TIAA and prior Rutgers state studies.

## EXHIBIT 3.9

## Accommodation Type, Trip Purpose, and Travel Party Sizes: U.S. All, Leisure, Cultural/Historic and Selected State Heritage Travelers

TRIP CHARACTERISTICS	All U.S. Travelers	U.S. Leisure Travelers	U.S. Historical/Cultural Travelers	U.S. Heritage Travelers <sup>a</sup>
	(TIAA, 2003)	(TIAA, 2004)	(TIAA, 2003)	(CUPR, 1999-2006)
<b>Accommodation Type (person-nights)</b>				
Hotel/motel/B&B	55%	43%	62%	54%
Condo or time share	4%	5%	5%	3%
Friends/relatives homes (Private Home)	38%	48%	36%	33%
Other	8%	8%	8%	5%
RV or tent	5%	7%	6%	4%
<b>Primary Purpose of Trip</b>				
Leisure Travel (net) (%)	77%		80%	
Visit friends/relatives	40%		37%	39%
Entertainment	16%		27%	28%
Outdoor recreation	10%		6%	5%
Personal	11%		10%	9%
Business (unspecified)	10%		4%	7%
Convention/seminar	2%		3%	4%
Combined Business/Pleasure Travel (%)	8%		10%	5%
Other	3%		3%	3%
<b>Household Travel Party Size</b>				
One	44%	33%	36%	20%
Two	31%	36%	38%	39%
Three	10%	12%	11%	9%
Four	9%	12%	9%	16%
Five or More	6%	7%	6%	15%
Average (people)	2.1		2.2	2.6

*Note:*

a. The statistics for U.S. heritage travelers are derived from the average of all available state heritage traveler data for Florida, Massachusetts, Missouri, Nebraska, New Jersey, Ohio, and Texas.

Source: TIAA and prior Rutgers state studies.

**EXHIBIT 3.10**  
**Trip Characteristics—Trip Activities and Trip Duration/Spending:**  
**U.S. All, Leisure, Cultural/Historic and Selected State Heritage Travelers**

TRIP CHARACTERISTICS	All U.S. Travelers (TIAA, 2003)	U.S. Leisure Travelers (TIAA, 2004)	U.S. Historical/Cultural Travelers (TIAA, 2003)	U.S. Heritage Travelers <sup>a</sup> (CUPR, 1999-2006)
<b>Trip Activities</b>				
National/State Parks	10%		20%	17%
Outdoor Activities	17%		17%	12%
Historical Places/Museums	14%		66%	100%
Cultural Events/Festivals	10%		45%	14%
Beaches	11%		13%	9%
Shopping	34%		44%	41%
Theme/Amusement Park	9%		10%	12%
Nightlife/Dancing	8%		9%	7%
Golf/Tennis/Skiing	3%		3%	2%
Sports Event	6%		4%	5%
Gambling	8%		6%	6%
<b>Trip Duration</b>				
Day Trips	16%	15	10%	
1 or 2 nights	39%	39	30%	
3 to 6 nights	31%	31	37%	
7 nights or more	14%	15	23%	
Average duration (incl. 0 nights)	3.4	3.4	4.6	
Average duration (excl. 0 nights)	4.1	4.1	5.2	
<b>Trip Spending</b>				
Less than \$100	26%	28%	11%	
\$100-\$249	28%	29%	23%	
%250-\$499	18%	18%	21%	
\$500-\$749	12%	11%	15%	
\$750-\$999	4%	3%	6%	
\$1,000 or more	12%	11%	19%	
Average Trip Spending	\$457	\$420	\$623	

*Note:* a. The statistics for U.S. heritage travelers are derived from the average of all available state heritage traveler data fore Florida, Massachusetts, Missouri, Nebraska, New Jersey, Ohio, and Texas.

*Source:* TIAA and prior Rutgers state studies.



**EXHIBIT 3.11**  
**Total National Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Heritage Tourism (\$175 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	5,236.2	63	315.1	1,041.1
2. Agri. Serv., Forestry, & Fish	381.5	10	161.2	333.5
3. Mining	3,689.0	11	586.6	985.1
4. Construction	5,236.3	42	1,177.8	2,250.8
5. Manufacturing	62,901.7	353	13,128.8	20,375.3
6. Transport. & Public Utilities	18,372.1	175	4,933.7	7,430.7
7. Wholesale	13,802.5	152	5,612.8	6,573.2
8. Retail Trade	82,595.6	2,331	29,000.2	43,894.7
9. Finance, Ins., & Real Estate	22,824.9	218	6,359.8	14,202.7
10. Services	68,396.1	1,360	22,382.1	33,632.5
11. Government	1,835.6	20	555.1	864.1
<b>Total Effects (Private and Public)</b>	<b>285,271.4</b>	<b>4,735</b>	<b>84,213.1</b>	<b>131,583.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	153,997.8	3,250	48,153.2	73,763.9
2. Indirect and Induced Effects	131,273.7	1,485	36,059.9	57,819.7
3. Total Effects	285,271.4	4,735	84,213.1	131,583.6
4. Multipliers (3/1)	1.852	1.457	1.749	1.784
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				79,362.5
2. Taxes				24,039.1
a. Local				5,297.1
b. State				7,951.8
c. Federal				10,790.2
General				3,698.0
Social Security				7,092.2
3. Profits, dividends, rents, and other				28,182.0
4. Total Gross State Product (1+2+3)				131,583.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		79,362.5	66,148.5	
2. Taxes		24,039.1	12,779.1	36,818.2
a. Local		5,297.1	736.2	6,033.4
b. State		7,951.8	1,847.5	9,799.2
c. Federal		10,790.2	10,195.4	20,985.6
General		3,698.0	10,195.4	13,893.4
Social Security		7,092.2	0.0	7,092.2
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.1
Income				481,217
State/Local Taxes				90,472
Gross State Product				751,906
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>175,000,000</b>

**EXHIBIT 3.12**  
**National Industrial Impacts of Annual Oklahoma Heritage Tourism Activity**  
**(\$175 million, 2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>5,236.2</b>	<b>63</b>	<b>315.1</b>	<b>1,041.1</b>
Dairy Farm Products	1,022.5	3	61.1	121.3
Eggs	29.3	0	1.4	3.7
Meat Animals	2,508.1	15	112.2	313.0
Misc. Livestock	19.1	0	1.6	4.3
Wool	6.0	0	0.5	1.4
Cotton	48.3	1	4.8	16.0
Tobacco	12.3	0	0.8	4.3
Grains & Misc. Crops	149.7	1	3.7	56.4
Feed Crops	583.6	1	12.6	203.0
Fruits & Nuts	520.0	30	87.3	174.2
Vegetables	80.2	10	10.0	32.0
Greenhouse/Nursery Products	54.6	1	10.2	31.3
Sugar Beets & Cane	58.4	0	1.3	28.2
Flaxseed, Peanuts, Soybean	144.1	1	7.6	51.9
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>381.5</b>	<b>10</b>	<b>161.2</b>	<b>333.5</b>
Agri. Services (07)	271.8	10	139.4	241.3
Forestry (08)	40.0	0	3.5	29.5
Fishing, Hunting, Trapping (09)	69.7	1	18.3	62.7
<b>Mining</b>	<b>3,689.0</b>	<b>11</b>	<b>586.6</b>	<b>985.1</b>
Coal Mining (12)	443.5	3	137.8	204.9
Oil & Gas Extraction (13)	3,158.5	7	423.5	719.5
Nonmetal Min.-Ex. Fuels (14)	62.6	1	19.0	38.7
Metal Mining (10)	24.5	0	6.3	22.0
<b>Construction</b>	<b>5,236.3</b>	<b>42</b>	<b>1,177.8</b>	<b>2,250.8</b>
General Bldg. Contractors (15)	1,641.3	17	493.9	861.1
Heavy Const. Contractors (16)	443.0	7	188.8	267.6
Special Trade Contractors (17)	3,152.1	18	495.1	1,122.0
<b>Manufacturing</b>	<b>62,901.7</b>	<b>353</b>	<b>13,128.8</b>	<b>20,375.3</b>
Food & Kindred Prod. (20)	16,904.1	71	2,343.4	4,601.6
Tobacco Manufactures (21)	737.0	1	61.6	303.6
Textile Mill Prod. (22)	1,350.9	22	338.0	288.2
Apparel & Other Prod. (23)	2,782.5	40	781.8	821.1
Limber & Wood Prod. (24)	626.5	6	143.4	183.6
Furniture & Fixtures (25)	448.0	6	132.4	162.1
Paper & Allied Prod. (26)	2,096.5	11	459.5	850.5
Chemicals & Allied Prod. (28)	6,785.2	4	1,166.2	1,169.9
Petroleum & Coal Prod. (29)	6,694.1	4	333.3	1,395.7
Rubber & Misc. Plastics (30)	1,659.0	14	463.8	789.2
Leather & Leather Prod. (31)	455.1	6	121.4	238.9
Stone, Clay, & Glass (32)	569.9	4	180.6	347.4
Primary Metal Prod. (33)	652.0	3	142.5	246.6
Fabricated Metal Prod. (34)	1,428.4	10	402.9	749.8
Machinery, Except Elec. (35)	976.0	7	317.6	393.2
Electric & Elec. Equip. (36)	1,702.6	10	432.8	1,077.7
Transportation Equipment (37)	3,418.0	11	613.7	933.5
Instruments & Rel. Prod. (38)	1,740.6	12	393.9	858.3
Misc. Manufacturing Inds. (39)	8,176.3	74	3,152.7	3,675.4

Printing & Publishing (27)	3,699.2	37	1,147.2	1,289.0
<b>Transport. &amp; Public Utilities</b>	<b>18,372.1</b>	<b>175</b>	<b>4,933.7</b>	<b>7,430.7</b>
Railroad Transportation (40)	446.0	3	184.9	401.4
Local Pass. Transit (41)	2,861.1	84	1,234.9	1,672.9
Trucking & Warehousing (42)	2,776.1	44	1,360.2	1,581.4
Water Transportation (44)	367.8	6	103.9	218.2
Transportation by Air (45)	691.0	5	240.5	297.1
Pipe Lines-Ex. Nat. Gas (46)	202.2	0	21.9	56.2
Transportation Services (47)	345.9	3	130.8	121.2
Communication (48)	4,515.9	20	927.0	1,846.8
Elec., Gas, & Sanitary Serv. (49)	6,166.2	10	729.5	1,235.4
<b>Wholesale</b>	<b>13,802.5</b>	<b>152</b>	<b>5,612.8</b>	<b>6,573.2</b>
Wholesale-Nondurable Goods (51)	8,540.1	97	3,472.9	4,067.1
Wholesale-Durable Goods (50)	5,262.4	56	2,140.0	2,506.1
<b>Retail Trade</b>	<b>82,595.6</b>	<b>2,331</b>	<b>29,000.2</b>	<b>43,894.7</b>
Bldg. Mat.-Garden Supply (52)	670.2	16	291.1	455.4
General Merch. Stores (53)	4,007.7	111	1,445.1	2,723.1
Food Stores (54)	2,286.0	70	891.2	1,553.3
Auto. Dealers-Serv. Stat. (55)	3,422.1	48	899.7	2,325.2
Apparel & Access. Stores (56)	1,418.8	57	666.4	964.0
Furniture & Home Furnish. (57)	322.5	8	150.6	219.1
Eating & Drinking Places (58)	64,493.5	1,851	21,923.5	31,595.0
Miscellaneous Retail (59)	5,974.7	171	2,732.6	4,059.6
<b>Finance, Ins., &amp; Real Estate</b>	<b>22,824.9</b>	<b>218</b>	<b>6,359.8</b>	<b>14,202.7</b>
Banking (60)	2,606.1	22	687.9	1,505.3
Nondep. Credit Institutions (61)	4,206.9	69	2,203.6	2,051.4
Security, Comm. Brokers (62)	592.0	4	291.0	290.8
Insurance Carriers (63)	3,450.7	35	1,388.5	2,986.8
Ins. Agents, Brokers (64)	736.9	11	283.7	319.5
Real Estate (65)	10,277.9	68	1,005.2	6,322.5
Holding and Invest. Off. (67)	954.2	9	499.8	726.4
<b>Services</b>	<b>68,396.1</b>	<b>1,360</b>	<b>22,382.1</b>	<b>33,632.5</b>
Hotels & Other Lodging (70)	29,597.0	571	8,217.6	14,992.8
Personal Services (72)	5,038.1	174	1,849.9	2,125.6
Business Services (73)	5,477.0	99	2,328.3	2,709.5
Auto Repair, Serv., Garages (75)	7,255.9	52	1,445.9	3,068.3
Misc. Repair Services (76)	2,014.1	35	753.5	883.1
Motion Pictures (78)	3,827.7	62	1,017.5	1,488.3
Amusement & Recreation (79)	5,694.9	193	2,162.1	3,836.5
Health Services (80)	3,186.6	49	1,652.8	1,656.1
Legal Services (81)	950.4	8	439.6	462.0
Educational Services (82)	558.0	17	285.7	277.7
Social Services (83)	374.2	12	190.5	192.6
Museums & Gardens (84, 86)	1,751.7	38	852.6	814.0
Engineer. & Manage. Serv. (87)	1,724.1	27	772.5	726.4
Private Households (88)	46.6	4	46.6	46.6
Miscellaneous Services (89)	899.6	18	367.2	352.8
<b>Government</b>	<b>1,835.6</b>	<b>20</b>	<b>555.1</b>	<b>864.1</b>
<b>Total</b>	<b>285,271.4</b>	<b>4,735</b>	<b>84,213.1</b>	<b>131,583.6</b>

**EXHIBIT 3.13**  
**National Occupational Employment Impacts of Annual Oklahoma Heritage**  
**Tourism Activity (\$175 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>4,735</b>
<b>Executive, administrative, and managerial occupations</b>	<b>381</b>
Managerial and administrative occupations	298
Management support occupations	83
<b>Professional specialty occupations</b>	<b>165</b>
Engineers	13
Architects and surveyors	1
Life scientists	1
Computer, mathematical, and operations research occupations	18
Physical scientists	2
Religious workers	4
Social scientists	1
Social and recreation workers	11
Lawyers and judicial workers	4
Teachers, librarians, and counselors	28
Health diagnosing occupations	3
Health assessment and treating occupations	15
Writers, artists, and entertainers	49
All other professional workers	14
<b>Technicians and related support occupations</b>	<b>58</b>
Health technicians and technologists	33
Engineering and science technicians and technologists	13
Technicians, except health and engineering and science	12
<b>Marketing and sales occupations</b>	<b>587</b>
Cashiers	218
Counter and rental clerks	57
Insurance sales agents	5
Marketing and sales worker supervisors	64
Models, demonstrators, and product promoters	2
Parts salespersons	6
Real estate agents and brokers	4
Retail salespersons	146
Sales engineers	1
Securities, commodities, and financial services sales agents	3
Travel agents	1
All other sales and related workers	80
<b>Administrative support occupations, including clerical</b>	<b>532</b>
Adjusters, investigators, and collectors	27
Communications equipment operators	7
Computer operators	3
Information clerks	79
Mail clerks and messengers	3
Postal clerks and mail carriers	8
Material recording, scheduling, dispatching, and distributing occupations	107

Records processing occupations	86
Secretaries, stenographers, and typists	54
Other clerical and administrative support workers	157
<b>Service occupations</b>	<b>2,042</b>
Cleaning and building service occupations, except private household	230
Food preparation and service occupations	1,689
Health service occupations	14
Personal service occupations	61
Private household workers	3
Protective service occupations	40
All other protective service workers	4
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>98</b>
Farm operators and managers	8
Farm workers	36
Fishers and fishing vessel operators	1
Forestry, conservation, and logging occupations	1
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	30
Supervisors, farming, forestry, and agricultural related occupations	3
Veterinary assistants and non-farm animal caretakers	6
All other agricultural, forestry, fishing, and related workers	13
<b>Precision production, craft, and repair occupations</b>	<b>340</b>
Blue-collar worker supervisors	39
Construction trades	36
Extractive and related workers, including blasters	3
Mechanics, installers, and repairers	135
Machinery mechanics, installers, and repairers	65
Vehicle and mobile equipment mechanics and repairers	31
Other mechanics, installers, and repairers	32
<b>Production occupations, precision</b>	<b>80</b>
Assemblers, precision	2
Food workers, precision	12
Inspectors, testers, and graders, precision	14
Metal workers, precision	25
Printing workers, precision	3
Textile, apparel, and furnishings workers, precision	15
Woodworkers, precision	5
Other precision workers	5
<b>Plant and system occupations</b>	<b>3</b>
Chemical plant and system operators	0
Electric power generating plant operators, distributors, and dispatchers	0
Gas and petroleum plant and system occupations	1
Stationary engineers	1
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>451</b>
Machine setters, set-up operators, operators, and tenders	118
Hand workers, including assemblers and fabricators	62
Transportation and material moving machine and vehicle operators	166
Helpers, laborers, and material movers, hand	106

**EXHIBIT 3.14**  
**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Heritage Tourism (\$175 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,325.4	9	61.5	218.7
2. Agri. Serv., Forestry, & Fish	211.7	7	98.7	188.5
3. Mining	2,036.6	5	276.4	469.9
4. Construction	3,234.4	16	438.6	1,101.8
5. Manufacturing	22,224.8	99	3,850.8	6,080.0
6. Transport. & Public Utilities	10,332.7	74	2,530.5	3,838.3
7. Wholesale	10,623.2	118	4,319.9	5,059.1
8. Retail Trade	81,053.2	2,290	28,444.9	42,994.1
9. Finance, Ins., & Real Estate	15,408.0	136	3,537.7	9,379.4
10. Services	60,942.5	1,212	19,552.1	30,003.2
11. Government	1,522.9	16	459.3	710.6
<b>Total Effects (Private and Public)</b>	<b>208,915.3</b>	<b>3,980</b>	<b>63,570.4</b>	<b>100,043.5</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	135,887.9	3,082	42,985.9	66,468.2
2. Indirect and Induced Effects	73,027.4	899	20,584.5	33,575.4
3. Total Effects	208,915.3	3,980	63,570.4	100,043.5
4. Multipliers (3/1)	1.537	1.292	1.479	1.505
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				61,549.5
2. Taxes				21,323.9
a. Local				4,326.8
b. State				7,229.2
c. Federal				9,768.0
General				2,952.3
Social Security				6,815.7
3. Profits, dividends, rents, and other				17,170.1
4. Total Gross State Product (1+2+3)				100,043.5
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		61,549.5	63,570.4	
2. Taxes		21,323.9	12,281.0	33,605.0
a. Local		4,326.8	707.5	5,034.3
b. State		7,229.2	1,775.4	9,004.6
c. Federal		9,768.0	9,798.0	19,566.1
General		2,952.3	9,798.0	12,750.3
Social Security		6,815.7	0.0	6,815.7
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				22.7
Income				363,259
State/Local Taxes				80,222
Gross State Product				571,677
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>175,000,000</b>

**EXHIBIT 3.15**  
**In-State Industrial Impacts of Annual Oklahoma Heritage Tourism Activity**  
**(\$175 million, 2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>1,325.4</b>	<b>9</b>	<b>61.5</b>	<b>218.7</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	1,125.2	7	50.1	139.7
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	3.7	0	0.4	1.2
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	35.3	0	0.9	13.3
Feed Crops	113.8	0	2.5	39.8
Fruits & Nuts	3.6	0	0.6	1.5
Vegetables	1.0	0	0.1	0.4
Greenhouse/Nursery Products	35.0	0	6.5	20.1
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean	7.7	0	0.4	2.8
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>211.7</b>	<b>7</b>	<b>98.7</b>	<b>188.5</b>
Agri. Services (07)	167.3	6	88.8	150.1
Forestry (08)	9.8	0	0.9	7.3
Fishing, Hunting, Trapping (09)	34.6	0	9.1	31.1
<b>Mining</b>	<b>2,036.6</b>	<b>5</b>	<b>276.4</b>	<b>469.9</b>
Coal Mining (12)	4.1	0	1.3	1.9
Oil & Gas Extraction (13)	2,020.2	5	270.9	460.2
Nonmetal Min.-Ex. Fuels (14)	11.8	0	4.2	7.4
Metal Mining (10)	0.4	0	0.1	0.4
<b>Construction</b>	<b>3,234.4</b>	<b>16</b>	<b>438.6</b>	<b>1,101.8</b>
General Bldg. Contractors (15)	1,023.6	7	195.5	428.7
Heavy Const. Contractors (16)	204.5	2	66.7	100.5
Special Trade Contractors (17)	2,006.3	7	176.3	572.6
<b>Manufacturing</b>	<b>22,224.8</b>	<b>99</b>	<b>3,850.8</b>	<b>6,080.0</b>
Food & Kindred Prod. (20)	5,658.6	29	885.2	1,302.4
Tobacco Manufactures (21)	0.0	0	0.0	0.0
Textile Mill Prod. (22)	73.4	1	13.6	14.5
Apparel & Other Prod. (23)	747.2	11	208.6	220.2
Limber & Wood Prod. (24)	277.3	3	65.9	81.1
Furniture & Fixtures (25)	86.1	1	23.4	29.7
Paper & Allied Prod. (26)	602.3	3	120.2	256.6
Chemicals & Allied Prod. (28)	3,092.2	1	513.8	540.1
Petroleum & Coal Prod. (29)	4,847.1	3	239.6	1,010.9
Rubber & Misc. Plastics (30)	294.1	2	84.2	144.5
Leather & Leather Prod. (31)	21.3	0	6.3	13.2
Stone, Clay, & Glass (32)	241.7	2	76.1	146.0
Primary Metal Prod. (33)	85.5	0	20.3	34.2
Fabricated Metal Prod. (34)	372.2	3	110.2	202.7
Machinery, Except Elec. (35)	337.3	3	118.6	139.3
Electric & Elec. Equip. (36)	316.8	2	82.9	208.7
Transportation Equipment (37)	1,635.2	5	291.5	431.5
Instruments & Rel. Prod. (38)	655.7	4	142.5	324.5
Misc. Manufacturing Inds. (39)	1,170.0	8	319.3	379.4

Printing & Publishing (27)	1,710.8	17	528.5	600.5
<b>Transport. &amp; Public Utilities</b>	<b>10,332.7</b>	<b>74</b>	<b>2,530.5</b>	<b>3,838.3</b>
Railroad Transportation (40)	129.2	1	53.6	116.3
Local Pass. Transit (41)	828.0	24	357.4	484.2
Trucking & Warehousing (42)	1,428.5	23	761.1	843.1
Water Transportation (44)	11.7	0	4.5	8.4
Transportation by Air (45)	379.9	3	132.2	163.3
Pipe Lines-Ex. Nat. Gas (46)	103.0	0	11.2	28.6
Transportation Services (47)	181.4	1	69.1	66.6
Communication (48)	3,165.2	14	650.0	1,307.5
Elec., Gas, & Sanitary Serv. (49)	4,105.8	7	491.7	820.3
<b>Wholesale</b>	<b>10,623.2</b>	<b>118</b>	<b>4,319.9</b>	<b>5,059.1</b>
Wholesale-Nondurable Goods (51)	7,215.7	82	2,934.3	3,436.4
Wholesale-Durable Goods (50)	3,407.4	36	1,385.6	1,622.7
<b>Retail Trade</b>	<b>81,053.2</b>	<b>2,290</b>	<b>28,444.9</b>	<b>42,994.1</b>
Bldg. Mat.-Garden Supply (52)	608.0	14	264.1	413.1
General Merch. Stores (53)	3,879.2	107	1,398.8	2,635.8
Food Stores (54)	2,172.3	66	846.9	1,476.0
Auto. Dealers-Serv. Stat. (55)	3,222.3	45	846.6	2,189.4
Apparel & Access. Stores (56)	1,354.5	54	636.1	920.3
Furniture & Home Furnish. (57)	288.6	7	134.8	196.1
Eating & Drinking Places (58)	63,716.0	1,829	21,659.2	31,214.1
Miscellaneous Retail (59)	5,812.4	166	2,658.4	3,949.3
<b>Finance, Ins., &amp; Real Estate</b>	<b>15,408.0</b>	<b>136</b>	<b>3,537.7</b>	<b>9,379.4</b>
Banking (60)	1,961.8	17	517.8	1,133.2
Nondep. Credit Institutions (61)	2,056.4	34	1,077.1	1,002.7
Security, Comm. Brokers (62)	319.9	2	157.2	157.1
Insurance Carriers (63)	1,383.0	14	556.5	1,197.1
Ins. Agents, Brokers (64)	593.4	9	228.5	257.3
Real Estate (65)	8,832.6	59	863.9	5,433.4
Holding and Invest. Off. (67)	261.0	3	136.7	198.7
<b>Services</b>	<b>60,942.5</b>	<b>1,212</b>	<b>19,552.1</b>	<b>30,003.2</b>
Hotels & Other Lodging (70)	28,760.8	552	7,944.4	14,515.6
Personal Services (72)	4,337.2	150	1,591.8	1,827.7
Business Services (73)	3,853.9	73	1,659.4	1,926.3
Auto Repair, Serv., Garages (75)	6,936.7	49	1,360.7	2,928.5
Misc. Repair Services (76)	1,716.2	30	635.4	754.6
Motion Pictures (78)	2,738.7	46	719.0	1,078.2
Amusement & Recreation (79)	4,977.1	172	1,899.7	3,286.8
Health Services (80)	2,944.0	45	1,531.0	1,534.3
Legal Services (81)	640.3	5	296.1	311.3
Educational Services (82)	476.8	14	243.0	237.7
Social Services (83)	293.9	9	144.9	149.8
Museums & Gardens (84, 86)	1,307.8	31	655.0	620.6
Engineer. & Manage. Serv. (87)	1,288.9	20	573.0	543.2
Private Households (88)	42.2	3	42.2	42.2
Miscellaneous Services (89)	628.0	13	256.3	246.3
<b>Government</b>	<b>1,522.9</b>	<b>16</b>	<b>459.3</b>	<b>710.6</b>
<b>Total</b>	<b>208,915.3</b>	<b>3,980</b>	<b>63,570.4</b>	<b>100,043.5</b>



**EXHIBIT 3.16**  
**In-State Occupational Employment Impacts of Annual Oklahoma Heritage**  
**Tourism Activity (\$175 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>3,980</b>
<b>Executive, administrative, and managerial occupations</b>	<b>301</b>
Managerial and administrative occupations	247
Management support occupations	54
<b>Professional specialty occupations</b>	<b>128</b>
Engineers	8
Architects and surveyors	1
Life scientists	1
Computer, mathematical, and operations research occupations	12
Physical scientists	1
Religious workers	4
Social scientists	1
Social and recreation workers	10
Lawyers and judicial workers	3
Teachers, librarians, and counselors	25
Health diagnosing occupations	3
Health assessment and treating occupations	14
Writers, artists, and entertainers	36
All other professional workers	10
<b>Technicians and related support occupations</b>	<b>38</b>
Health technicians and technologists	22
Engineering and science technicians and technologists	8
Technicians, except health and engineering and science	8
<b>Marketing and sales occupations</b>	<b>529</b>
Cashiers	210
Counter and rental clerks	49
Insurance sales agents	3
Marketing and sales worker supervisors	57
Models, demonstrators, and product promoters	1
Parts salespersons	5
Real estate agents and brokers	3
Retail salespersons	139
Sales engineers	1
Securities, commodities, and financial services sales agents	2
Travel agents	1
All other sales and related workers	59
<b>Administrative support occupations, including clerical</b>	<b>406</b>
Adjusters, investigators, and collectors	17
Communications equipment operators	6
Computer operators	2
Information clerks	70
Mail clerks and messengers	2
Postal clerks and mail carriers	5
Material recording, scheduling, dispatching, and distributing occupations	84

Records processing occupations	65
Secretaries, stenographers, and typists	40
Other clerical and administrative support workers	115
<b>Service occupations</b>	<b>1,985</b>
Cleaning and building service occupations, except private household	214
Food preparation and service occupations	1,661
Health service occupations	13
Personal service occupations	56
Private household workers	3
Protective service occupations	35
All other protective service workers	4
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>42</b>
Farm operators and managers	1
Farm workers	7
Fishers and fishing vessel operators	0
Forestry, conservation, and logging occupations	0
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	24
Supervisors, farming, forestry, and agricultural related occupations	1
Veterinary assistants and non-farm animal caretakers	5
All other agricultural, forestry, fishing, and related workers	4
<b>Precision production, craft, and repair occupations</b>	<b>253</b>
Blue-collar worker supervisors	22
Construction trades	20
Extractive and related workers, including blasters	2
Mechanics, installers, and repairers	107
Machinery mechanics, installers, and repairers	53
Vehicle and mobile equipment mechanics and repairers	24
Other mechanics, installers, and repairers	26
<b>Production occupations, precision</b>	<b>41</b>
Assemblers, precision	1
Food workers, precision	8
Inspectors, testers, and graders, precision	6
Metal workers, precision	8
Printing workers, precision	1
Textile, apparel, and furnishings workers, precision	11
Woodworkers, precision	3
Other precision workers	3
<b>Plant and system occupations</b>	<b>2</b>
Chemical plant and system operators	0
Electric power generating plant operators, distributors, and dispatchers	0
Gas and petroleum plant and system occupations	1
Stationary engineers	0
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>256</b>
Machine setters, set-up operators, operators, and tenders	49
Hand workers, including assemblers and fabricators	30
Transportation and material moving machine and vehicle operators	107
Helpers, laborers, and material movers, hand	70

**CHAPTER THREE ADDENDUM**

**Two Detailed Case Studies of Historic Sites, Heritage Travel, and Economic  
Development in Oklahoma:**

**Historic Round Barn (Arcadia)  
and  
Route 66 Museum (Clinton)**

Historic Round Barn Case Study:

Arcadia, Oklahoma

# THE ROUND BARN OF ARCADIA, OKLAHOMA<sup>1</sup>

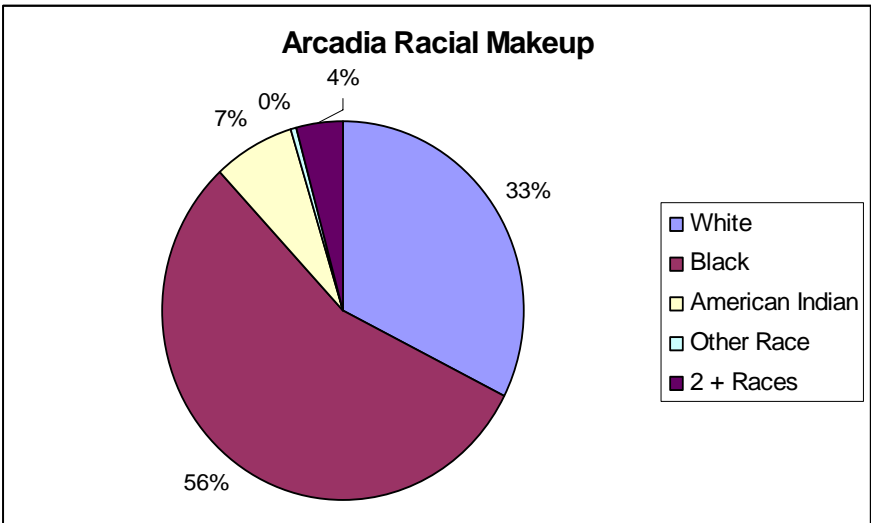
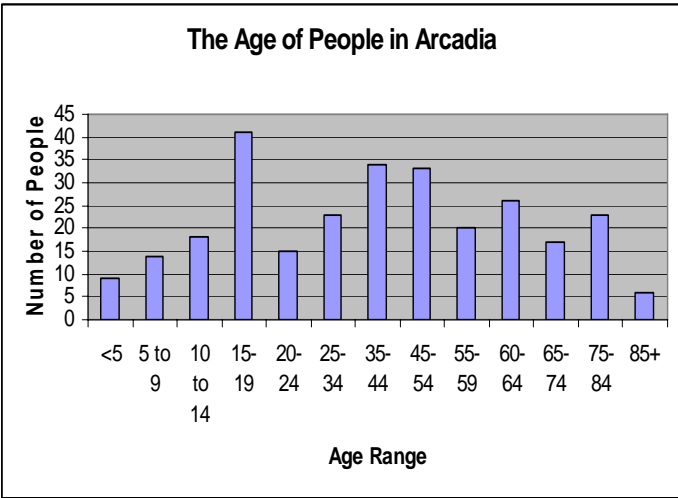
## Host Community Overview

### General Information

Arcadia is a small town in central Oklahoma. It is located in Oklahoma County on Route 66. The nearest city with a population 50,000+ is Edmond (~9.5 miles away) and the nearest city with a population 200,000+ is Oklahoma City (~19 miles away).

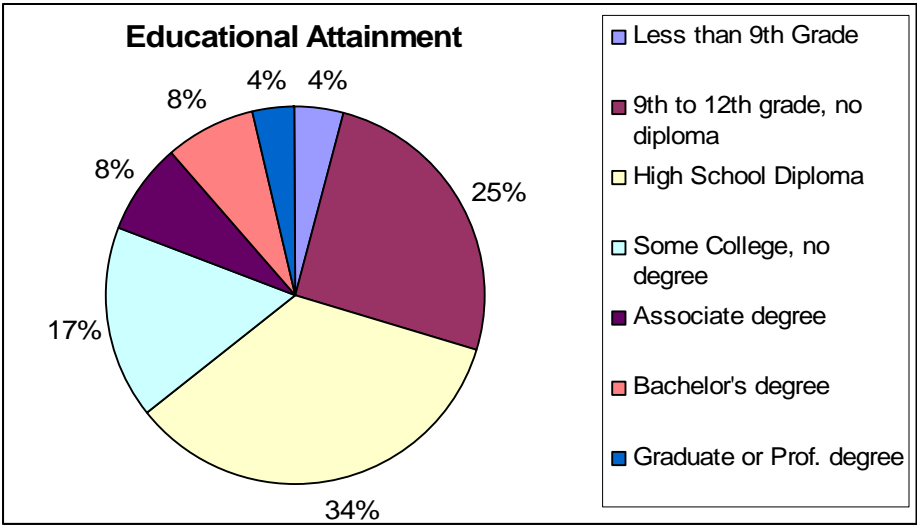
### Population Statistics

Arcadia had a population of 279 (2006), which is down from slightly over 300 in 1990. It has 108 households and 70 family households. There are slightly more men than women in Arcadia, with men representing 53% of the population. It is a predominantly black and aging community (see charts below). The median age in Arcadia is 41.9.



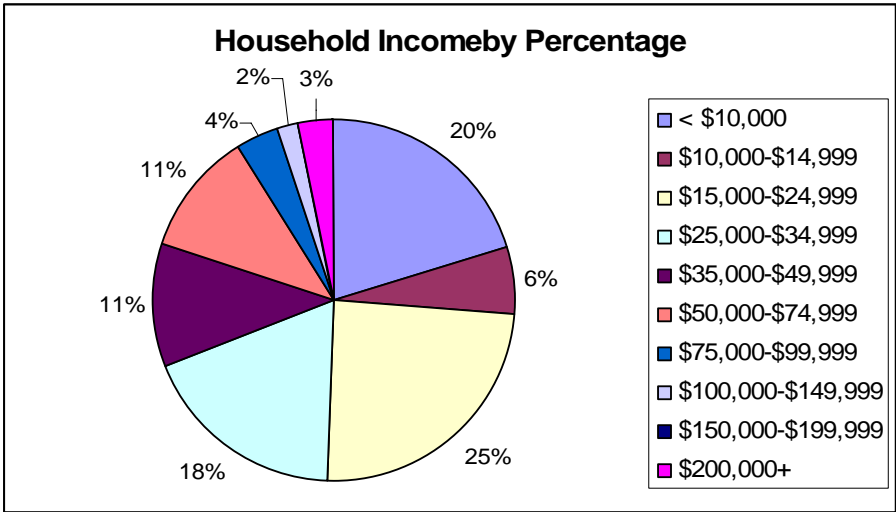
<sup>1</sup> All data for Arcadia, Clinton, and Oklahoma was from the US Census Bureau, 2000 Census, available at [www.census.gov](http://www.census.gov)

This chart represents people aged 25 years and older.

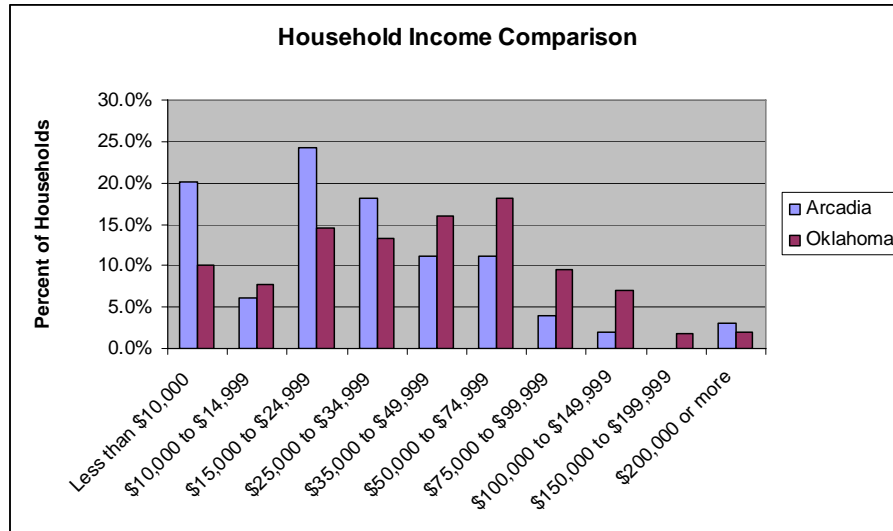


**Economic Analysis**

The median household income for Arcadia is \$24,844. That is 36% lower than the rest of Oklahoma.



The median household income in 2000 was \$24,844 for Arcadia and \$38,770 for Oklahoma.



- 25.9% of Arcadians are in sales and office occupations making them the most popular occupations with management or professional and production, transportation and material moving occupations each representing 23.5 % of the population (for a combined total of 47%).
- The most popular industry to work in is educational, health and social services maintaining 21.2% of the population. The second most popular field to work in is manufacturing maintaining 12.9% of the working age population
- There are 232 people of working age (16 and older) in Arcadia, 136 are in the labor force. Of the people in the civilian labor force, 85 or 36.6% are employed and 51 or 22% are not employed. This is in stark contract to the 5.98% unemployment rate that Oklahoma enjoys.

**Poverty and Housing**

About three in ten 29.8% of individuals in Arcadia live at or below the poverty level – more than ten percentage points higher than Oklahoma’s 17.0% rate.

Most of the structures in Arcadia tend to be single unit detached structures, about a third were built between to 1940 to 1959. Housing tends to be in worse than the Oklahoma average.

Characteristic	Arcadia	Oklahoma
Lacking complete plumbing facilities	n/a	0.6%
Lacking complete kitchen facilities	3.7%	0.6%
No telephone service	8.3%	4.6%

## THE HISTORIC RESOURCE: THE ROUND BARN OF ARCADIA

Source: The Round Barn of Arcadia, The Arcadia Historical and Preservation Society 2006

In the heart of Arcadia, Oklahoma, on historical Route 66, stands the Round Barn. It was built in 1898 by a very innovative educator and farmer, William Harrison Odor.

When the barn was ready for the floor in the loft, the men who had been working on the barn, talked about what a nice place it would be for dances. These three men said they would pay the difference between the cost of the rough floor and smooth tongue and groove floor if they could hold three dances there. It was agreed upon and several dances were held there when the work was completed (about 1898).

In 1902 the Missouri, Kansas, and Texas railroad was built through Odors land. William Odor and some of the railroad officials met at his home to decide where to build a town. They organized a town site company and laid out the lots, streets, etc. The town was called Arcadia. In the mid 1940's the barn was sold to Frank and Katy Vrana and was used as a hay barn and work place.

The last remaining wooden round barn in Oklahoma perched shabbily off Oklahoma Route 66 in Arcadia for years. People would photograph it from every angle, knowing it would not be standing much longer. Some of the circular planks were starting to pull away from the outside. A section of the domed top had caved in from too much snow and ice during the winter

Luke Robison a retired builder and carpenter read a newspaper account of the barns' terrible condition that five decades of deterioration had exacted on it. Alarmed by the barn's plight, Robison went to the Arcadia community and visited from house to house to get acquainted with the people. He found interest in saving the barn, particularly from a lady named Beverly White. They contacted the owners of the building and land (the Vrana sisters, who where the last to use the barn for agriculture purposes). They agreed to donate it to the Arcadia Historical and Preservation Society in 1988.

The Society was formed by Luke and Anna Robison and Beverly White. "I thought I was just fixing up an old barn," Luke Robison understates. The seventy-eight year-old retired carpenter chooses to ignore the fact that his restoration of the Round Barn on Route 66 salvaged the most powerful reminder of Arcadia's frontier roots and probably the most recognized historic site in the state.

Robison grew up practical and self-reliant on a cotton farm until his family gave it up in the 1920's. At the age of twelve he set up a shop in his father's garage to teach himself woodworking skills. He carried out jobs for the Works Progress Administration, assembled gliders for the military, and then became a self employed carpenter, specializing in cabinetry and house construction.

"We had some contractors bid on restoring the barn," says Robison. "Some of them didn't think it could be done. Some did. And some of them suggested we



just tear it down and start over. Of course, we didn't want to do that because it would be a new round barn and not an old round barn." When others might be bogged down in over-analysis and doubt, Robison forged ahead with a singleness of purpose.

The Round Barn represents Robison's first historic preservation project. He says that schooling held little interest for him, seemingly unaware of the apparent contradiction when he describes himself as "the one who always raised my hand in history class." He occupied the earlier years of his retirement by researching authoring, and publishing histories of Oklahoma's brick manufacturers and independent telephone companies.

It was, however, a seasoned carpenter's intuitive fascination with an architectural curiosity that lured Robison to Oklahoma's only truly round barn, which has been listed in the National Register of Historic Places since 1977. With a diameter of sixty feet and a hemispherical dome that peaks forty-three feet above the ground, the Round Barn dominates a cluster of gritty little buildings, some of which remain from Arcadia's cotton-trading hey day. In the barn's lack of conventional structural components the continuous round wall has no top and sole plates, for example, and what little bracing it has angles in the same direction. Robison detects as much raw resourcefulness as craftsmanship. "It's rough," Robison admits, "but I've never seen any work like it."

Robison himself first chanced upon the Round Barn while exploring Route 66 on a date with Anna [his current wife] in the 1930s. (They steered clear of the barn dances, he explains, because "our folks were very strict about that stuff.") By the time Robison read a newspaper account of the barn's condition five decades later, the years had exacted a precious toll. Arcadia never rebounded from a fire that consumed half of the town in 1924. Interstate highways robbed Route 66 of its vitality. The Round Barn, once the materialization of robust spirit, degenerated into a conspicuous symbol of decline. The building listed severely upon a crumbling foundation, its structural integrity undermined by a large incision made in its side to accommodate machinery. Dimples that formed in the weekend roof collected rainfall which, in turn, hastened deterioration.

Any hopes that the members of the resulting Arcadia Historical and Preservation Society entertained of contracting the restoration soon collapsed on a windy day in June 1988 when, as a witness described it to the Daily Oklahoman, the barn dome "just kind of sighed and fell in-like a soufflé. Everybody has looking at their watches and noticing the time. Everybody has talking about it and was saddened by it."

Robison admits that "our feathers feel on that." With contractors estimates already running into the hundred of thousands of dollars, Robison had to tell the society that the only way they could ever do anything with the barn was to do it themselves.

Robison's hands-on orchestration of a restoration that would have challenged experienced professionals demanded dedication from an unlikely assemblage of preservation novices. "Like has the ability to get people to volunteer," says Bill Peavler, a former senior architect of the Oklahoma Historical Society. "He doesn't twist arms. People understand his sincerity and before they know it

say, 'How can we help?' " An "over the hill" senior 60's group—not allergic to hard work or fund raisers—came together to save the barn.

In some instances, particularly when tasks called for heavy equipment, Robison received favors returned from his days in the construction business. From the society's membership Robison mustered the front likes of the restoration, the men who carried out the day-to-day chores of hauling hammering. "Most of them that worked out here were retirees like me," Robison chuckles. "So we called ourselves the Over-the-Hill Gang." Sally Ferrell remembers rounding the bends where Route 66 slices through Arcadia during the restoration. "I'd look up at the barn and see Luke working on top of that dome. This is a man in his seventies, mind you, and he'd have some of his volunteer carpenters with him and I'd just say, 'Oh, dear Lord...'"

Their lack of restoration experience didn't prevent Robison and his crew from completing an ingenious and faithful restoration. They sifted through the rubble for clues about construction techniques. Some circumstances challenged their resourcefulness. To return the barn to plumb, for example, Robison girded the barn with utility poles planted in the ground. Around the perimeter of the poles he looped a cable attached to turn buckles located opposite the direction of the tilt. By gradually increasing the tension he pulled the barn upright.

Robison went to great lengths to retain original material. Where decay and destruction dictated replacement, he matched materials and methods as closely as possible. Robison indicates replacement studs and splices from new lumber. The lumber was milled with equipment that is believed to be similar to the equipment that milled Odor's lumber. When the siding pattern proved obsolete, Robison took samples to a mill that ground blades so that newly milled siding perfectly matched the original.

The dome's rafters tested Robison's commitment. To fashion the quarter-circle rafters for the roof, Odor had soaked long spliced lengths of two-by-four inch oak lumber, still green and some what pliable, in a creek. By setting pairs of posts into the ground at intervals that created the proper curve Odor, "the original builder," constructed a jig, or form.

He then wedged the soaked lumber into the curve of the jig. When dry, they retained the quarter-circle arc. Robison and his crew replicated the process, even going so far as to soak the lumber, setting shorter lengths in a discarded filling-station underground tank and longer lengths in a lake.

Legend holds that Odor's men balked at scaling the structure to tie the rafters, so Odor himself climbed up. (The means by which both the rafter and Odor were raised have been obscured.) When the critical moment arrived to repeat the task during restoration, "we sort of respectfully said, 'Luke, that's your job,'" recalls Eula Teuscher, the society's current president. Robison isn't sure whether he accepted the invitation out of a sense of honor or of duty; "Maybe it was just stupidity." After installing ninety-four rafters—each lifted in place by a crane the men attached bands of sheeting from rafter to rafter, seated on installed pieces while working above their heads.

Robison relinquished the task of installing wooden shingles to professional roofers while he turned his attention to rebuilding the second floor, which the elements destroyed after the roof collapsed. "People say the floor looks just like the original," Robison says. "A few people said they remembered the

platform, but when I asked them what it looked like, they said, ‘Well, I don’t know.’ I guess they were too busy dancing.”

The 60’s group quickly acknowledges that without countless hours of volunteer work and generous donations, which ranged from a few pennies up to seven thousand dollars, their project would never have been completed. Business men with heavy equipment and operators seemed to know just when their help was needed most. The Arcadia Round Barn was completely restored and opened to the public in 1992. It is estimated that between 500-600 people joined the celebration on Dedication Day.

Another great celebration occurred later. 1998 was the 100th year that the barn has been in existence.. Two permanent front markers were placed on the Wall of Friends. One was in memory of Luke Robinson and the other for the Vrana family for their generous gift.

The hands-on local restoration of the Round Barn of Arcadia has won the admiration of professional preservationists. In 1993, the National Trust for Historic Preservation awarded the saving of the 1898 Arcadia Round barn its national honors award for “outstanding crafts and preservation.”

## **VISITATION TO THE ROUND BARN AND ECONOMIC IMPACTS**

Today, the Round Barn continues to host local Arcadia functions and is a popular historic site and stop along Historic Route 66. In 2007 it hosted approximately 5,850 visitors from all 50 states and 44 countries. Rutgers University has obtained from the Round Barn detailed data of visitors as of spring-summer 2007. Of the 2,763 visitors to this historic site as of spring-summer 2007 (for which data were available), 1,305 or somewhat less than half came from Oklahoma (Exhibit 3.20). About 110 visitors (5 percent of the total) came from neighboring Texas. Many Round Barn visitors, however, came from afar including 81 from California, 79 from Germany, 57 from England, 55 from Norway, 39 from Italy, and about 30-40 from each of the following states—Arkansas, Florida, Illinois, Indiana, Kansas, Michigan, Missouri, New York, Ohio, and Tennessee.

The following places of interest in and near Arcadia were contacted to discuss how they were impacted by the Round Barn, Route 66 and heritage tourism.

*Oklahoma County*—The County manages the unincorporated parts of Oklahoma County. They do not maintain records about economic development of small towns. Referred inquires of this nature to the administration of Arcadia.

*City Administration*—They do not maintain these records and referred inquires about the town to the Round Barn.

*The Round Barn*—They had approximately 5,800 visitors from all 50 states and 44 countries in 2007. This was a high number of visitors compared to previous years because POPS (a nearby business) opened. The Round Barn gift shop had an estimated \$25,000 in sales, the loft rental generated \$7,300, and miscellaneous donations amounted to \$4,000.

## EXHIBIT 3.20

**Visitor Origin Data**  
**Historic Round Barn on Route 66**

Arcadia, Oklahoma

For April- September 2007:

Total Visitation: 2,763

<u>US States</u>	<u>Tally</u>	<u>%</u>
Alabama	16	0.74%
Alaska	1	0.05%
Arizona	20	0.93%
Arkansas	30	1.39%
California	81	3.75%
Colorado	21	0.97%
Connecticut	7	0.32%
Delaware	5	0.23%
Florida	30	1.39%
Georgia	16	0.74%
Hawaii	2	0.09%
Idaho	3	0.14%
Illinois	31	1.44%
Indiana	28	1.30%
Iowa	14	0.65%
Kansas	38	1.76%
Kentucky	12	0.56%
Louisiana	10	0.46%
Maine	7	0.32%
Maryland	9	0.42%
Massachusetts	16	0.74%
Michigan	32	1.48%
Minnesota	10	0.46%
Mississippi	5	0.23%
Missouri	40	1.85%
Montana	5	0.23%
Nebraska	8	0.37%
Nevada	6	0.28%
New Hampshire	1	0.05%
New Jersey	10	0.46%
New Mexico	7	0.32%
New York	25	1.16%
North Carolina	21	0.97%
North Dakota	6	0.28%
Ohio	44	2.04%
Oklahoma	1305	60.47%
Oregon	14	0.65%
Pennsylvania	23	1.07%
Rhode Island	2	0.09%
South Carolina	16	0.74%
South Dakota	5	0.23%
Tennessee	27	1.25%
Texas	108	5.00%
Utah	6	0.28%
Vermont	1	0.05%
Virginia	8	0.37%
Washington	11	0.51%
West Virginia	0	0.00%
Wisconsin	15	0.70%
Wyoming	0	0.00%
<b>TOTAL</b>	<b>2158</b>	<b>100.00%</b>

<u>Foreign Countries</u>	<u>Tally</u>	<u>%</u>
Australia	3	0.70%
Austria	5	1.16%
Belgium	4	0.93%
Bolivia	1	0.23%
Brazil	5	1.16%
Canada	20	4.64%
Chile	1	0.23%
China	1	0.23%
Colombia	1	0.23%
Costa Rica	1	0.23%
Czech Republic	1	0.23%
Denmark	10	2.32%
England	57	13.23%
Estonia	0	0.00%
Finland	2	0.46%
France	33	7.66%
Germany	79	18.33%
Hungary	1	0.23%
Holland	13	3.02%
Iceland	2	0.46%
Indonesia	1	0.23%
Ireland	12	2.78%
Israel	0	0.00%
Italy	39	9.05%
Japan	12	2.78%
Mexico	0	0.00%
Netherlands	20	4.64%
New Zealand	7	1.62%
Nicaragua	0	0.00%
Norway	55	12.76%
Poland	1	0.23%
Portugal	6	1.39%
Romania	0	0.00%
Saudia Arabia	1	0.23%
Scotland	4	0.93%
Singapore	0	0.00%
Slovakia	0	0.00%
Spain	1	0.23%
South Africa	2	0.46%
Sweden	10	2.32%
Switzerland	18	4.18%
Thailand	1	0.23%
Venezuela	1	0.23%
<b>TOTAL</b>	<b>431</b>	<b>100.00%</b>

*POPS*—Business is definitely generated because of Route 66 travelers (to Round Barn and other sites). At the same time, POPS itself is a major draw that in turn encourages visitors to the Round Barn another nearby Route 66 attractions. The following was written by the POPS marketing manager (Jessica Ockershauser) about the economic contribution to POPS stemming from Route 66 tourism:

“Over the past year, POPS has seen tremendous success due to not only the prime placement on Route 66 and proximity to I-35, Oklahoma's major highway, but also because of the support from the Arcadia community.

The community in Arcadia has seen much growth over the past year with new businesses being built and improvements being made on historical landmarks such as the Round Barn. POPS has definitely contributed to the growth with the national publicity we have received. Individuals who might not have had Arcadia on their list of places to visit now add this to their list and they not only stop at POPS, but they also visit the Round Barn and will stop at other Arcadia businesses.

POPS definitely benefits from it's location on Route 66. The idea behind POPS stemmed from the location and it was our goal to make POPS another Route 66 Icon/Destination. The support from local and national Route 66 associations has been extremely helpful in getting the word out about our new business. We do get quite a few guests that are Route 66 aficionados that are traveling down the mother road and make POPS a stop on their trip. When we opened our doors, we had that instant base of guests that love Route 66 and want to support any and all of the businesses on the mother road.”

*2 Brothers Pizza*—The owner of 2 Brothers Pizza said the Round Barn rarely draws people into Arcadia, POPS, on the other hand, has had a significant impact on his business. Route 66 brings in people as well; however, he did not have estimates or numbers to share. As with most restaurants, business is generally is better on the weekends and perhaps some of that is attributable to Route 66. Presently, people are in Arcadia often because of POPS. This man had an optimistic outlook for growth in Arcadia calling it “the next Edmond” [a town to the immediate west of Arcadia with approximately 68,000 people].

*Biker Shak*— This is a motorcycle apparel store. Most of their business is generated from an Oklahoma motorcycle magazine where the owner places ads. People come into town to go to the store and to spend time on Route 66. In contrast to the owner of 2 Brothers Pizza, the Biker Shak owner said that the Round Barn contributes quite a bit of business to her establishment. Additionally, the business in Arcadia benefit each other, the gas station across the street benefits her store and vice versa.

In sum, many, albeit far from all businesses in Arcadia benefit from visitation to the Round Barn and other nearby Route 66 sites. In turn, the Round Barn both contributes to Route 66 travel and benefits from it.

Oklahoma Route 66 Museum Case Study:

Clinton, Oklahoma

## THE OKLAHOMA ROUTE 66 MUSEUM CLINTON, OKLAHOMA

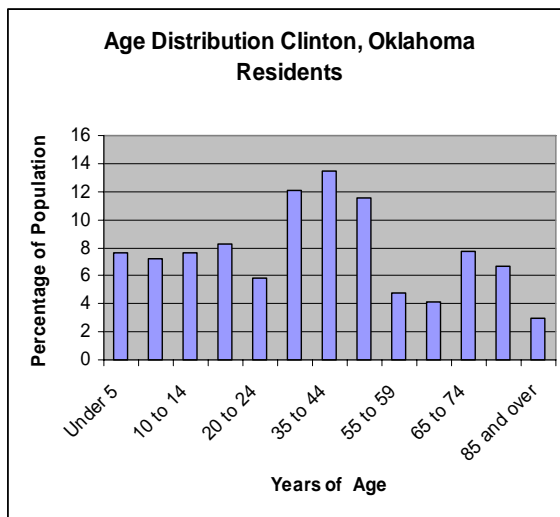
### HOST COMMUNITY OVERVIEW

#### General Information

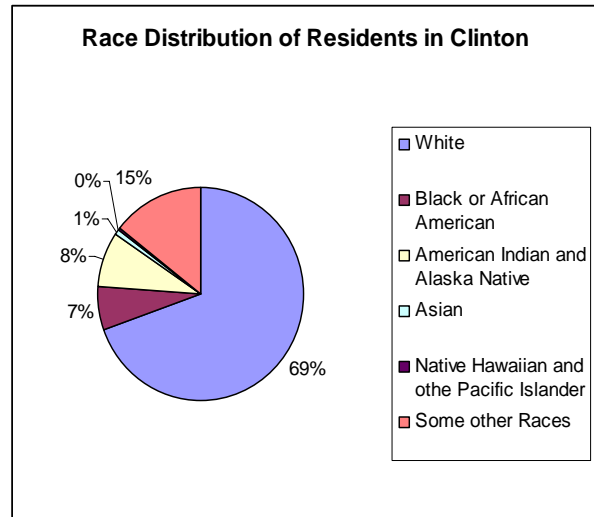
Clinton is a city in Custer and Washita counties in Oklahoma. It is located in western Oklahoma at the intersection of historic Route 66, which is now Interstate 40 and U.S. Highway 183. The city has a total area of 8.9 square miles. The closest cities are Arapaho, Ok (5.1 miles) and Washita, Ok (17.1 miles). The nearest city with a population 50,000+ is Lawton, OK (99.2 miles) and the nearest city with a population 200,000+ is Oklahoma City (84.4 miles).

#### Population Statistics

According to the census of 2000, there were 8,833 people, 4,257 male, 4,576 female, 3,331 households, and 2,265 families living in the city. The average population density was 989.1 people per square mile.



\*The median age in Clinton is 36.1



\*100% is 8,833 people the total Population of Clinton

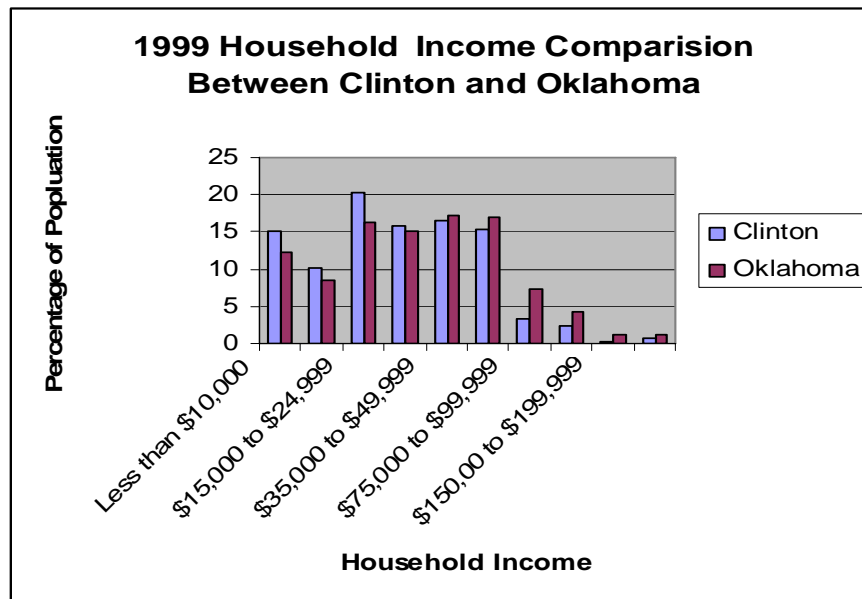
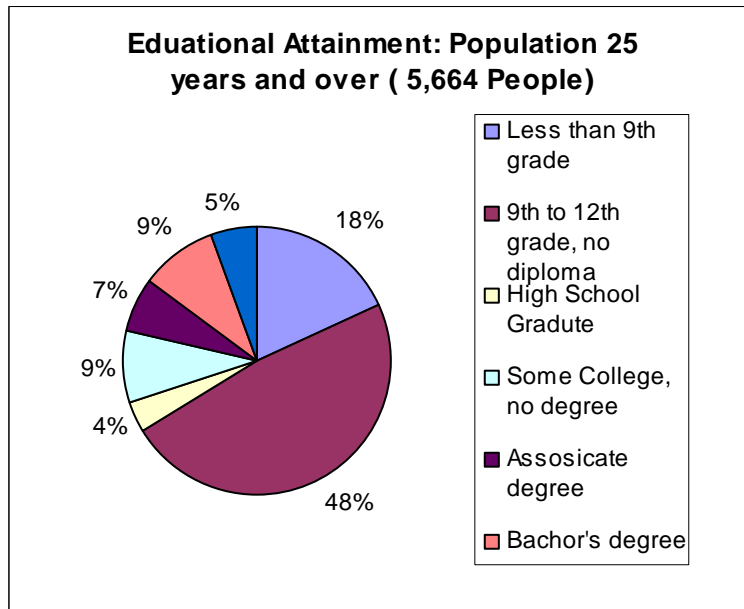
#### Economic Analysis

The Median Household Income was \$27,051 in Clinton, some what less than the 33,400 average is Oklahoma.

The most popular occupations of the people of Clinton are management, professional, and related occupations taken on by 27.5 % of the population as well as Sales and Office Occupations taken on by 22.8 % of the population.

The most popular industry to work in is educational, health and social services maintaining 21.6% of the population. The second most popular field to work in is manufacturing maintaining 14.5% of the working age population

There are 6,874 people of working age meaning 16 and older in Clinton of which 3,989 are in the labor force. Of the people in the labor force 3,968 or 57.7% are employed and 198 or 2.9% are unemployed.



Most of the structures in Clinton are single family detached. Housing is in somewhat worse shape than the Oklahoma average.



Characteristic	Clinton	Oklahoma
Lacking complete plumbing facilities	0.9%	0.6%
Lacking complete kitchen facilities	1.0%	0.6%
No telephone service	7.8%	4.6%

## THE HISTORIC RESOURCE: OKLAHOMA ROUTE 66 MUSEUM

To better understand this resource, we excerpt the following description of Route 66 in Oklahoma and the founding of the museum in Clinton written by Michael Wallis and originally published in the *Route 66 Federation News* (Volume 2, Number 3, Summer 1996, pp 10-13)

### Context

OKLAHOMA: THE HEART AND SOUL OF ROUTE 66 COUNTY  
By: Michael Wallis

I realize now that without Oklahoma there would be no Mother Road. Oklahoma truly is the heart and soul of Route 66 country. From this land came the men and women responsible for the creation of Route 66 in 1926 as well as those who helped shine the road's image through succeeding decades- Cyrus Avery, Lon Scott, Andy Payne, Dorothea Lange, Woody Guthrie, Jack and Gladys Cutberth, Will Rogers. Like those before me, I know that in Oklahoma the old highway - the free road – remains the best way for travelers to go, bar none. As I once wrote, "Nowhere is Route 66 more at home than in Oklahoma, where the pavement follows the contours of the land as though it had always been there. In Oklahoma the West and East collide on Route 66, and the state becomes the crossroads for America's Main Street."

In 1992, after we marked the 66<sup>th</sup> anniversary of the highway's birth with speeches, parties, and ceremonies, the naysayers predicted any lingering interest in the old highway would soon fade away. Suzanna and I knew they were dead wrong. We felt the Route 66 revival movement was only just getting started. It appears we were correct. The old road is stronger than ever. As the old blue whale near Catoosa, Totem Pole Park near Foyil, and the round barn near Arcadia are (or have been) restored, as trading posts reopen and small towns and cities resurrect their historic downtowns, more people return to the highway on voyages of discovery, and the fascination with Route 66 increases throughout our state, our nation, and the rest of the world.

It has reached a point that when folks ask me about the attention being focused on Route 66. I have to admit that perhaps I am a little surprised. Even this old road warrior could not foresee how large the Route 66 movement would grow. I am proud of what the old road became – a viable alternative to the homogenized super slabs of concrete that whisk Americans across the country at ever faster speeds – and of the quality of life that it promises those who dare to slow down their living.

That is why in 1993 Suzanne and I jumped at the Oklahoma Historical Society's (OHS) offer to help create an Oklahoma Route 66 Museum. We had long visualized such a moment to the Mother Road and the people of the highway. And though Route 66 remains an American icon, we knew it was appropriate that the museum reside in Oklahoma, for Oklahoma not only played a critical role in the highway's birth and history but boasts more miles (almost four hundred) of old road than any other state.

Almost immediately, there were decisions to be made. A Route 66 museum could have found a good home in any number of farm and ranch towns that line the Mother Road. From the beginning, however, we liked the location OHS officials chose – the Custer County town of Clinton (pop. 9,298), just ninety miles west of Oklahoma City. Citizens in Clinton are fiercely proud of their place in Mother Road history. The town was the headquarters of the National U.S. Highway Association (later named the Main Street of America Association), located for many years in the basement of the North Fourth Street residence of local barber and association executive Jack Cutberths' and his wife, Gladys. (The Cutberths' devotion to the highway earned them the monikers "Mr. and Mrs. Route 66.") Jack who wore out an automobile every year traveling the highway on association business, passed away in 1978, but his widow remains in Clinton, guarding her husband's memory and answering the mail that continues to arrive addressed to Jack.

We savor our conversations with Gladys. Usually we huddle with steaming mugs of coffee at Pop Hicks Restaurant, a Route 66 landmark in Clinton for generations of travelers and a bastion of hospitality for seasoned roadies. Other times we meet Gladys over a tasty catfish supper at the Route 66 restaurant, part of Walter "Doc" Mason's legendary Best Western Trade Winds Inn, a popular highway haven where Elvis Presley and his entourage stayed on four different occasions back in the Sixties (townsfolk still whisper about the one time Elvis was actually spotted by a local: The king responded by coming outside and playing with local children on the motel lawn).

At twilight, as I sit at the cluttered desk in my Tulsa study, I picture the museum, the busy tables at Pop Hicks, and Doc Mason offering a crisp apple to yet another guest checking into room 215 at the Trade Winds. I recall all the unforgettable places we have come to know and cherish along our beloved Mother Road in this state alone – the totem poles of Foyil, the Blue Whale near Catoosa, Arcadia's round barn, Lucille Hammon's place close to Hydro, the fine stretches of old road through El Reno, Elk City, and Sayre, and so much more. Surrounded by piles of research debris, commercial archaeology, and relics that have left their imprint on Oklahoma history and culture, I sometimes feel ghosts gathering around me. I hear their muffled whispers and the sound of distant music. I pick up odor of Frank Phillips' cigars and the sweet smell of Pretty Boy Floyd's pomade. I detect the aroma of a thousand blue plate specials cooked up at the best Route 66 greasy spoons.

Close at hand, bits and pieces of Route 66 payment and bullet-pocked road and gasoline signs are among the cherished totems that keep me

from harm's way. Only a few miles from where I sit with my ghost pals, a stream of evening traffic shuffles to and fro on the old highway. I smile for my own benefit, confident there is not a better place to find both ghosts and angels in disguise than Route 66 in Oklahoma. I know this as sure as I draw breath.

## **Museum Described**

(Excerpt from Museum webpage)

The Oklahoma Route 66 Museum is operated by The Oklahoma Historical Society, a state agency. The museum was originally opened to the public in 1968 as the Museum of the Western Trails, operated by the Oklahoma Industrial Trust and Recreation Department (which later became the Oklahoma Department of Tourism and Recreation). In 1991 the museum was transferred to OHS. In 1993 plans began for a redevelopment of the museum in order to focus on transportation and Route 66. The project was funded with federal, state and private funds, with the citizens of Clinton (population approximately 10,000) raising over \$200,000.00.

The museum officially opened on September 23, 1995, as the Oklahoma Route 66 Museum with a grand opening celebration in Clinton including car shows, free live entertainment, a rock'n roll dance and many other activities.

Exhibits begin with "The World's Largest Curio Cabinet," home of special treasures collected from along the route. An audio tour written and narrated by Michael Wallis, author of *Route 66: The Mother Road*, will guide visitors through six decades of Route 66 history. Along the way visitors see vehicles and listen to music while they experience the history and culture of each decade concerning road construction, transportation, lodging, restaurants, garages, curio shops, attractions, and other artifacts, graphics, and videos. At the end of their trip down the "Main Street of America," visitors catch their breath in the drive-in theater, before stopping in the "Curio" gift shop with its wide selection of signs, books, videos, clothing, toys, games and numerous other mementos, of Route 66 and the Museum.

## **VISITATION TO THE ROUND BARN AND ECONOMIC IMPACTS**

The Clinton Chamber of Commerce noted that "lots of out of town traffic was generated by the Route 66 Museum". The museum is the largest museum along the route; approximately 35,000 people visit a year which generates both tax dollars and commerce. As years progress the number of visitors increase. The Museum attracts tourism from all over the world, which has made an economic impact on Clinton.

The following businesses were contacted by Rutgers to discuss how their establishments are affected by Route 66 and its Museum.

*Hampton Inn Clinton*—Most guests at this hotel visit the Route 66 Museum. There were more guests last year due to recently rising gas prices. (2.4 miles from Route 66 Museum)

*Jiggs Smoke House*—Some of this establishment’s income is generated due to proximity to the museum.

*Café Downtown Clinton*—The Route 66 Museum refers many people to this café. The café downtown believes the “whole town receives a lot of support from Route 66 and the Museum”.

*Mazzio’s Pizza*—According to the manager, business “keeps pretty steady” and does not feel any real effects from the Museum or Route 66.

*T.C’s Country Kitchen*— “A lot of customers are traveling or visiting the Route 66 Museum.”

*Pink Zebra Clothing Store*—Business is not affected by Route 66 or the Museum

*Cheyenne Cultural Center*—One center staff person noted that the Museum and Route are not making a significant impact this year because the price of gas is high, but in recent years the Museum has brought more visitors to the Cheyenne Cultural Center.

*Mohawk Lodge Indian Store*—This location is “just as popular as the Route.66 Museum.” It is another important tourist attraction.

*Memory Lane Antique Mall*—Most of their business comes from the highway so they are very affected by tourism, including Clinton Route 66 museum visitation.

*The Foxy Lizard Salon*—Their business is not affected by Route 66 or the Museum.

Thus, many, albeit far from all, Clinton businesses benefit from the Route 66 museum and Route 66 visitors. The above micro-level case study interviews are supplemented by the following macro-level quantitative analysis.

In 2006, there were 31,210 visitors to this Oklahoma Route 66 Museum distributed as follows:

Visitor Residence	Number	%
In-State (Oklahoma)	4,995	16.0
Out-of-State (Rest of U.S.)	18,152	58.2
Foreign	<u>8,063</u>	<u>25.8</u>
	31,210	100.0

Based on informed estimates, the Route 66 Museum visitors are further comprised as follows:

Visitor Residence/Travel Mode	Average Route 66 Trip (Days)	Number	%
In-State, drive	5.25	4,995	16.0
Out-of-State, drive	7.25	9,076	29.1
Out-of-State, fly	7.25	9,076	29.1
Foreign, fly	11.625	<u>8,063</u>	<u>25.8</u>
		31,210	100.0

Based on informed estimates, the Route 66 visitors spend the following amounts:

Visitor Residence/Travel Mode	Number	Operating Cost Per Trip	Total Cost (\$ millions)	
			Operating	Special Transportation <sup>a</sup>
In-State, drive	4,995	\$543	\$2.71	\$0
Out-of-State, drive	9,076	\$750	\$6.81	\$0
Out-of-State, fly	9,076	\$986	\$8.95	\$7.1
Foreign, fly	8,063	\$1,582	<u>\$12.76</u>	<u>\$14.4</u>
			\$31.23	\$21.5

<sup>a</sup> Air travel and car rental drop off

The sum of the operating (\$31.2 million) and special transportation outlays of the visitors to the Route 66 Museum (\$21.5 million) is \$52.7 million. To be conservative, we assume three quarters of the \$53 million or \$40 million.

The direct effects of Route 66 Museum case study heritage tourism spending are translated into multiplier effects, which encompass, as noted, such dimensions as *jobs* (employment by place of work), *income* (total wages, salaries and proprietor's income), *output* (value of shipments), *gross domestic product* or GDP (total wealth accumulated, referred to at the state level as gross state product or GSP), *taxes* (federal, state, and local), and *in-state wealth* (GSP less "leakage" in the form of federal taxes). These results for the Oklahoma Route 66 Museum case study are shown in Exhibit 3.20 (based on Exhibit 3.21 assumptions).

The total national economic impacts from the \$40 million spent annually by the Oklahoma Route 66 Museum visitors include \$66.2 million in output, 1,446 jobs, for an additional \$19.3 million in income, and \$30.9 million in GDP-- again all at the national level (see Exhibit 3.20). At the state of Oklahoma level (assuming for illustrative purposes that \$20 million in Route 66 heritage travel is spent in that state), this translates to \$25.4 million in output, 499 jobs, \$7.6 million in income, and \$12.3 million in GSP. The in-state Oklahoma wealth deriving from heritage tourism accounts to \$24.2 million.

**EXHIBIT 3.20**  
**Total Economic Impacts of the Annual Oklahoma Route 66 Museum Heritage**  
**Tourism Spending (\$40 million)**

	In Oklahoma <sup>b</sup>	Total (U.S.)
Jobs (person years)	499	1146
Income (\$million)	7.6	19.3
Output (\$million)	25.4	66.2
GDP/GSP <sup>a</sup> (\$million)	12.3	30.9
Total Taxes (\$million)	2.7	5.9
Federal (\$million)	1.2	2.6
State/Local (\$million)	1.5	3.3
In-State wealth (\$million)	24.2	--
(GSP minus federal taxes)		

<sup>a</sup> GDP/GSP=Gross Domestic product/Gross State Product

<sup>b</sup> For illustrative purposes, assumes \$20 million of total \$40 million is spent in Oklahoma.

The economic benefits of the Route 66 Museum heritage tourism are enjoyed throughout the economy. For instance, of the 1,146 total national level jobs derived from the Route 66 Museum heritage tourism, most are in retail industries (582 jobs) and service industries (354 jobs). Of the total \$19.3 million dollars generated in annual national income, the retail industries and service industries garner \$7.2 million and \$5.6 million, respectively. The retail industries and service industries also comprise \$10.7 million and \$8.8 million, respectively of the total \$30.9 million increase in national gross domestic product.

In a parallel fashion, the economic benefits from Route 66 Museum heritage tourism to Oklahoma (assumed for illustrative purposes to amount to \$20 million) in Oklahoma are enjoyed throughout the Oklahoma state economy. For instance, of the total \$25.4 million in Oklahoma state output from the Route 66 Museum heritage tourism, \$10.1 million is realized in the retail industries, \$8.1 in the service sector, and \$2.2 million in manufacturing.

**EXHIBIT 3.21**  
**Route 66 Tourism Spending Assumptions**  
**(Route 66 Museum, Clinton, Oklahoma)**

<b>II. AVERAGE EXPENDITURES (CONT.)</b>				<b>III. LENTH OF VISIT DISTRIBUTION</b>		
H. Operating Expenditures Per Person, Per Day					Total Hotel Nights	Average Days On Route
	Item	Traveler Out-of-state, fly, Foreign,	Traveler Out-of-state, drive, In-state,	A. Out of State		7.25
	Lodging	\$30.43	\$30.43	Partial Route--2-3 Days	50%	
	Food	\$40.00	\$40.00	Entire Route--10-14 Days	50%	
	Auto rental	\$32.61	\$0	B. In-State		5.25
	Gas	\$22.00	\$22.00	Partial Route--2-3 Days	50%	
	Miscellaneous	\$11.00	\$11.00	Partial Route--4-5 Days	25%	
	Total	\$136.04	\$103.43	Entire Route--10-14 Days	25%	
I. Special Transportation Expenditures, Per Person, Per Trip				C. Foreign		11.625
	Item	Foreign	Out-of-State, fly	Out-of-State, drive, In-State		
	Airfare	\$1,500	\$500	\$0		
	Auto Rental					
	Return Fee	\$283	\$283	\$0		
	Total	\$1,783	\$783	\$0		

I. TRAVELER		II. OPERATIONS			
	Out-of-State Type	Operating Cost Per day	Operating Cost Per Trip	Number of Visitors	Total Operating Costs
Out-of-State	fly	\$136.04	\$986.29	9,076	\$8,951,568
7.25 days (average trip)	drive	\$103.43	\$749.87	<u>9,076</u> 18,152	<u>\$6,805,820</u> \$15,757,388
In-State	NA	\$103.43	\$543.01	4,995	\$2,712,335
5.25 Days (average trip)					
Foreign	NA	\$136.04	\$1,581.47	8,063	<u>\$12,751,393</u> \$31,221,116
11.625 days (average trip)					

III. SPECIAL TRANSPORTATION COSTS					IV. TOTAL OPERATIONS & SPECIAL TRANSPORTATION
	Out-of-State Type	Number of Visitors	Special Costs	Total Transportation	
Out-of-State	fly	9,076 x	\$783 =	7,106,508	\$16,058,076
7.25 days (average trip)	drive	9,076 x	\$0 =	<u>0</u> \$7,106,508	<u>\$6,805,820</u> \$22,863,896
In-State	NA	4,990 x	\$0 =	0	\$2,712,335
5.25 Days (average trip)					
Foreign	NA	8,063 x	\$1,783 =	<u>\$14,376,329</u> \$24,482,837	<u>\$27,127,722</u> \$52,703,953
11.625 days (average trip)					



**CHAPTER FOUR**

**ECONOMIC IMPACTS OF THE ANNUAL AND CUMULATIVE  
OKLAHOMA MAIN STREET PROGRAM**

## INTRODUCTION AND SUMMARY

This chapter examines the economic contributions of the Oklahoma Main Street Program. It begins with an overview of the national Main Street effort, which is followed by a profile of the Oklahoma Main Street initiative and details of its direct investment as well as its total economic impacts. The analysis includes data from the program's inception in 1986 through last year (2007). A synopsis of our findings is presented below:

- The National Main Street Program is designed to revitalize older historic downtown throughout the United States. Currently, there is a network of more than 40 statewide, citywide, and countrywide programs with more than 1,200 active Main Streets nationally.
- Since its inception in the early 1980s, about \$45 billion nationally has been reinvested in Main Street physical improvements from public and private sources.
- Oklahoma's experience with the Main Street program began with the inception of local chapters in Duncan and Okmulgee in 1986. Fifty-five community groups affiliated with the Main Street organization have operated in Oklahoma in the last decade, 41 of which are currently active. These locations range from urban neighborhoods in Oklahoma City (2006 population: 547,274) to small prairie towns like Mountain View (2006 population: 823); a complete list can be found in Exhibit 4.4.
- In 2007, the Oklahoma Main Street Program financed, subsidized, or leveraged a total of 226 façade rehabilitations worth \$1.7 million, 286 other construction projects in the local business districts totaling \$12.0 million, and 237 public improvement projects worth \$10.3 million. These investments created a net total of 211 new businesses and 458 jobs across the various locations statewide. In addition, there were \$13.2 million of real estate transactions (i.e., buildings sold) in Oklahoma Main Street communities.
- Based on a seven-year average (2001-2007), direct annual economic impacts derived from the three categories of Main Street-related activity noted above—new construction, public improvements and (capitalized) job creation (this excludes façade rehabilitation, which would fall under the \$125 million in annual historic rehabilitation activity already counted in Chapter 2 and excludes “buildings sold”—which does not directly promote economic activity) amount to \$57 million per year (adjusted for inflation).
- Over the 1986-2007 life of the program, Oklahoma Main Street generated a total economic direct investment of \$885 million (2007 dollars). The \$885 million encompasses the façade rehabilitation, new building construction, public improvements, and (capitalized) job creation associated from nearly 11,000 construction and renovation projects.
- Annual (2007) Main Street activity of \$57 million generates over 1,800 jobs nationally, about 1,600 of which are retained in-state. Approximately \$32 million in labor income accrues to Oklahomans as a result of the program, as does almost \$80 million in output, \$47 million in gross state product (GSP), and over \$37 million in overall state wealth (GSP

minus federal taxes). Just under \$5 million of that sum finds its way into the coffers of state or local government in Oklahoma.

- Meanwhile, the cumulative impacts of the aggregate Main Street program in the state are staggering. Over 24,000 jobs have been added to Oklahoma's economy, a value equivalent to about 1.4% of the state's entire labor force. Nearly half a billion dollars has been added in wages and other earned income, \$1.2 billion in output, \$730 million in GSP while the state's wealth has increased by over \$580 million, of which \$78 million goes to the public sector (state and local taxes) and \$504 million goes to workers and businesses.

**EXHIBIT 4.1**  
**Total Economic Impacts of Annual Oklahoma Main Street Investment**  
**(\$57 million, 2007)**

	<i>In Oklahoma</i>	<i>Outside Oklahoma</i>	<i>Total (U.S.)</i>
Jobs (person years)	1,560	260	1,820
Income (\$million)	32.1	7.5	39.6
Output (\$million)	79.6	25.8	105.4
GDP/GSP <sup>a</sup> (\$million)	47.0	11.6	58.6
Total taxes (\$million)	14.5	1.1	15.6
Federal (\$million)	9.6	0.5	10.1
State/Local (\$million)	4.9	0.6	5.5
In-state wealth (\$million)	37.4	---	---
(GSP minus federal taxes)			

**EXHIBIT 4.2**  
**Total Economic Impacts of Cumulative Oklahoma Main Street Investment**  
**(\$885 million)**

	<i>In Oklahoma</i>	<i>Outside Oklahoma</i>	<i>Total (U.S.)</i>
Jobs (person years)	24,437	4,009	28,446
Income (\$million)	498.1	114.4	612.5
Output (\$million)	1,237.4	396.9	1,634.3
GDP/GSP (\$million)	730.4	178.4	908.8
Total taxes (\$million)	226.2	17.1	243.3
Federal (\$million)	148.7	7.3	156.0
State/Local (\$million)	77.5	9.8	87.3
In-state wealth (\$million)	581.7	---	---
(GSP minus federal taxes)			

## THE MAIN STREET PROGRAM: NATIONAL OVERVIEW

In 1980, the National Trust for Historic Preservation established the National Main Street Center (NMSC). With the goal of revitalizing downtown areas and neighborhood commercial districts across the United States, the NMSC set up the Main Street Program using the Main Street Four Point Approach™ (design, organization, promotion, and economic restructuring—explained shortly). The program focuses on improving downtown business districts, primarily through historic preservation. All Main Street programs are locally driven and funded, though advice and assistance from the NMSC and state coordinating programs is available. In the past 27 years, almost 2,000 communities (about 1,200 currently active) in more than forty states have used the

Main Street Four-Point Approach™ to invigorate their downtown areas. The results have produced both economic and social benefits.

The Main Street Program has created a network of more than 40 statewide, citywide, and countywide programs with more than 1,200 active Main Street programs nationally.

**EXHIBIT 4.3**  
**The Main Street Program: National Profile, 2007 Reinvestment Statistics**

<i>Dollars Reinvested:</i>	\$44.9 Billion
Total amount of reinvestment in physical improvements from public and private sources.	
<i>Average reinvestment per community:</i>	\$11,083,273
<i>Net gain in businesses:</i>	82,909
<i>Net gain in jobs:</i>	370,514
<i>Number of building rehabilitations:</i>	199,519



Source: <http://www.mainstreet.org>

Main Street programs are initiated by concerned citizens such as business and property owners, and civic and government officials. With assistance from the state coordinating program, public and private community leaders are then called upon to organize the program, raise funds, and hire a manager. They also create committees based on the four points, establish a board of directors, and recruit volunteers to carry out the work. Once these entities are in place, a long-

term strategy can be formed based on local issues and concerns. Each community's overall strategy, however, is based on the Main Street Four Point Approach™. The four components used to encourage successful downtown revitalization are:

- *Design:* Enhancing the visual appearance of the downtown.
- *Organization:* Building consensus and cooperation among the groups and members that have a concern with the downtown. Groups in both the public and private sectors must collaborate.
- *Promotion:* Marketing the improved downtown to the public to attract customers, investors, developers, and new businesses.
- *Economic Restructuring:* Strengthening the downtown's existing economic assets, while expanding its economic base to meet new opportunities.

The implementation of the Main Street Four Point Approach™ is based on eight principles known as the Main Street Philosophy. The principles are:

- *Comprehensive:* A successful revitalization must have a comprehensive long-term approach.
- *Incremental:* Begin with small projects to show progress, then move onto larger ones.
- *Self-Help:* Local leaders are the key to making the projects successful.
- *Public/Private Partnership:* Both public and private sectors must contribute to the program.
- *Identifying and Capitalizing on Existing Assets:* The existing and unique local assets of a community should be the solid foundation for its program.
- *Quality:* All elements of the program must be focused on quality.
- *Change:* Changes in attitude and practice must be made in order to improve the public opinion of the downtown.
- *Action-Oriented:* Frequent and visible changes will help to change the perception of the downtown, serving as reminders that revitalization is under way.

NMSC provides informational material, in a variety of formats, to assist communities. Often it will provide services to state coordinating programs for a contract sum. It also sponsors a national conference, which provides training. Sometimes, NMSC will provide specialized assistance to a community for a nominal fee.

Downtown revitalization afforded through the Main Street Program is important and worthwhile for many reasons, both tangible and intangible. The most important reasons include:

- Business is strengthened and stabilized: profits are kept in town, local family-owned businesses are supported, and tax revenues increase.
- Main Street districts often become tourist attractions, which draw revenue.
- Infrastructure is improved.
- Jobs are created through construction done during renovations.
- Community-eroding sprawl is controlled.
- A civic forum is created, which develops a sense of community through activities such as parades and celebrations held on Main Street.
- Main Street is a symbol of economic health, pride, and community history.

The Main Street Program has been extensively applied. According to the national organization, there have been at least 2,212 local affiliates nationwide since tracking began in 1980, over 1,200 of which are currently active. Over nearly three decades, nearly \$45 billion has been invested in downtowns and neighborhoods affiliated with Main Street. Almost 200,000 buildings have been rehabilitated with the program's help, leading to the net creation of over 82,000 businesses and 370,000 jobs. As of 2006, for every dollar of funds spent to run local Main Street programs, more than \$25 was invested by private firms in the communities (Exhibit 4.3).

## **TOTAL ANNUAL IMPACTS FROM OKLAHOMA MAIN STREET PROGRAM ACTIVITY**

### **Overview of the Oklahoma Main Street Program**

The Main Street program in Oklahoma began in 1986. Its objective, as the national program, is to revitalize historic downtowns. The Oklahoma Main Street program's website describes its mission as follows:

The experience of a thriving downtown district—rich architecture and history, personal service, local ownership, sense of community, fun and unique opportunities to visit, work, and play. This is Oklahoma's Main Street. For [decades], Oklahoma's Main Street program has been pumping new life back into the heart of the communities across the state. Combining historic preservation and downtown revitalization efforts with powerful economic stimulation, Main Street restores the core assets of our communities and enhances the quality of life for our citizens.

Pioneer Main Street communities in Oklahoma include Duncan and Okmulgee (1986); Ada, Ponca City (1987), El Reno (1988), Ardmore, Shawnee, and Stillwater (1989); and Sapulpa and Woodward (1990).

Forty-five community groups affiliated with the Main Street organization have operated in Oklahoma in the last decade, 41 of which are still currently active. These locations range from urban neighborhoods in Oklahoma City (2006 population of 547,274—31<sup>st</sup> largest city in the United States) to small prairie towns like Mountain View (2006 population of 823). A full list of Oklahoma Main Street communities is shown in Exhibit 4.4.

In inflation-adjusted terms, the cumulative direct economic investment of the Oklahoma Main Street program amounts to about \$550 million. In addition, it has created over 1,100 jobs since the program’s inception and if these jobs are capitalized, the cumulative direct investment of the Oklahoma Main Street program approaches \$900 million.

This chapter will detail these direct investments shortly, along with the quantification of the total (direct and multiplier) effects from the direct Main street program. For the moment, however, it is instructive to consider what Main Street does in Oklahoma on a community by community basis. This is a long and intricate saga—portions of which are synopsized in an addendum to this chapter titled “Profiles of Investment and Impacts in Oklahoma Main Street Communities.” A *sample* of the activities described in the addendum, along with some “before and after” Main Street investment photographs, is shown in Figure 4.1.

**FIGURE 4.1:  
Examples of Historic Preservation Investment and Revitalization in Oklahoma  
(From Oklahoma Main Street Program)**

<i>Oklahoma Community</i>	<i>Illustrative Investment</i>
<b>Cordell</b>	<p><b>Renovation of Washita Theatre</b>                      -Built in 1946; transformed into modern complex by 1999                      -Attracts many more people to downtown.</p> <p>Before Investment:  After Investment: </p>
<b>El Reno</b>	<p><b>Restoration of Downtown trolley</b>                      -8,000 people ride in first 5 months of operation                      -Encourages downtown investment</p>



**Enid**

**Façade Improvement Program**

-Enhances the sales of downtown businesses



**Newkirk**

**Façade and Other Improvements**

- 1909 Korn's Building restored to enhance the local heritage and economic activity

Before Investment:

After Investment:



**Okmulgee**

**First Rehabilitation Program in Oklahoma Main Street History**

M&D Drug Store – displays excellence of downtown Okmulgee





**Shattuck**

**Renovation/Adaptive Reuse**

- Downtown Funeral Home to downtown Main Street Office
- Successful results promoted other business in the area to renovate as well.



**Idabel**

**Renovation of Rouleau Hotel (built 1916)**

Before Investment:

After Investment:



**Idabel cont.**

**Renovation of the Sherman's Shop**

- Preservation encouraged maintaining historical character
- First of several facade improvements by downtown businesses



Figure 4.1 and the chapter addendum *qualitatively* describe the Oklahoma Main Street program. Our discussion now focuses on the program's *quantitative* economic investment and impacts.

### Investment Summary and Direct Impacts from Oklahoma Main Street Activity

Exhibit 4.5 and 4.6 contain a year-by-year summary of Main Street program activity in Oklahoma. In this table, it is clear how the direct effects noted in the Executive Summary were derived. We focus on three categories of Main Street activity: new construction within districts that was enabled by the program, public improvements to infrastructure and related public-private ventures that took place in Main Street communities, and rehabilitations of façades that were at least partially funded by Main Street organizations statewide. Exhibit 4.5 and 4.6 also reports the number of active programs in any given year and the numbers of net firms and jobs created directly or indirectly resulting from the activity of Main Street chapters. (Notably, the totals exclude "buildings sold" values that are collected by Oklahoma's Main Street program; while a useful gauge of economic activity, resales of existing properties do not constitute new direct impacts. These values are included in Exhibits 4.5 and 4.6 as part of total Main Street activity but are not part of the total economic impacts.)

The total direct effects were computed by taking the inflation-adjusted grand total plus the capitalized value of the jobs created (estimated by PEIM at \$30,000 per job). Annual numbers were based on an average of all years for which annual data was available, ensuring that no one year would bias the estimates and that an entire business cycle was included in the calculations to avoid generating results that were either too optimistic or pessimistic. Total annual Main Street-related activity was computed to be about \$57 million (in 2007 dollars – see Exhibit 4.6), reflecting about \$36 million in construction activity (façade rehabilitations were exempted, as they would be included in the \$125 million in annual historic preservation already calculated in Chapter 2) and \$21 million in capitalized value from the nearly 700 jobs per year created in Main Street communities in Oklahoma. Meanwhile, for the cumulative totals (which include façade work), inflation-adjusted construction and rehabilitation was almost exactly \$546 million. It is also estimated that over 11,300 Main Street-related jobs were created statewide, contributing over \$329 million in Oklahoma capitalized value. Combined, these values generate the \$885 million used as the direct impact of cumulative Main Street activity in Oklahoma.

**EXHIBIT 4.4**  
**List of Main Street Programs in Oklahoma**

<b>Program</b>	<b>County</b>	<b>Active Dates</b>	<b>Direct Impacts<sup>a</sup></b>	<b>Net Jobs</b>
Duncan	Stephens	1986-pres	\$13,742,388	995
Okmulgee	Okmulgee	1986-pres	\$25,333,372	551
Ada	Pontotoc	1987-pres	\$14,625,494	810
Ponca City	Kay	1987-pres	\$33,565,429	459
El Reno	Canadian	1988-pres	\$8,732,136	294
Ardmore	Carter	1989-pres	\$30,751,884	307
Shawnee	Pottawatomie	1989-pres	\$25,050,838	458
Stillwater	Payne	1989-2006	\$19,380,960	327
Sapulpa	Creek	1990-pres	\$21,150,907	380
Woodward	Woodward	1990-pres	\$10,809,873	367
Altus	Jackson	1992-pres	\$24,502,856	437
Newkirk	Kay	1992-pres	\$9,034,671	98
Nowata	Nowata	1992-1999	\$5,221,120	91
Purcell	McClain	1992-1999	\$6,923,078	142
Stockyards City	Oklahoma	1992-pres	\$10,353,704	376
Checotah	McIntosh	1993-pres	\$4,922,792	141
Cordell	Washita	1993-2005	\$8,351,814	147
Enid	Garfield	1994-pres	\$25,476,341	1,007
Hooker	Texas	1994-2004	\$1,304,166	39
Miami	Ottawa	1995-pres	\$14,518,808	235
Mt View	Kiowa	1995-2000	\$818,057	41
Perry	Noble	1995-pres	\$3,439,236	131
Auto Alley	Oklahoma	1996-1999	\$32,379,076	48
Chickasha	Grady	1996-1999	\$2,750,132	24
Prague	Lincoln	1996-pres	\$11,672,768	141
Shattuck	Ellis	1996-pres	\$1,742,017	49
Capitol Hill	Oklahoma	1997-pres	\$10,154,000	425
Durant	Bryan	1997-pres	\$6,121,944	92
Pauls Valley	Garvin	1997-pres	\$10,940,713	221
Snyder	Kiowa	1997-1999	\$110,564	3
Sulphur	Murray	1997-pres	\$2,283,274	183
Watonga	Blaine	1997-pres	\$3,069,872	220
Wynnewood	Garvin	1997-1999	\$1,323,105	21
Broken Bow	McCurtain	1998-pres	\$872,043	76
Cushing	Payne	1998-pres	\$1,774,608	59
Idabel	McCurtain	1998-pres	\$7,486,764	91
Perkins	Payne	1998-2004	\$1,096,024	70
Collinsville	Tulsa	2000-pres	\$6,500,169	144
Sayre	Beckham	2000-pres	\$2,291,526	51
Cherokee	Alfalfa	2001-pres	\$1,885,921	35
Wilburton	Latimer	2001-pres	\$1,664,940	109
Eastside Capitol	Oklahoma	2002-pres	\$64,035,229	268
Claremore	Rogers	2002-pres	\$8,059,253	46
Hobart	Kiowa	2002-pres	\$2,188,732	139
Pawnee	Pawnee	2003-2005	\$796,503	14
Tahlequah	Cherokee	2003-pres	\$5,585,047	135
Antlers	Pushmataha	2004-pres	\$703,700	37
Mangum	Greer	2004-pres	\$1,080,953	26
Talihina	Le Flore	2004-pres	\$351,824	21
Guthrie	Logan	2005-2006	\$96,231	16
Guymon	Texas	2005-pres	\$310,629	11
Poteau	Le Flore	2005-pres	\$14,760,566	8
Bristow	Creek	2006	\$73,023	10
Plaza District	Oklahoma	2007-pres	\$3,143,500	1
Red Fork	Tulsa	2007-pres	\$1,125,025	3
<i>Other (pre-'98)</i>			\$19,664,060	707
<b>GRAND TOTAL</b>			<b>\$546,103,660</b>	<b>11,337</b>

<sup>a</sup>New building construction, public improvements, and facade rehabilitation—all in inflation adjusted (2007) dollars. Future tables do not include Guthrie direct impacts from 2006 (\$95,700), so trivial data discrepancies may exist.

**EXHIBIT 4.5**  
**History of Oklahoma Main Street Program Economic Activity – Current Dollars (in 000s)**

Year	Members	Nominal Value					Buildings Sold	Total Activity	Net Firm Openings	Net Jobs Created
		New Bldg. Const.	Public Impr.	Façade Rehab.	Direct Impacts					
'86-'97	33	\$70,522	\$35,429	\$8,937	<b>\$114,888</b>	\$44,748	<b>\$159,636</b>	1,507	4,358	
1998	37	\$27,545	\$5,328	\$5,936	<b>\$38,809</b>	\$8,039	<b>\$46,848</b>	232	845	
1999	36	\$19,630	\$3,886	\$3,228	<b>\$26,744</b>	\$7,356	<b>\$34,100</b>	292	739	
2000	33	\$12,376	\$7,575	\$1,317	<b>\$21,268</b>	\$9,173	<b>\$30,441</b>	143	882	
2001	34	\$15,723	\$8,094	\$956	<b>\$24,773</b>	\$9,507	<b>\$34,280</b>	121	468	
2002	36	\$13,036	\$9,822	\$5,570	<b>\$28,428</b>	\$6,806	<b>\$35,234</b>	192	725	
2003	38	\$7,975	\$15,596	\$1,427	<b>\$24,998</b>	\$9,463	<b>\$34,461</b>	236	600	
2004	41	\$11,975	\$6,879	\$2,010	<b>\$20,864</b>	\$7,360	<b>\$28,224</b>	186	615	
2005	43	\$26,671	\$62,922	\$705	<b>\$90,298</b>	\$13,520	<b>\$103,818</b>	283	1,010	
2006	41	\$14,046	\$28,104	\$849	<b>\$42,999</b>	\$16,906	<b>\$59,905</b>	212	639	
2007	41	\$11,994	\$10,291	\$1,684	<b>\$23,969</b>	\$13,214	<b>\$37,183</b>	211	458	
<b>GRAND TOTAL</b>		<b>\$231,493</b>	<b>\$193,926</b>	<b>\$32,619</b>	<b>\$458,039</b>	<b>\$146,092</b>	<b>\$604,131</b>	<b>3,615</b>	<b>11,337</b>	
<b>Ten-Year Mean</b>		<b>\$16,097</b>	<b>\$15,850</b>	---	<b>\$31,947</b>	---	---	<b>211</b>	<b>698</b>	

**EXHIBIT 4.6**  
**History of Oklahoma Main Street Program Economic Activity – Constant Dollars (in 000s)**

Year	Members	Real Value					Buildings Sold	Total Activity	Net Firm Openings	Net Jobs Created
		New Bldg. Const.	Public Impr.	Façade Rehab.	Direct Impacts					
'86-'97	33	\$98,730	\$49,601	\$12,511	<b>\$160,843</b>	\$62,647	<b>\$223,490</b>	1,507	4,358	
1998	37	\$35,039	\$6,777	\$7,551	<b>\$49,367</b>	\$10,226	<b>\$59,593</b>	232	845	
1999	36	\$24,431	\$4,837	\$4,017	<b>\$33,285</b>	\$9,155	<b>\$42,440</b>	292	739	
2000	33	\$14,902	\$9,121	\$1,585	<b>\$25,608</b>	\$11,045	<b>\$36,653</b>	143	882	
2001	34	\$18,407	\$9,477	\$1,120	<b>\$29,003</b>	\$11,130	<b>\$40,133</b>	121	468	
2002	36	\$15,025	\$11,320	\$6,420	<b>\$32,764</b>	\$7,844	<b>\$40,608</b>	192	725	
2003	38	\$8,987	\$17,575	\$1,608	<b>\$28,169</b>	\$10,663	<b>\$38,832</b>	236	600	
2004	41	\$13,144	\$7,550	\$2,207	<b>\$22,901</b>	\$8,079	<b>\$30,980</b>	186	615	
2005	43	\$28,316	\$66,802	\$748	<b>\$95,865</b>	\$14,353	<b>\$110,218</b>	283	1,010	
2006	41	\$14,446	\$28,904	\$873	<b>\$44,224</b>	\$17,388	<b>\$61,612</b>	212	639	
2007	41	\$11,994	\$10,291	\$1,684	<b>\$23,969</b>	\$13,214	<b>\$37,183</b>	211	458	
<b>GRAND TOTAL</b>		<b>\$283,420</b>	<b>\$222,255</b>	<b>\$40,325</b>	<b>\$545,999</b>	<b>\$175,744</b>	<b>\$721,743</b>	<b>3,615</b>	<b>11,337</b>	
<b>Ten-Year Mean</b>		<b>\$18,469</b>	<b>\$17,265</b>	---	<b>\$35,734</b>	---	---	<b>211</b>	<b>698</b>	

Cumulative Impact of Oklahoma Main Street: \$546 million + (11,337 jobs x \$30,000/job) = \$885 million

Annual Impact ('98-'07) of Oklahoma Main Street: \$36 million + (698 jobs x \$30,000/job) = \$57 million

Where has most Main Street activity taken place in Oklahoma? There are records for 55 local organizations that are either still in operation or had been active sometime in the last ten years. Exhibit 4.7 indicates the programs that have been the most active over the length of the program, according to inflation-adjusted total activity (new construction and rehabilitation only). Overall,

the largest impact by far comes in the Eastside Capitol neighborhood of Oklahoma City, which has in only six years generated over \$64 million in inflation-adjusted direct economic impacts. This number, however, is highly biased by a single infrastructure project that made up \$55 million of that total. Similarly, the program in Automobile Alley in only four years was able to attract dramatic amounts of construction due to its urban location. Much more typical of the Main Street program in Oklahoma are the eight medium-sized cities and towns represented on this list. All of these programs have operated for 15 years or more and generated at least 300 net new jobs, the value of which is not included in these totals. Exhibit 4.8 repeats this process at the county level, with the aggregate value of each county's owner-occupied housing stock (as of the 2000 Census) included to place the impacts in perspective; Main Street-attributable property value accounts for between 0.44% (Oklahoma County) and 3.33% (Jackson County) of personal income in the top ten counties for such activity. (See also Exhibit 4.4 for a list of all Main Street communities in the state of Oklahoma, along with the active dates of each program and the total direct economic impacts of each program.)

#### EXHIBIT 4.7

##### Ten Most Active Oklahoma Main Street Programs by Real Direct Economic Impact

<i>Program</i>	<i>Population ('06)</i>	<i>Dates</i>	<i>Nominal EI</i>	<i>Real EI</i>	<i>Net Jobs</i>
E. Capitol	see below	2002-pres.	\$60,164,700	\$64,035,229	268
Ponca City	24,710	1987-pres.	\$27,114,345	\$33,565,429	459
Auto Alley	see below	1996-1999	\$25,009,400	\$32,379,076	48
Ardmore	24,535	1989-pres.	\$23,906,877	\$30,751,884	307
Enid	46,514	1994-pres.	\$21,243,058	\$25,476,341	1,007
Okmulgee	12,829	1986-pres.	\$19,534,314	\$25,333,372	551
Shawnee	29,989	1989-pres.	\$22,109,253	\$25,050,838	458
Altus	19,525	1992-pres.	\$19,077,822	\$24,502,856	437
Sapulpa	20,871	1990-pres.	\$18,087,976	\$21,150,907	380
Stillwater	44,818	1989-2006	\$15,776,206	\$19,380,960	327
Percentage of Statewide Total in Top Ten			55.0%	55.2%	37.4%

Note: Eastside Capitol and Automobile Alley are both located in Oklahoma City (2006 population of 537,734).

#### EXHIBIT 4.8

##### Ten Most Active Counties in the Main Street Program by Real Direct Economic Impact

<i>County</i>	<i>Pop'n ('06)</i>	<i>Nominal EI</i>	<i>Real EI</i>	<i>Net Jobs</i>	<i>Agg. PI ('06)</i>	<i>EI/PI</i>
Oklahoma	691,266	\$105,786,629	\$120,065,509	1,118	\$27,198,879,000	0.44%
Kay	45,889	\$34,529,867	\$42,600,101	557	\$1,416,562,000	3.01%
Carter	47,503	\$23,906,877	\$30,751,884	307	\$1,367,489,000	2.25%
Garfield	57,068	\$21,243,058	\$25,476,341	1,007	\$1,816,690,000	1.40%
Okmulgee	39,670	\$19,534,314	\$25,333,372	551	\$935,333,000	2.71%
Pottawatomie	68,638	\$22,109,253	\$25,050,838	458	\$1,811,786,000	1.38%
Jackson	26,042	\$19,077,822	\$24,502,856	437	\$736,390,000	3.33%
Payne	73,818	\$18,298,694	\$22,251,592	456	\$1,887,703,000	1.18%
Creek	69,146	\$18,158,976	\$21,223,929	390	\$1,789,591,000	1.19%
Le Flore	50,079	\$14,688,572	\$15,112,390	29	\$1,135,635,000	1.33%

% of Statewide Total	65.0%	63.7%	46.8%	---	---
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### Overall Impacts from Oklahoma Main Street Activity

The next step is to translate the above-cited direct effects into total economic benefits by applying the PEIM. The total economic impacts of Oklahoma Main Street Program investment just noted are summarized in Exhibit 4.9 and detailed in the Exhibits on subsequent pages (Exhibit 4.10-4.21).

#### EXHIBIT 4.9 Total Economic Impacts of Annual Oklahoma Main Street Investment (\$57 million, 2007)

	<i>In Oklahoma</i>	<i>Outside Oklahoma</i>	<i>Total (U.S.)</i>
Jobs (person years)	1,560	260	1,820
Income (\$million)	32.1	7.5	39.6
Output (\$million)	79.6	25.8	105.4
GDP/GSP <sup>a</sup> (\$million)	47.0	11.6	58.6
Total taxes (\$million)	14.5	1.1	15.6
Federal (\$million)	9.6	0.5	10.1
State/Local (\$million)	4.9	0.6	5.5
In-state wealth (\$million) (GSP minus federal taxes)	37.4	---	---

#### EXHIBIT 4.9 Total Economic Impacts of Cumulative Oklahoma Main Street Investment (\$885 million)

	<i>In Oklahoma</i>	<i>Outside Oklahoma</i>	<i>Total (U.S.)</i>
Jobs (person years)	24,437	4,009	28,446
Income (\$million)	498.1	114.4	612.5
Output (\$million)	1,237.4	396.9	1,634.3
GDP/GSP (\$million)	730.4	178.4	908.8
Total taxes (\$million)	226.2	17.1	243.3
Federal (\$million)	148.7	7.3	156.0
State/Local (\$million)	77.5	9.8	87.3
In-state wealth (\$million) (GSP minus federal taxes)	581.7	---	---

The annual Main Street \$57 million activity generates over 1,800 jobs nationally, more than 1,550 of which are retained in-state (Exhibits 4.10 and 4.11). Approximately \$32 million in labor income accrues to Oklahomans as a result of the program, as does over \$79 million in output, \$47 million in Gross State Product (GSP), and \$37 million in overall wealth (GSP-federal taxes). Just under \$5 million of that sum finds its way into the coffers of state or local government in Oklahoma. Meanwhile, as shown in Exhibit 4.9, the cumulative impacts of the \$885 million Main Street program in the state since its inception are staggering. Over 24,000 jobs have been added to the state's economy, a value equivalent to about 1.4% of the state's entire labor force. Nearly half a billion dollars has been added in wages and other earned income, output has increased by \$1.2 billion, state GSP by \$730 million and the state's wealth (GSP-federal taxes)

has increased by over \$580 million, of which \$78 million goes to the public sector (in the form of state-local taxes) and \$504 million goes to workers and businesses.

As one would expect, more than half of the state's jobs in Oklahoma created by the annual \$57 million Main Street program activity fall under retail trade (804), since a large number of tenants in rehabilitated downtowns are shopkeepers (Exhibit 4.11). Nearly \$16.5 million in gross state product is generated from this employment. The next-largest impacts come from the construction sector (382 jobs, \$13.9 million in GSP), as effects attributable to the program include both public infrastructure improvements and rehabilitation of non-historic structures within downtown areas. More than 100 additional jobs in services (146, \$3.8 million GSP) and manufacturing (107, \$6.4 million GSP) sectors are created as well.

Further more detailed impacts of the annual \$57 million Oklahoma Main Street program to both the nation and the state are contained in Exhibits 4.14 and 4.18 (national effects) and Exhibits 4.15 and 4.19 (state effects). For example, of the 1,560 in-state Oklahoma jobs from the annual \$57 million Oklahoma Main Street program, 243 jobs are found among special trade contractors (of 382 jobs in the construction industry), 222 jobs are in apparel and accessory stores, and 199 jobs are in eating and drinking places (of 804 jobs in retail) (Exhibit 4.15). Similarly, we can also detail output, income, and GSP effects by industry. Of the \$47 million total GSP garnered by the \$57 million in annual Oklahoma Main Street spending, \$8.6 million GSP is realized among special trade contractors (of \$13.9 million GSP in the construction industry), \$3.8 million GSP is garnered among apparel and accessory stores, and \$4.0 million is realized from eating and drinking businesses (of \$16.5 million GSP in the retail trade industry) (Exhibit 4.15).

Also available are effects by detailed occupation. Of the total 1,560 in-state Oklahoma jobs generated by the annual \$57 million in annual Oklahoma Main Street investment, the most jobs (407) are in marketing and sales occupations—including 206 retail salespersons and 109 cashiers. (Exhibit 4.19)

Finally, more than two decades of Main Street activity in Oklahoma with a cumulative \$885 million value have generated 24,437 jobs for the state's residents. Just over half of these have been located in the retail trades (12,887), with those jobs contributing \$263.9 million in gross state product (Exhibit 4.13). The construction sector generated less than half the number of jobs (5,797) but nearly as much in GSP (\$211.2 million) from program-related investments. Other major beneficiaries include services (2,257 jobs, \$58.3 million in GSP), manufacturing (1,631 jobs, \$97.9 million GSP), and FIRE (716 jobs, \$42.7 million GSP).

Further more detailed impacts of the aggregate \$885 million Oklahoma Main Street program to both the nation and the state are contained in Exhibits 4.16 and 4.20 (national effects) and Exhibits 4.17 and 4.21 (state effects). For example, of the \$730 million Oklahoma GSP from the aggregate \$885 million Oklahoma Main Street program, \$264 million GSP is found in retail trade, including such industrial groups as general merchandise (\$64 million GSP), food stores (\$63 million GSP), and eating and drinking places (\$54 million GSP) (Exhibit 4.17). Of the 24,437 total jobs generated by the cumulative \$885 million Main Street investment in Oklahoma, the most jobs are clustered in marketing and sales occupations (6,519), including 3,313 retail salespersons, 1,748 cashiers, and 847 marketing and sales workers (Exhibit 4.21).





**EXHIBIT 4.10**  
**Total National Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Main Street Program (\$57 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	929.4	13	62.5	201.7
2. Agri. Serv., Forestry, & Fish	184.3	4	66.9	154.9
3. Mining	1,347.9	8	286.6	497.2
4. Construction	17,264.1	390	10,648.3	14,281.2
5. Manufacturing	28,357.0	195	6,883.7	11,559.3
6. Transport. & Public Utilities	6,360.0	46	1,596.2	2,532.7
7. Wholesale	4,770.6	52	1,940.0	2,271.9
8. Retail Trade	26,847.1	822	10,340.0	16,865.3
9. Finance, Ins., & Real Estate	7,660.4	82	2,667.4	4,815.5
10. Services	11,150.7	203	4,918.2	5,180.6
11. Government	484.9	5	146.9	229.7
<b>Total Effects (Private and Public)</b>	<b>105,356.3</b>	<b>1,820</b>	<b>39,556.7</b>	<b>58,590.2</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	56,990.2	1,234	25,202.6	36,486.6
2. Indirect and Induced Effects	48,366.1	586	14,354.1	22,103.7
3. Total Effects	105,356.3	1,820	39,556.7	58,590.2
4. Multipliers (3/1)	1.849	1.475	1.570	1.606
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				34,104.3
2. Taxes				9,228.6
a. Local				1,397.6
b. State				2,858.3
c. Federal				4,972.8
General				1,434.8
Social Security				3,538.0
3. Profits, dividends, rents, and other				15,257.3
4. Total Gross State Product (1+2+3)				58,590.2
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		34,104.3	32,998.7	
2. Taxes		9,228.6	6,374.9	15,603.6
a. Local		1,397.6	367.3	1,764.8
b. State		2,858.3	921.6	3,779.9
c. Federal		4,972.8	5,086.1	10,058.9
General		1,434.8	5,086.1	6,520.9
Social Security		3,538.0	0.0	3,538.0
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				31.9
Income				693,978
State/Local Taxes				97,276
Gross State Product				1,027,899
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>57,000,000</b>

**EXHIBIT 4.11**  
**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic**  
**Preservation Activity: Main Street Program (\$57 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	206.3	1	11.0	40.1
2. Agri. Serv., Forestry, & Fish	114.6	3	48.2	98.7
3. Mining	770.8	5	160.1	277.5
4. Construction	16,625.6	382	10,418.5	13,920.4
5. Manufacturing	15,306.3	107	3,815.4	6,423.1
6. Transport. & Public Utilities	3,677.9	22	863.2	1,347.7
7. Wholesale	3,630.7	39	1,476.4	1,729.0
8. Retail Trade	26,184.7	804	10,100.7	16,476.0
9. Finance, Ins., & Real Estate	4,506.3	46	1,384.0	2,739.3
10. Services	8,220.5	146	3,738.7	3,788.0
11. Government	379.6	4	114.5	177.2
<b>Total Effects (Private and Public)</b>	<b>79,623.4</b>	<b>1,560</b>	<b>32,130.6</b>	<b>47,017.1</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	52,070.2	1,191	23,687.9	34,041.3
2. Indirect and Induced Effects	27,553.2	369	8,442.7	12,975.8
3. Total Effects	79,623.4	1,560	32,130.6	47,017.1
4. Multipliers (3/1)	1.529	1.310	1.356	1.381
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				27,672.7
2. Taxes				8,289.1
a. Local				1,060.7
b. State				2,598.5
c. Federal				4,629.9
General				1,185.0
Social Security				3,444.9
3. Profits, dividends, rents, and other				11,055.4
4. Total Gross State Product (1+2+3)				47,017.1
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		27,672.7	32,130.6	
2. Taxes		8,289.1	6,207.3	14,496.3
a. Local		1,060.7	357.6	1,418.3
b. State		2,598.5	897.4	3,495.8
c. Federal		4,629.9	4,952.3	9,582.1
General		1,185.0	4,952.3	6,137.2
Social Security		3,444.9	0.0	3,444.9
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.4
Income				563,696
State/Local Taxes				86,213
Gross State Product				824,862
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>57,000,000</b>

**EXHIBIT 4.12**  
**Cumulative National Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Main Street (\$885 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	14,515.6	206	974.4	3,146.5
2. Agri. Serv., Forestry, & Fish	2,829.8	69	1,028.5	2,379.5
3. Mining	20,674.5	117	4,389.8	7,611.0
4. Construction	262,424.4	5,925	161,630.6	216,851.1
5. Manufacturing	434,550.3	2,990	105,300.4	176,765.4
6. Transport. & Public Utilities	98,306.8	704	24,665.9	39,108.6
7. Wholesale	73,096.0	792	29,724.7	34,810.6
8. Retail Trade	429,631.0	13,164	165,533.1	269,940.7
9. Finance, Ins., & Real Estate	119,070.1	1,275	41,387.1	74,843.2
10. Services	171,628.1	3,125	75,626.8	79,800.9
11. Government	7,528.3	80	2,281.1	3,567.3
<b>Total Effects (Private and Public)</b>	<b>1,634,255.0</b>	<b>28,446</b>	<b>612,542.4</b>	<b>908,824.8</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	884,850.8	19,362	390,234.6	566,336.9
2. Indirect and Induced Effects	749,404.2	9,084	222,307.7	342,487.9
3. Total Effects	1,634,255.0	28,446	612,542.4	908,824.8
4. Multipliers (3/1)	1.847	1.469	1.570	1.605
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				528,948.3
2. Taxes				144,471.3
a. Local				21,854.0
b. State				45,415.4
c. Federal				77,202.0
General				22,354.8
Social Security				54,847.2
3. Profits, dividends, rents, and other				235,405.3
4. Total Gross State Product (1+2+3)				908,824.8
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		528,948.3	511,559.1	
2. Taxes		144,471.3	98,827.1	243,298.4
a. Local		21,854.0	5,693.7	27,547.7
b. State		45,415.4	14,287.3	59,702.7
c. Federal		77,202.0	78,846.2	156,048.1
General		22,354.8	78,846.2	101,201.0
Social Security		54,847.2	0.0	54,847.2
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				32.1
Income				692,138
State/Local Taxes				98,588
Gross State Product				1,026,921
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>885,000,000</b>

**EXHIBIT 4.13**  
**Cumulative In-State Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Main Street (\$885 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	3,228.3	22	171.9	625.3
2. Agri. Serv., Forestry, & Fish	1,757.2	51	739.9	1,513.5
3. Mining	11,794.5	73	2,442.6	4,233.8
4. Construction	252,529.1	5,797	158,063.3	211,254.4
5. Manufacturing	233,745.7	1,631	58,175.2	97,892.4
6. Transport. & Public Utilities	56,918.5	337	13,358.4	20,841.3
7. Wholesale	55,573.7	602	22,599.2	26,466.0
8. Retail Trade	419,363.3	12,887	161,823.6	263,905.8
9. Finance, Ins., & Real Estate	70,174.7	716	21,491.2	42,658.1
10. Services	126,387.1	2,257	57,434.2	58,287.8
11. Government	5,901.7	63	1,780.2	2,755.0
<b>Total Effects (Private and Public)</b>	<b>1,237,373.8</b>	<b>24,437</b>	<b>498,079.8</b>	<b>730,433.2</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	810,231.4	18,714	367,262.0	529,250.4
2. Indirect and Induced Effects	427,142.4	5,723	130,817.8	201,182.9
3. Total Effects	1,237,373.8	24,437	498,079.8	730,433.2
4. Multipliers (3/1)	1.527	1.306	1.356	1.380
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				429,795.6
2. Taxes				129,940.0
a. Local				16,647.3
b. State				41,398.0
c. Federal				71,894.8
General				18,492.8
Social Security				53,402.0
3. Profits, dividends, rents, and other				170,697.6
4. Total Gross State Product (1+2+3)				730,433.2
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		429,795.6	498,079.8	
2. Taxes		129,940.0	96,223.0	226,163.1
a. Local		16,647.3	5,543.6	22,190.9
b. State		41,398.0	13,910.8	55,308.8
c. Federal		71,894.8	76,768.6	148,663.4
General		18,492.8	76,768.6	95,261.4
Social Security		53,402.0	0.0	53,402.0
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.6
Income				562,802
State/Local Taxes				87,570
Gross State Product				825,348
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>885,000,000</b>

**EXHIBIT 4.14**  
**National Industrial Impacts of Annual Oklahoma Main Street Program Activity**  
**(\$57 million, 2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>929.4</b>	<b>13</b>	<b>62.5</b>	<b>201.7</b>
Dairy Farm Products	187.1	1	11.2	22.2
Eggs	1.3	0	0.1	0.2
Meat Animals	377.2	2	16.9	47.1
Misc. Livestock	3.7	0	0.3	0.8
Wool	1.2	0	0.1	0.3
Cotton	19.5	0	1.9	6.5
Tobacco	2.1	0	0.1	0.7
Grains & Misc. Crops	33.9	0	0.8	12.8
Feed Crops	101.4	0	2.2	35.3
Fruits & Nuts	129.0	7	21.6	43.1
Vegetables	11.3	2	1.4	4.4
Greenhouse/Nursery Products	22.1	0	4.1	12.6
Sugar Beets & Cane	11.1	0	0.3	5.4
Flaxseed, Peanuts, Soybean	28.5	0	1.5	10.3
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>184.3</b>	<b>4</b>	<b>66.9</b>	<b>154.9</b>
Agri. Services (07)	113.0	4	59.1	100.9
Forestry (08)	62.9	0	5.6	46.4
Fishing, Hunting, Trapping (09)	8.5	0	2.2	7.6
<b>Mining</b>	<b>1,347.9</b>	<b>8</b>	<b>286.6</b>	<b>497.2</b>
Coal Mining (12)	175.5	1	54.6	81.1
Oil & Gas Extraction (13)	814.9	2	109.3	185.6
Nonmetal Min.-Ex. Fuels (14)	329.8	4	115.6	205.6
Metal Mining (10)	27.6	0	7.3	24.9
<b>Construction</b>	<b>17,264.1</b>	<b>390</b>	<b>10,648.3</b>	<b>14,281.2</b>
General Bldg. Contractors (15)	5,306.5	100	2,908.5	4,047.5
Heavy Const. Contractors (16)	1,761.3	44	1,115.7	1,478.9
Special Trade Contractors (17)	10,196.2	246	6,624.0	8,754.8
<b>Manufacturing</b>	<b>28,357.0</b>	<b>195</b>	<b>6,883.7</b>	<b>11,559.3</b>
Food & Kindred Prod. (20)	2,718.5	11	376.5	704.9
Tobacco Manufactures (21)	129.1	0	12.1	53.0
Textile Mill Prod. (22)	734.7	10	156.4	148.9
Apparel & Other Prod. (23)	653.1	9	184.9	193.8
Limber & Wood Prod. (24)	1,484.5	14	342.1	417.8
Furniture & Fixtures (25)	439.8	6	142.0	166.0
Paper & Allied Prod. (26)	610.7	3	136.0	250.6
Chemicals & Allied Prod. (28)	1,387.5	1	263.8	219.1
Petroleum & Coal Prod. (29)	2,116.6	4	197.4	480.1
Rubber & Misc. Plastics (30)	923.0	8	256.4	440.4
Leather & Leather Prod. (31)	112.9	2	30.0	59.1
Stone, Clay, & Glass (32)	2,670.8	24	796.7	1,462.3
Primary Metal Prod. (33)	1,911.2	10	428.9	725.8
Fabricated Metal Prod. (34)	5,716.9	49	1,725.6	3,211.9
Machinery, Except Elec. (35)	1,609.6	11	519.4	638.0
Electric & Elec. Equip. (36)	2,198.1	15	617.3	1,419.5
Transportation Equipment (37)	1,477.0	4	232.3	404.0
Instruments & Rel. Prod. (38)	432.8	4	142.8	199.2
Misc. Manufacturing Inds. (39)	227.1	2	66.7	82.5
Printing & Publishing (27)	803.2	8	256.5	282.2

<b>Transport. &amp; Public Utilities</b>	<b>6,360.0</b>	<b>46</b>	<b>1,596.2</b>	<b>2,532.7</b>
Railroad Transportation (40)	320.3	2	132.8	288.3
Local Pass. Transit (41)	160.3	5	69.2	93.7
Trucking & Warehousing (42)	1,476.5	22	622.5	792.8
Water Transportation (44)	208.8	3	60.4	125.4
Transportation by Air (45)	302.8	2	105.4	130.2
Pipe Lines-Ex. Nat. Gas (46)	55.9	0	6.1	15.6
Transportation Services (47)	99.2	1	37.1	31.9
Communication (48)	1,456.1	6	296.5	599.3
Elec., Gas, & Sanitary Serv. (49)	2,280.2	4	266.3	455.6
<b>Wholesale</b>	<b>4,770.6</b>	<b>52</b>	<b>1,940.0</b>	<b>2,271.9</b>
Wholesale-Nondurable Goods (51)	1,720.8	19	699.7	819.5
Wholesale-Durable Goods (50)	3,049.9	32	1,240.2	1,452.4
<b>Retail Trade</b>	<b>26,847.1</b>	<b>822</b>	<b>10,340.0</b>	<b>16,865.3</b>
Bldg. Mat.-Garden Supply (52)	315.6	7	137.1	214.4
General Merch. Stores (53)	5,917.0	164	2,133.6	4,020.4
Food Stores (54)	5,818.1	178	2,268.2	3,953.2
Auto. Dealers-Serv. Stat. (55)	946.8	13	249.4	643.3
Apparel & Access. Stores (56)	5,572.8	223	2,617.3	3,786.5
Furniture & Home Furnish. (57)	159.7	4	74.6	108.5
Eating & Drinking Places (58)	7,260.2	208	2,468.0	3,556.7
Miscellaneous Retail (59)	856.9	24	391.7	582.2
<b>Finance, Ins., &amp; Real Estate</b>	<b>7,660.4</b>	<b>82</b>	<b>2,667.4</b>	<b>4,815.5</b>
Banking (60)	991.5	8	261.7	572.7
Nondep. Credit Institutions (61)	1,966.7	32	1,030.1	959.0
Security, Comm. Brokers (62)	257.7	2	126.7	126.6
Insurance Carriers (63)	1,691.9	17	680.8	1,464.4
Ins. Agents, Brokers (64)	367.6	6	141.5	159.4
Real Estate (65)	1,931.3	13	188.9	1,188.1
Holding and Invest. Off. (67)	453.6	4	237.6	345.4
<b>Services</b>	<b>11,150.7</b>	<b>203</b>	<b>4,918.2</b>	<b>5,180.6</b>
Hotels & Other Lodging (70)	396.6	9	127.1	223.1
Personal Services (72)	650.6	22	232.0	280.0
Business Services (73)	1,975.6	32	780.7	971.7
Auto Repair, Serv., Garages (75)	544.5	5	143.6	238.7
Misc. Repair Services (76)	310.3	6	120.6	134.6
Motion Pictures (78)	381.6	6	100.6	149.7
Amusement & Recreation (79)	301.7	10	113.1	241.8
Health Services (80)	650.8	12	353.5	341.0
Legal Services (81)	294.4	3	136.2	143.1
Educational Services (82)	275.4	8	140.8	137.2
Social Services (83)	154.3	5	75.2	78.3
Museums & Gardens (84, 86)	673.8	17	352.5	335.2
Engineer. & Manage. Serv. (87)	4,142.2	58	2,065.9	1,735.6
Private Households (88)	23.4	2	23.4	23.4
Miscellaneous Services (89)	375.5	8	153.3	147.3
<b>Government</b>	<b>484.9</b>	<b>5</b>	<b>146.9</b>	<b>229.7</b>
<b>Total</b>	<b>105,356.3</b>	<b>1,820</b>	<b>39,556.7</b>	<b>58,590.2</b>

**EXHIBIT 4.15**  
**In-State Industrial Impacts of Annual Oklahoma Main Street Program Activity**  
**(\$57 million, 2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>206.3</b>	<b>1</b>	<b>11.0</b>	<b>40.1</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	158.6	1	7.0	19.7
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	2.5	0	0.2	0.8
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	8.3	0	0.2	3.1
Feed Crops	19.1	0	0.4	6.7
Fruits & Nuts	0.8	0	0.1	0.3
Vegetables	0.2	0	0.0	0.1
Greenhouse/Nursery Products	15.5	0	2.9	8.9
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean	1.5	0	0.1	0.6
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>114.6</b>	<b>3</b>	<b>48.2</b>	<b>98.7</b>
Agri. Services (07)	84.2	3	44.9	75.6
Forestry (08)	26.7	0	2.4	19.7
Fishing, Hunting, Trapping (09)	3.7	0	1.0	3.3
<b>Mining</b>	<b>770.8</b>	<b>5</b>	<b>160.1</b>	<b>277.5</b>
Coal Mining (12)	1.6	0	0.5	0.7
Oil & Gas Extraction (13)	513.8	1	68.9	117.0
Nonmetal Min.-Ex. Fuels (14)	254.4	4	90.4	158.9
Metal Mining (10)	0.9	0	0.3	0.8
<b>Construction</b>	<b>16,625.6</b>	<b>382</b>	<b>10,418.5</b>	<b>13,920.4</b>
General Bldg. Contractors (15)	5,101.3	96	2,810.3	3,904.6
Heavy Const. Contractors (16)	1,694.4	43	1,081.1	1,431.6
Special Trade Contractors (17)	9,830.0	243	6,527.1	8,584.2
<b>Manufacturing</b>	<b>15,306.3</b>	<b>107</b>	<b>3,815.4</b>	<b>6,423.1</b>
Food & Kindred Prod. (20)	954.0	5	143.7	221.7
Tobacco Manufactures (21)	0.0	0	0.0	0.0
Textile Mill Prod. (22)	172.8	1	27.2	32.9
Apparel & Other Prod. (23)	176.0	3	49.7	52.5
Limber & Wood Prod. (24)	1,110.1	11	260.8	309.5
Furniture & Fixtures (25)	217.4	3	74.5	84.8
Paper & Allied Prod. (26)	182.7	1	38.8	77.5
Chemicals & Allied Prod. (28)	614.9	0	113.3	99.1
Petroleum & Coal Prod. (29)	1,636.5	3	167.9	378.3
Rubber & Misc. Plastics (30)	183.5	1	51.9	89.5
Leather & Leather Prod. (31)	5.4	0	1.6	3.3
Stone, Clay, & Glass (32)	2,227.1	20	650.1	1,191.9
Primary Metal Prod. (33)	614.6	4	143.3	242.5
Fabricated Metal Prod. (34)	4,250.7	36	1,268.2	2,369.2
Machinery, Except Elec. (35)	1,068.7	8	350.6	423.4
Electric & Elec. Equip. (36)	643.5	5	196.9	454.1
Transportation Equipment (37)	683.7	2	101.6	182.0
Instruments & Rel. Prod. (38)	108.2	1	33.4	50.7
Misc. Manufacturing Inds. (39)	94.2	1	24.5	32.2
Printing & Publishing (27)	362.3	4	117.4	128.0

<b>Transport. &amp; Public Utilities</b>	<b>3,677.9</b>	<b>22</b>	<b>863.2</b>	<b>1,347.7</b>
Railroad Transportation (40)	103.4	1	42.9	93.0
Local Pass. Transit (41)	43.3	1	18.7	25.3
Trucking & Warehousing (42)	733.4	11	332.7	399.5
Water Transportation (44)	7.3	0	2.8	5.3
Transportation by Air (45)	174.4	1	60.7	75.0
Pipe Lines-Ex. Nat. Gas (46)	29.0	0	3.1	8.1
Transportation Services (47)	38.6	0	14.5	12.9
Communication (48)	1,027.0	4	210.1	425.8
Elec., Gas, & Sanitary Serv. (49)	1,521.4	3	177.8	302.9
<b>Wholesale</b>	<b>3,630.7</b>	<b>39</b>	<b>1,476.4</b>	<b>1,729.0</b>
Wholesale-Nondurable Goods (51)	1,359.7	15	552.9	647.5
Wholesale-Durable Goods (50)	2,271.0	24	923.5	1,081.5
<b>Retail Trade</b>	<b>26,184.7</b>	<b>804</b>	<b>10,100.7</b>	<b>16,476.0</b>
Bldg. Mat.-Garden Supply (52)	287.5	7	124.9	195.4
General Merch. Stores (53)	5,858.6	162	2,112.5	3,980.7
Food Stores (54)	5,767.3	176	2,248.4	3,918.7
Auto. Dealers-Serv. Stat. (55)	859.9	12	226.4	584.3
Apparel & Access. Stores (56)	5,543.9	222	2,603.8	3,766.9
Furniture & Home Furnish. (57)	144.9	4	67.7	98.5
Eating & Drinking Places (58)	6,939.8	199	2,359.1	3,399.8
Miscellaneous Retail (59)	782.8	22	357.9	531.9
<b>Finance, Ins., &amp; Real Estate</b>	<b>4,506.3</b>	<b>46</b>	<b>1,384.0</b>	<b>2,739.3</b>
Banking (60)	760.2	6	200.7	439.1
Nondep. Credit Institutions (61)	968.8	16	507.5	472.4
Security, Comm. Brokers (62)	139.3	1	68.5	68.4
Insurance Carriers (63)	689.9	7	277.6	597.1
Ins. Agents, Brokers (64)	299.5	5	115.3	129.9
Real Estate (65)	1,523.7	10	149.0	937.3
Holding and Invest. Off. (67)	124.9	1	65.4	95.1
<b>Services</b>	<b>8,220.5</b>	<b>146</b>	<b>3,738.7</b>	<b>3,788.0</b>
Hotels & Other Lodging (70)	58.5	1	20.7	35.4
Personal Services (72)	405.9	13	142.1	175.5
Business Services (73)	1,421.8	23	551.6	702.5
Auto Repair, Serv., Garages (75)	422.2	4	110.3	185.0
Misc. Repair Services (76)	203.4	4	78.2	88.5
Motion Pictures (78)	112.2	2	28.3	45.9
Amusement & Recreation (79)	126.3	4	43.9	103.0
Health Services (80)	590.4	11	321.7	310.1
Legal Services (81)	194.3	2	89.9	94.5
Educational Services (82)	239.3	7	121.9	119.4
Social Services (83)	138.1	4	66.9	70.0
Museums & Gardens (84, 86)	492.6	14	270.0	254.6
Engineer. & Manage. Serv. (87)	3,528.1	50	1,763.3	1,478.2
Private Households (88)	21.3	2	21.3	21.3
Miscellaneous Services (89)	265.9	5	108.5	104.3
<b>Government</b>	<b>379.6</b>	<b>4</b>	<b>114.5</b>	<b>177.2</b>
<b>Total</b>	<b>79,623.4</b>	<b>1,560</b>	<b>32,130.6</b>	<b>47,017.1</b>



**EXHIBIT 4.16**  
**National Industrial Impacts of Cumulative Oklahoma Main Street Program Activity**  
**(\$885 million)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>14,515.6</b>	<b>206</b>	<b>974.4</b>	<b>3,146.5</b>
Dairy Farm Products	2,924.1	10	174.7	346.8
Eggs	20.2	0	0.9	2.5
Meat Animals	5,905.7	34	264.3	738.0
Misc. Livestock	58.0	1	4.9	13.1
Wool	18.2	0	1.6	4.1
Cotton	301.0	6	29.8	99.8
Tobacco	33.1	0	2.0	11.5
Grains & Misc. Crops	527.7	3	13.1	198.8
Feed Crops	1,585.1	2	34.3	551.5
Fruits & Nuts	2,003.2	111	336.2	670.2
Vegetables	178.7	33	21.5	70.0
Greenhouse/Nursery Products	341.5	4	63.6	195.7
Sugar Beets & Cane	173.9	1	4.0	84.0
Flaxseed, Peanuts, Soybean	445.2	2	23.4	160.4
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>2,829.8</b>	<b>69</b>	<b>1,028.5</b>	<b>2,379.5</b>
Agri. Services (07)	1,737.9	64	908.5	1,551.8
Forestry (08)	957.5	3	84.8	706.8
Fishing, Hunting, Trapping (09)	134.4	1	35.3	121.0
<b>Mining</b>	<b>20,674.5</b>	<b>117</b>	<b>4,389.8</b>	<b>7,611.0</b>
Coal Mining (12)	2,720.8	18	845.7	1,257.0
Oil & Gas Extraction (13)	12,526.4	29	1,679.4	2,853.5
Nonmetal Min.-Ex. Fuels (14)	5,007.0	67	1,754.4	3,122.3
Metal Mining (10)	420.2	2	110.3	378.2
<b>Construction</b>	<b>262,424.4</b>	<b>5,925</b>	<b>161,630.6</b>	<b>216,851.1</b>
General Bldg. Contractors (15)	80,691.9	1,515	44,172.5	61,493.4
Heavy Const. Contractors (16)	26,753.0	675	16,939.9	22,455.5
Special Trade Contractors (17)	154,979.6	3,735	100,518.2	132,902.2
<b>Manufacturing</b>	<b>434,550.3</b>	<b>2,990</b>	<b>105,300.4</b>	<b>176,765.4</b>
Food & Kindred Prod. (20)	42,582.9	180	5,902.2	11,051.0
Tobacco Manufactures (21)	2,001.1	3	186.9	821.6
Textile Mill Prod. (22)	11,283.9	147	2,406.5	2,288.6
Apparel & Other Prod. (23)	10,117.8	145	2,864.2	3,001.9
Limber & Wood Prod. (24)	22,595.6	210	5,207.9	6,360.4
Furniture & Fixtures (25)	6,745.6	96	2,175.9	2,544.9
Paper & Allied Prod. (26)	9,476.4	52	2,109.4	3,888.6
Chemicals & Allied Prod. (28)	21,319.7	16	4,051.5	3,368.5
Petroleum & Coal Prod. (29)	32,391.1	55	3,008.4	7,342.3
Rubber & Misc. Plastics (30)	14,149.7	118	3,931.3	6,751.5
Leather & Leather Prod. (31)	1,751.0	24	464.5	915.9
Stone, Clay, & Glass (32)	40,552.7	366	12,098.6	22,206.6
Primary Metal Prod. (33)	29,041.9	157	6,517.6	11,030.1
Fabricated Metal Prod. (34)	86,855.4	737	26,215.8	48,795.6
Machinery, Except Elec. (35)	24,517.8	172	7,910.0	9,717.9
Electric & Elec. Equip. (36)	33,575.5	235	9,421.8	21,677.0
Transportation Equipment (37)	22,901.2	58	3,602.3	6,265.1
Instruments & Rel. Prod. (38)	6,622.2	62	2,181.2	3,049.1
Misc. Manufacturing Inds. (39)	3,512.5	26	1,033.1	1,276.4

Printing & Publishing (27)	12,556.2	132	4,011.3	4,412.4
<b>Transport. &amp; Public Utilities</b>	<b>98,306.8</b>	<b>704</b>	<b>24,665.9</b>	<b>39,108.6</b>
Railroad Transportation (40)	4,913.4	33	2,037.2	4,422.0
Local Pass. Transit (41)	2,481.9	72	1,071.2	1,451.2
Trucking & Warehousing (42)	22,706.2	340	9,600.0	12,206.9
Water Transportation (44)	3,215.7	53	930.6	1,932.1
Transportation by Air (45)	4,673.9	37	1,626.5	2,009.8
Pipe Lines-Ex. Nat. Gas (46)	858.2	1	93.0	238.7
Transportation Services (47)	1,531.5	13	573.1	492.6
Communication (48)	22,581.8	96	4,603.3	9,290.7
Elec., Gas, & Sanitary Serv. (49)	35,344.3	58	4,130.9	7,064.6
<b>Wholesale</b>	<b>73,096.0</b>	<b>792</b>	<b>29,724.7</b>	<b>34,810.6</b>
Wholesale-Nondurable Goods (51)	26,425.5	299	10,746.0	12,584.6
Wholesale-Durable Goods (50)	46,670.5	493	18,978.7	22,226.0
<b>Retail Trade</b>	<b>429,631.0</b>	<b>13,164</b>	<b>165,533.1</b>	<b>269,940.7</b>
Bldg. Mat.-Garden Supply (52)	4,886.5	115	2,122.4	3,320.2
General Merch. Stores (53)	95,082.1	2,634	34,285.0	64,604.9
Food Stores (54)	93,550.3	2,855	36,471.3	63,564.1
Auto. Dealers-Serv. Stat. (55)	14,673.0	204	3,865.5	9,969.8
Apparel & Access. Stores (56)	89,753.8	3,587	42,154.0	60,984.6
Furniture & Home Furnish. (57)	2,474.4	63	1,155.6	1,681.3
Eating & Drinking Places (58)	115,938.0	3,328	39,411.2	56,797.4
Miscellaneous Retail (59)	13,272.8	378	6,068.0	9,018.4
<b>Finance, Ins., &amp; Real Estate</b>	<b>119,070.1</b>	<b>1,275</b>	<b>41,387.1</b>	<b>74,843.2</b>
Banking (60)	15,391.0	130	4,062.3	8,889.8
Nondep. Credit Institutions (61)	30,494.9	500	15,973.1	14,869.6
Security, Comm. Brokers (62)	3,997.5	26	1,964.9	1,963.8
Insurance Carriers (63)	26,222.7	263	10,551.8	22,697.3
Ins. Agents, Brokers (64)	5,697.8	88	2,194.0	2,470.5
Real Estate (65)	30,232.4	200	2,956.8	18,597.5
Holding and Invest. Off. (67)	7,033.8	68	3,684.3	5,354.7
<b>Services</b>	<b>171,628.1</b>	<b>3,125</b>	<b>75,626.8</b>	<b>79,800.9</b>
Hotels & Other Lodging (70)	6,146.1	138	1,969.6	3,457.5
Personal Services (72)	10,095.0	340	3,600.5	4,343.9
Business Services (73)	30,652.9	496	12,117.7	15,074.8
Auto Repair, Serv., Garages (75)	8,418.5	85	2,220.2	3,690.3
Misc. Repair Services (76)	4,787.9	86	1,861.2	2,076.2
Motion Pictures (78)	5,926.5	99	1,562.0	2,324.2
Amusement & Recreation (79)	4,698.9	160	1,760.0	3,764.3
Health Services (80)	10,089.9	188	5,480.2	5,286.5
Legal Services (81)	4,572.1	39	2,114.5	2,222.7
Educational Services (82)	4,266.6	130	2,180.9	2,125.0
Social Services (83)	2,393.3	71	1,166.0	1,214.9
Museums & Gardens (84, 86)	10,448.6	257	5,465.3	5,198.2
Engineer. & Manage. Serv. (87)	62,973.7	888	31,400.7	26,387.3
Private Households (88)	362.4	28	362.4	362.4
Miscellaneous Services (89)	5,795.7	119	2,365.6	2,272.9
<b>Government</b>	<b>7,528.3</b>	<b>80</b>	<b>2,281.1</b>	<b>3,567.3</b>
<b>Total</b>	<b>1,634,255.0</b>	<b>28,446</b>	<b>612,542.4</b>	<b>908,824.8</b>

**EXHIBIT 4.17**  
**In-State Industrial Impacts of Cumulative Oklahoma Main Street Program Activity**  
**(\$885 million)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>3,228.3</b>	<b>22</b>	<b>171.9</b>	<b>625.3</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	2,485.6	15	110.4	308.2
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	37.8	1	3.7	12.5
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	129.3	1	3.2	48.7
Feed Crops	297.4	0	6.4	104.1
Fruits & Nuts	12.1	1	2.1	4.9
Vegetables	2.8	2	0.3	0.9
Greenhouse/Nursery Products	239.4	3	44.6	137.2
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean	24.0	0	1.3	8.7
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>1,757.2</b>	<b>51</b>	<b>739.9</b>	<b>1,513.5</b>
Agri. Services (07)	1,291.6	49	688.5	1,160.3
Forestry (08)	406.5	1	36.0	300.1
Fishing, Hunting, Trapping (09)	59.1	0	15.5	53.1
<b>Mining</b>	<b>11,794.5</b>	<b>73</b>	<b>2,442.6</b>	<b>4,233.8</b>
Coal Mining (12)	25.1	0	7.8	11.6
Oil & Gas Extraction (13)	7,894.6	18	1,058.4	1,798.4
Nonmetal Min.-Ex. Fuels (14)	3,860.4	54	1,372.1	2,411.0
Metal Mining (10)	14.3	0	4.2	12.9
<b>Construction</b>	<b>252,529.1</b>	<b>5,797</b>	<b>158,063.3</b>	<b>211,254.4</b>
General Bldg. Contractors (15)	77,506.1	1,462	42,646.7	59,275.7
Heavy Const. Contractors (16)	25,715.6	656	16,403.4	21,722.0
Special Trade Contractors (17)	149,307.4	3,679	99,013.2	130,256.7
<b>Manufacturing</b>	<b>233,745.7</b>	<b>1,631</b>	<b>58,175.2</b>	<b>97,892.4</b>
Food & Kindred Prod. (20)	14,935.6	73	2,253.4	3,473.6
Tobacco Manufactures (21)	0.0	0	0.0	0.0
Textile Mill Prod. (22)	2,632.0	17	415.0	500.9
Apparel & Other Prod. (23)	2,724.0	39	769.1	812.7
Limber & Wood Prod. (24)	16,873.0	161	3,963.9	4,704.1
Furniture & Fixtures (25)	3,311.4	51	1,134.3	1,290.4
Paper & Allied Prod. (26)	2,838.2	15	603.0	1,203.3
Chemicals & Allied Prod. (28)	9,436.8	5	1,736.9	1,521.4
Petroleum & Coal Prod. (29)	25,018.0	48	2,557.0	5,779.0
Rubber & Misc. Plastics (30)	2,814.1	22	796.6	1,372.9
Leather & Leather Prod. (31)	83.3	1	24.3	51.0
Stone, Clay, & Glass (32)	33,798.7	309	9,866.7	18,090.0
Primary Metal Prod. (33)	9,330.6	54	2,175.7	3,681.9
Fabricated Metal Prod. (34)	64,510.4	542	19,246.5	35,955.2
Machinery, Except Elec. (35)	16,241.3	115	5,328.5	6,435.7
Electric & Elec. Equip. (36)	9,802.5	71	2,997.8	6,915.1
Transportation Equipment (37)	10,600.1	24	1,575.2	2,822.1
Instruments & Rel. Prod. (38)	1,660.1	13	510.9	778.6
Misc. Manufacturing Inds. (39)	1,453.0	10	378.2	495.7
Printing & Publishing (27)	5,682.6	62	1,842.2	2,008.9

<b>Transport. &amp; Public Utilities</b>	<b>56,918.5</b>	<b>337</b>	<b>13,358.4</b>	<b>20,841.3</b>
Railroad Transportation (40)	1,584.8	11	657.1	1,426.3
Local Pass. Transit (41)	670.6	20	289.4	392.1
Trucking & Warehousing (42)	11,286.5	170	5,136.7	6,157.6
Water Transportation (44)	113.2	3	43.2	81.3
Transportation by Air (45)	2,692.4	21	936.9	1,157.7
Pipe Lines-Ex. Nat. Gas (46)	445.1	1	48.2	123.8
Transportation Services (47)	597.0	5	224.4	199.2
Communication (48)	15,936.4	68	3,263.4	6,604.8
Elec., Gas, & Sanitary Serv. (49)	23,592.7	40	2,759.0	4,698.4
<b>Wholesale</b>	<b>55,573.7</b>	<b>602</b>	<b>22,599.2</b>	<b>26,466.0</b>
Wholesale-Nondurable Goods (51)	20,861.7	236	8,483.5	9,935.0
Wholesale-Durable Goods (50)	34,712.0	366	14,115.7	16,531.0
<b>Retail Trade</b>	<b>419,363.3</b>	<b>12,887</b>	<b>161,823.6</b>	<b>263,905.8</b>
Bldg. Mat.-Garden Supply (52)	4,451.8	105	1,933.6	3,024.9
General Merch. Stores (53)	94,176.9	2,609	33,958.6	63,989.9
Food Stores (54)	92,763.8	2,831	36,164.7	63,029.7
Auto. Dealers-Serv. Stat. (55)	13,324.7	186	3,508.7	9,053.7
Apparel & Access. Stores (56)	89,305.6	3,569	41,943.5	60,680.0
Furniture & Home Furnish. (57)	2,245.6	57	1,048.8	1,525.8
Eating & Drinking Places (58)	110,970.8	3,185	37,722.7	54,364.0
Miscellaneous Retail (59)	12,124.0	345	5,542.9	8,237.8
<b>Finance, Ins., &amp; Real Estate</b>	<b>70,174.7</b>	<b>716</b>	<b>21,491.2</b>	<b>42,658.1</b>
Banking (60)	11,810.9	100	3,117.4	6,822.0
Nondep. Credit Institutions (61)	15,022.1	246	7,868.5	7,324.9
Security, Comm. Brokers (62)	2,161.4	14	1,062.4	1,061.8
Insurance Carriers (63)	10,692.1	107	4,302.4	9,254.6
Ins. Agents, Brokers (64)	4,643.2	71	1,787.9	2,013.2
Real Estate (65)	23,908.5	158	2,338.3	14,707.3
Holding and Invest. Off. (67)	1,936.6	19	1,014.4	1,474.3
<b>Services</b>	<b>126,387.1</b>	<b>2,257</b>	<b>57,434.2</b>	<b>58,287.8</b>
Hotels & Other Lodging (70)	908.0	23	320.5	549.4
Personal Services (72)	6,298.6	209	2,205.2	2,723.6
Business Services (73)	22,087.2	355	8,575.5	10,911.2
Auto Repair, Serv., Garages (75)	6,529.9	65	1,706.4	2,861.6
Misc. Repair Services (76)	3,137.5	56	1,207.2	1,364.5
Motion Pictures (78)	1,742.2	33	440.0	711.9
Amusement & Recreation (79)	1,961.7	69	681.9	1,599.2
Health Services (80)	9,152.1	170	4,986.3	4,807.0
Legal Services (81)	3,025.6	26	1,399.3	1,470.8
Educational Services (82)	3,707.9	112	1,889.5	1,849.3
Social Services (83)	2,141.3	63	1,037.3	1,085.0
Museums & Gardens (84, 86)	7,637.7	212	4,186.0	3,947.8
Engineer. & Manage. Serv. (87)	53,620.5	755	26,792.6	22,465.5
Private Households (88)	330.7	26	330.7	330.7
Miscellaneous Services (89)	4,106.2	84	1,676.0	1,610.3
<b>Government</b>	<b>5,901.7</b>	<b>63</b>	<b>1,780.2</b>	<b>2,755.0</b>
<b>Total</b>	<b>1,237,373.8</b>	<b>24,437</b>	<b>498,079.8</b>	<b>730,433.2</b>

**EXHIBIT 4.18**  
**National Occupational Employment Impacts of Annual Oklahoma Main Street Program**  
**Activity (\$57 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>1,820</b>
<b>Executive, administrative, and managerial occupations</b>	<b>160</b>
Managerial and administrative occupations	117
Management support occupations	43
<b>Professional specialty occupations</b>	<b>68</b>
Engineers	18
Architects and surveyors	6
Life scientists	0
Computer, mathematical, and operations research occupations	9
Physical scientists	1
Religious workers	2
Social scientists	1
Social and recreation workers	2
Lawyers and judicial workers	1
Teachers, librarians, and counselors	8
Health diagnosing occupations	1
Health assessment and treating occupations	4
Writers, artists, and entertainers	12
All other professional workers	4
<b>Technicians and related support occupations</b>	<b>31</b>
Health technicians and technologists	6
Engineering and science technicians and technologists	20
Technicians, except health and engineering and science	5
<b>Marketing and sales occupations</b>	<b>428</b>
Cashiers	112
Counter and rental clerks	10
Insurance sales agents	3
Marketing and sales worker supervisors	56
Models, demonstrators, and product promoters	1
Parts salespersons	2
Real estate agents and brokers	2
Retail salespersons	209
Sales engineers	1
Securities, commodities, and financial services sales agents	1
Travel agents	0
All other sales and related workers	31
<b>Administrative support occupations, including clerical</b>	<b>267</b>
Adjusters, investigators, and collectors	13
Communications equipment operators	2
Computer operators	1
Information clerks	9
Mail clerks and messengers	1
Postal clerks and mail carriers	3
Material recording, scheduling, dispatching, and distributing occupations	102
Records processing occupations	39

Secretaries, stenographers, and typists	27
Other clerical and administrative support workers	68
<b>Service occupations</b>	<b>247</b>
Cleaning and building service occupations, except private household	22
Food preparation and service occupations	202
Health service occupations	5
Personal service occupations	6
Private household workers	2
Protective service occupations	10
All other protective service workers	0
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>27</b>
Farm operators and managers	2
Farm workers	8
Fishers and fishing vessel operators	0
Forestry, conservation, and logging occupations	1
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	12
Supervisors, farming, forestry, and agricultural related occupations	1
Veterinary assistants and nonfarm animal caretakers	1
All other agricultural, forestry, fishing, and related workers	3
<b>Precision production, craft, and repair occupations</b>	<b>315</b>
Blue-collar worker supervisors	34
Construction trades	177
Extractive and related workers, including blasters	2
Mechanics, installers, and repairers	53
Machinery mechanics, installers, and repairers	19
Vehicle and mobile equipment mechanics and repairers	9
Other mechanics, installers, and repairers	21
<b>Production occupations, precision</b>	<b>35</b>
Assemblers, precision	3
Food workers, precision	8
Inspectors, testers, and graders, precision	6
Metal workers, precision	6
Printing workers, precision	1
Textile, apparel, and furnishings workers, precision	6
Woodworkers, precision	3
Other precision workers	2
<b>Plant and system occupations</b>	<b>1</b>
Chemical plant and system operators	0
Electric power generating plant operators, distributors, and dispatchers	0
Gas and petroleum plant and system occupations	0
Stationary engineers	0
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>242</b>
Machine setters, set-up operators, operators, and tenders	54
Hand workers, including assemblers and fabricators	33
Transportation and material moving machine and vehicle operators	52
Helpers, laborers, and material movers, hand	102

**EXHIBIT 4.19**  
**In-State Occupational Employment Impacts of Annual Oklahoma Main Street Program**  
**Activity (\$57 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>1,560</b>
<b>Executive, administrative, and managerial occupations</b>	<b>130</b>
Managerial and administrative occupations	99
Management support occupations	31
<b>Professional specialty occupations</b>	<b>53</b>
Engineers	14
Architects and surveyors	5
Life scientists	0
Computer, mathematical, and operations research occupations	6
Physical scientists	1
Religious workers	2
Social scientists	0
Social and recreation workers	1
Lawyers and judicial workers	1
Teachers, librarians, and counselors	6
Health diagnosing occupations	1
Health assessment and treating occupations	4
Writers, artists, and entertainers	8
All other professional workers	3
<b>Technicians and related support occupations</b>	<b>24</b>
Health technicians and technologists	5
Engineering and science technicians and technologists	16
Technicians, except health and engineering and science	3
<b>Marketing and sales occupations</b>	<b>407</b>
Cashiers	109
Counter and rental clerks	7
Insurance sales agents	1
Marketing and sales worker supervisors	53
Models, demonstrators, and product promoters	1
Parts salespersons	2
Real estate agents and brokers	2
Retail salespersons	206
Sales engineers	1
Securities, commodities, and financial services sales agents	1
Travel agents	0
All other sales and related workers	25
<b>Administrative support occupations, including clerical</b>	<b>221</b>
Adjusters, investigators, and collectors	9
Communications equipment operators	1
Computer operators	1
Information clerks	6
Mail clerks and messengers	1
Postal clerks and mail carriers	2
Material recording, scheduling, dispatching, and distributing occupations	95

Records processing occupations	32
Secretaries, stenographers, and typists	22
Other clerical and administrative support workers	52
<b>Service occupations</b>	<b>226</b>
Cleaning and building service occupations, except private household	17
Food preparation and service occupations	191
Health service occupations	4
Personal service occupations	5
Private household workers	1
Protective service occupations	8
All other protective service workers	0
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>14</b>
Farm operators and managers	0
Farm workers	1
Fishers and fishing vessel operators	0
Forestry, conservation, and logging occupations	0
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	10
Supervisors, farming, forestry, and agricultural related occupations	0
Veterinary assistants and nonfarm animal caretakers	0
All other agricultural, forestry, fishing, and related workers	1
<b>Precision production, craft, and repair occupations</b>	<b>283</b>
Blue-collar worker supervisors	28
Construction trades	171
Extractive and related workers, including blasters	2
Mechanics, installers, and repairers	42
Machinery mechanics, installers, and repairers	14
Vehicle and mobile equipment mechanics and repairers	7
Other mechanics, installers, and repairers	19
<b>Production occupations, precision</b>	<b>25</b>
Assemblers, precision	2
Food workers, precision	7
Inspectors, testers, and graders, precision	3
Metal workers, precision	3
Printing workers, precision	0
Textile, apparel, and furnishings workers, precision	5
Woodworkers, precision	2
Other precision workers	2
<b>Plant and system occupations</b>	<b>1</b>
Chemical plant and system operators	0
Electric power generating plant operators, distributors, and dispatchers	0
Gas and petroleum plant and system occupations	0
Stationary engineers	0
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>177</b>
Machine setters, set-up operators, operators, and tenders	29
Hand workers, including assemblers and fabricators	21
Transportation and material moving machine and vehicle operators	38
Helpers, laborers, and material movers, hand	89



**EXHIBIT 4.20**  
**National Occupational Employment Impacts of Cumulative Oklahoma Main Street**  
**Program Activity (\$885 million)**

<b>TOTAL NUMBER OF JOBS</b>	<b>28,446</b>
<b>Executive, administrative, and managerial occupations</b>	<b>2,488</b>
Managerial and administrative occupations	1,824
Management support occupations	664
<b>Professional specialty occupations</b>	<b>1,049</b>
Engineers	277
Architects and surveyors	84
Life scientists	6
Computer, mathematical, and operations research occupations	136
Physical scientists	21
Religious workers	35
Social scientists	9
Social and recreation workers	25
Lawyers and judicial workers	20
Teachers, librarians, and counselors	117
Health diagnosing occupations	10
Health assessment and treating occupations	64
Writers, artists, and entertainers	184
All other professional workers	61
<b>Technicians and related support occupations</b>	<b>470</b>
Health technicians and technologists	92
Engineering and science technicians and technologists	303
Technicians, except health and engineering and science	76
<b>Marketing and sales occupations</b>	<b>6,842</b>
Cashiers	1,795
Counter and rental clerks	154
Insurance sales agents	40
Marketing and sales worker supervisors	889
Models, demonstrators, and product promoters	17
Parts salespersons	31
Real estate agents and brokers	30
Retail salespersons	3,360
Sales engineers	14
Securities, commodities, and financial services sales agents	22
Travel agents	2
All other sales and related workers	488
<b>Administrative support occupations, including clerical</b>	<b>4,184</b>
Adjusters, investigators, and collectors	208
Communications equipment operators	27
Computer operators	23
Information clerks	144
Mail clerks and messengers	21
Postal clerks and mail carriers	41
Material recording, scheduling, dispatching, and distributing occupations	1,632

Records processing occupations	611
Secretaries, stenographers, and typists	422
Other clerical and administrative support workers	1,055
<b>Service occupations</b>	<b>3,923</b>
Cleaning and building service occupations, except private household	349
Food preparation and service occupations	3,222
Health service occupations	75
Personal service occupations	94
Private household workers	25
Protective service occupations	152
All other protective service workers	6
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>414</b>
Farm operators and managers	28
Farm workers	122
Fishers and fishing vessel operators	4
Forestry, conservation, and logging occupations	10
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	181
Supervisors, farming, forestry, and agricultural related occupations	10
Veterinary assistants and nonfarm animal caretakers	12
All other agricultural, forestry, fishing, and related workers	48
<b>Precision production, craft, and repair occupations</b>	<b>4,802</b>
Blue-collar worker supervisors	516
Construction trades	2,688
Extractive and related workers, including blasters	37
Mechanics, installers, and repairers	809
Machinery mechanics, installers, and repairers	288
Vehicle and mobile equipment mechanics and repairers	144
Other mechanics, installers, and repairers	321
<b>Production occupations, precision</b>	<b>540</b>
Assemblers, precision	45
Food workers, precision	126
Inspectors, testers, and graders, precision	93
Metal workers, precision	85
Printing workers, precision	11
Textile, apparel, and furnishings workers, precision	98
Woodworkers, precision	46
Other precision workers	37
<b>Plant and system occupations</b>	<b>12</b>
Chemical plant and system operators	2
Electric power generating plant operators, distributors, and dispatchers	2
Gas and petroleum plant and system occupations	6
Stationary engineers	1
Water and liquid waste treatment plant and system operators	1
<b>Operators, fabricators, and laborers</b>	<b>3,722</b>
Machine setters, set-up operators, operators, and tenders	834
Hand workers, including assemblers and fabricators	508
Transportation and material moving machine and vehicle operators	801
Helpers, laborers, and material movers, hand	1,578



**EXHIBIT 4.21**  
**In-State Occupational Employment Impacts of Cumulative Oklahoma Main Street**  
**Program Activity (\$885 million)**

<b>TOTAL NUMBER OF JOBS</b>	<b>24,437</b>
<b>Executive, administrative, and managerial occupations</b>	<b>2,012</b>
Managerial and administrative occupations	1,535
Management support occupations	477
<b>Professional specialty occupations</b>	<b>812</b>
Engineers	220
Architects and surveyors	73
Life scientists	4
Computer, mathematical, and operations research occupations	91
Physical scientists	16
Religious workers	31
Social scientists	7
Social and recreation workers	21
Lawyers and judicial workers	13
Teachers, librarians, and counselors	100
Health diagnosing occupations	9
Health assessment and treating occupations	57
Writers, artists, and entertainers	130
All other professional workers	41
<b>Technicians and related support occupations</b>	<b>371</b>
Health technicians and technologists	73
Engineering and science technicians and technologists	247
Technicians, except health and engineering and science	50
<b>Marketing and sales occupations</b>	<b>6,519</b>
Cashiers	1,748
Counter and rental clerks	112
Insurance sales agents	23
Marketing and sales worker supervisors	847
Models, demonstrators, and product promoters	15
Parts salespersons	25
Real estate agents and brokers	27
Retail salespersons	3,313
Sales engineers	12
Securities, commodities, and financial services sales agents	11
Travel agents	1
All other sales and related workers	385
<b>Administrative support occupations, including clerical</b>	<b>3,478</b>
Adjusters, investigators, and collectors	142
Communications equipment operators	20
Computer operators	17
Information clerks	96
Mail clerks and messengers	14
Postal clerks and mail carriers	26
Material recording, scheduling, dispatching, and distributing occupations	1,512
Records processing occupations	503

Secretaries, stenographers, and typists	339
Other clerical and administrative support workers	809
<b>Service occupations</b>	<b>3,604</b>
Cleaning and building service occupations, except private household	266
Food preparation and service occupations	3,048
Health service occupations	68
Personal service occupations	73
Private household workers	23
Protective service occupations	123
All other protective service workers	4
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>213</b>
Farm operators and managers	3
Farm workers	23
Fishers and fishing vessel operators	0
Forestry, conservation, and logging occupations	5
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	155
Supervisors, farming, forestry, and agricultural related occupations	3
Veterinary assistants and nonfarm animal caretakers	7
All other agricultural, forestry, fishing, and related workers	15
<b>Precision production, craft, and repair occupations</b>	<b>4,310</b>
Blue-collar worker supervisors	421
Construction trades	2,597
Extractive and related workers, including blasters	26
Mechanics, installers, and repairers	650
Machinery mechanics, installers, and repairers	213
Vehicle and mobile equipment mechanics and repairers	115
Other mechanics, installers, and repairers	287
<b>Production occupations, precision</b>	<b>383</b>
Assemblers, precision	25
Food workers, precision	116
Inspectors, testers, and graders, precision	50
Metal workers, precision	50
Printing workers, precision	5
Textile, apparel, and furnishings workers, precision	75
Woodworkers, precision	35
Other precision workers	28
<b>Plant and system occupations</b>	<b>8</b>
Chemical plant and system operators	1
Electric power generating plant operators, distributors, and dispatchers	1
Gas and petroleum plant and system occupations	4
Stationary engineers	1
Water and liquid waste treatment plant and system operators	1
<b>Operators, fabricators, and laborers</b>	<b>2,727</b>
Machine setters, set-up operators, operators, and tenders	440
Hand workers, including assemblers and fabricators	321
Transportation and material moving machine and vehicle operators	588
Helpers, laborers, and material movers, hand	1,378


**CHAPTER FOUR ADDENDUM**

**Profiles of Investment and Impacts in Oklahoma Main Street Communities**

<p><b>Ada</b> <b>Altus</b></p>	<p><b>BEST BUSINESS PRACTICES</b> Altus - Confectionately Yours</p>  <p>Confectionately Yours provides a friendly place for downtown shoppers to take a break with a "free" taste of fudge while browsing gourmet kitchen gadgetry and specialty foods. Don and Doris Jouett take pride in finding unique products for shoppers wrapped in the warmth of friendly employee service and customer attention. The company uses local musicians to attract friends to an inviting place to relax, sip cappuccino from the coffee bar and share their thoughts of the day. Their business practices clearly exhibit creative displays, attractive window and seasonal images that capture shoppers' attention even when the store is closed.</p>  <p>(Oklahoma Main Street News Spring 2008 Awards Issue)</p>
<p><b>Ardmore</b></p>	<p><b>Main Street Business of the Year:</b> "Southern Vending's property holdings cover 73% of the buildings on the block where it is located. Its office where it is spaces are housed in seven buildings. Through the years, each time southern Vending acquired a building it restored the building to its historic roots. Tommy Harris, owner of Southern Vending, is a proactive preservationist. Since 1994, his company has invested 400,000 interesting or rebuilding its properties. Where others planned demolitions and parking lots, he only saw possibilities. Through his example, pride of building ownership has returned. Mr. Harris has served as one of Ardmore's top volunteer economic development leaders and he encourages his employees to be active as community volunteers" (Oklahoma Main Street News, Vol. 16. Issue 1. pg 2).</p> <p><b>Preserve America Community: Ardmore, Oklahoma</b></p> <p>Ardmore (population 23,711), one of the most historic small towns in Oklahoma, began with the establishment of a ranch in what was the Chickasaw Nation. It grew up around the Santa Fe railroad, which first arrived in 1887. By the 1890s, Ardmore was the largest inland cotton market in the world. Nearly the entire town burned</p>

down in 1895. Following statehood in 1907, much of the business district was destroyed a second time by a 1915 gasoline explosion that killed 49 people. Oil had been discovered in Ardmore in 1913, giving the town the means to rebuild. Among Ardmore's claims to fame is being the hometown of outlaw Bill Dalton, actress Rue McClanahan, and S.N. Goldman, inventor of the shopping cart. Ardmore has recently rehabilitated the 1918 Santa Fe Railroad Depot, vacant for 20 years, and is using the Mission Revival building for Main Street program offices, meeting rooms, a police sub-station, and for its original use as a train station. Funding came from Transportation Enhancement funds, the U.S. Department of Energy, and private foundations. This successful multi-phase, public/private project provided a stimulus for economic development. Business owners in the area report a 50 percent increase in traffic and a safer atmosphere and the percentage of train passengers has increased by 70 percent in one year. Profit from rentals assists the Main Street Authority in covering the costs of revitalization and promotion of the historic downtown area. This year, Ardmore was one of nine Oklahoma cities participating in a statewide walking tour promotion. Tours were held in a different city each Saturday for nine weeks. Those who participated in six or more tours received a free subscription to *Oklahoma Today* magazine and a chance to win a weekend getaway. Ardmore is also home to the Greater Southwest Historical Museum, on land that includes the former National Guard Armory and high school stadium, both built by the Works Progress Administration. Displays of equipment for agriculture and petroleum exploration—two of the most significant aspects of the local economy—are being developed, as well as interpreted planting of native flora, explaining its impact on how the area was settled and developed.

<http://www.preserveamerica.gov/PACommunity-ardmoreOK.html>

	<p><i>Best New Business Downtown</i></p>  <p><b>Ardmore — Main Street Coffee</b></p> <p>Main Street Coffee brings a diverse crowd to downtown Ardmore. This upscale espresso and cappuccino coffee house offers a meeting room for up to 20 people, a community bulletin board, Internet access and a comfortable place just to relax. The business has become the official meeting place for shoppers and various meeting groups. Main Street Coffee promotes great customer service through employee training in quality control and by following the guidelines of independent coffee houses across the country. With the business located in the middle of the block, this part of downtown's image is more vibrant and the property value of the building has doubled. Great volunteers for Main Street and the community, the owners promote downtown Ardmore's sense of place and other businesses benefit from the increased customer traffic. Like the owners say — Main Street Coffee, it's worth the trip downtown.</p> <p>(Oklahoma Main Street Project Summer 2006)</p>
<p><b>Bethany</b></p>	
<p><b>Checotach</b></p>	
<p><b>Cordell</b></p>	<p>Won National Main Street Award in 1999(Oklahoma Main Street New, Vol. 16. Issue 1).</p> <p><b>Public Improvement Project:</b> Renovated and restored The Washita Theatre originally built in 1946, it has since become an eyesore in the Courthouse Square National Historic District. But in 1995 the city bought this building for \$24,000 and by 1999 had rehabilitated it into a modern movie theatre with a new projection system, new seats, THX and Dolby sound, and a larger concession area (Oklahoma Main Street News, Vol. 16. Issue 1).</p>





**Building Façade Renovation:** “Robert and Nancy Koehn purchased the historic Vawter & Co. General Merchandise Building on the south side of the square in 1999 and immediately started the restoration process. Metal coverings were removed, and wood-framed windows were replaced, and glass was replaced as closely to original as possible. Old layers of paint were stripped and a new oak entrance door was added. The Koehns, plus Nancy’s father did most of the work themselves. The project cost about \$5,000 with the glass replacement accounting for nearly half that amount. The building now houses the Koehn Insurance Agency” (Oklahoma Main Street News, Vol. 16, Issue 1, pg 3).



## 1999 Great American Main Street Award™ Winner

### Cordell, Oklahoma

[back to winners page](#)



Since 1993, the town of **Cordell, Okla.**, (pop. 2,903) has experienced a renaissance. From comprehensive aesthetic improvements to innovative programs designed to assist businesses, Main Street Cordell, Inc., has been the leading catalyst in the rebirth of main street.

In the mid-1980s, Cordell experienced an economic collapse when three locally owned banks and a savings and loan closed. Oklahoma's agricultural and oil bust precipitated not only an economic depression, but also a crisis in confidence. The residents of Cordell needed a vision for the future.


Main Street Cordell became the vehicle for restoring not only the community's economy, but also its spirit. The program, with its legion of volunteers, inspired a rebirth in commerce and confidence. The community's astounding renewal can be measured by several recently completed achievements, including successful completion of a \$1.25-million downtown streetscape project, which was funded through ISTEA. The main street facelift involved 14 linear blocks with 5,600 feet of new sidewalks, period streetlights, and new water lines.

An adaptive-use project, Florence House on the Square, converted a hospital and dry goods store into moderately priced housing for the elderly. The \$1.3-million project created 20 apartments, along with a beauty shop and hospital museum in the building. The success of Florence House has spurred other downtown housing, turning Cordell into a 24-hour downtown.

Another important building project transformed a former tire shop and filling station into a state-of-the-art, 6,500-square foot police complex. Although the city only spent \$125,000 for the redevelopment, the project has been appraised at \$275,000. Among its amenities, the building houses a precinct room, with large windows overlooking the courthouse square, that is constantly booked by the community.

Centennial Park on the Square, a \$175,000 public improvement project taken on by the city, is another of Cordell's successes. The Main Street Brick Sales Committee was organized to raise funds for the park improvement and netted \$85,000 in a year and a half.

In just five years, Cordell's sales tax revenues have shown an average annual increase of \$62,000. Public- and private-sector investment has totaled \$4.6 million, which

	<p>includes 42 storefront restorations, 45 building rehabilitations, and 28 buildings sold in the downtown historic district. The number of new or expanded businesses downtown has reached a total of 55, with a net increase of 84 new jobs. Except for the founding and development of the city from 1897 to 1920, the five-year period from 1993 to 1998 has seen the largest public- and private-sector projects in Cordell's history.</p> <p>This small, tenacious farming community embodies the very spirit of America's western pioneers. With resilience, faith, and true determination, the people of Cordell have proudly rebuilt their home on the prairie.</p> <p><a href="http://www.mainstreet.org/content.aspx?page=6983">http://www.mainstreet.org/content.aspx?page=6983</a> National Trust for Historic Preservation</p>
<p><b>Duncun</b></p>	
<p><b>El Reno</b></p>	<p><b>Partner of the Main Street Project:</b> “King Electric donates materials and professional labor for every Main street event in El Reno. They built panels and custom made several dozen extension cords for the burger day festival. They donated approximately 5,400 feet of Christmas lights and professional labor needed to install and mount all the lights on the downtown buildings. They also installed downtown holiday pole decorations, usually sacrificing their Thanksgiving holiday in order to get the decorations up before the Christmas event. They donated materials and all day professional labor for Channel 5, day, \$20,000 in materials, and over 300 volunteer hours towards downtown's Youngheim Centennial Plaza. They are involved in most of the estimates, King electric has donated 200,000 in materials and services over the existence of the Main Street Program in El Reno” (Oklahoma Main Street News, Spring 2008 Main Street Awards Issue. Pg 4).</p>  <p><b>Public Improvement Project:</b> The Canadian County Historical Society and El Reno Main Street teamed up to restore the original trolley line through the downtown district. When El Reno applied for a federal transportation grant, it wasn't just for the tourism opportunities. Downtown businesses were flooding after rains and the streets needed major work. Two-thirds of the grant was devoted to improving streets and replacing water lines in the trolley route before laying the rail. Today El Reno offers the only rail-based trolley in Oklahoma. In its first five months of operation over</p>

8,000 people have ridden the trolley. These riders have eaten and shopped in downtown El Reno, helping to strengthen downtown businesses. And, the new streets have greatly improved the look of the downtown (Oklahoma Main Street Program Vol. 17 Issue 1 pg.3).



**Down Town Business of the Year: “Russell-Murray Hospice**

Russell- Murray in El Reno began in 1988 with two employees and today employs 63 people with an annual payroll of 2.2 million. Russell-Murray has made a long term investment in the downtown district through jobs, property rehabilitations and direct community involvement. The company has a reputation of providing top quality patient care 24/7. Russell-Murray is a charter member of the El Reno Main Street Program – since 1988- where employees continue active service on committees and also co-chair the “Burger Days Festival,” a nationally known special event. Russell Murray’s commitment to support historic preservation was demonstrated in their \$440 thousand in building improvements. The business shops downtown “first”- supporting retail merchants, insurance companies, pharmacies and local banks. The company provides a great service to El Reno and we are fortunate that Russell-Murray is here” (Oklahoma Main News Awards 2007).



**Enid**

**Received National Main Street Award is 2001.** Enid was recognized for having done exceptional work in the revitalization and preservation of its historic and cultural downtown district (Oklahoma Main Street News, Vol. 16. Issue 1).

Prior to 1978, downtown Enid prospered with busy retail shops and professional offices. But as in many American cities, downtown Enid "modernized" its buildings in an effort to compete with new shopping centers. Most of downtown's historic



<p>facades disappeared under aluminum slipcovers.</p> <p>During the 1980s, the agriculture and oil industries collapsed. These factors, combined with the development of a shopping mall on the west side of town, spurred retailers and professionals to leave downtown Enid en masse.</p> <p>Starting with streetscapes and slipcover removals, Main Street Enid began its downtown revitalization in 1994. The Main Street promotion committee organized a full calendar of special events and retail promotions to show residents that downtown was not dead.</p> <p>Main Street Enid turned a former grocery warehouse into Adventure Quest, the nation's largest outdoor learning playground and hands-on arts and science learning center. Twelve thousand volunteers worked to create what is now Oklahoma's most popular children's destination.</p> <p>Several white elephant buildings have been revitalized. The most dramatic project, Symphony Hall, is located in an old Masonic Temple whose two performance halls and elaborate Egyptian-style lobby had been vacant for 40 years. The Enid Symphony raised more than \$1 million for the renovation of their new performing arts center.</p> <p>Main Street Enid has been an economic boon for downtown. Enid proudly boasts 34 façade renovations since 1994, representing more than \$300,000 of investment. More than 600 new jobs have been created while 56 businesses have either opened or expanded into additional space. Investment from public and private sectors totals \$14 million. Today, 2900 employees shop and dine in the district.</p> <p>Main Street Enid has transformed the central business district into the community's cultural, historical and recreational center. New restaurants, restored building facades, exciting retail and numerous attractions have made downtown once again bustle with enthusiasm and economic prosperity. – <i>National Trust for Historic Preservation</i><a href="http://www.mainstreet.org/content.aspx?page=6958">http://www.mainstreet.org/content.aspx?page=6958</a></p> <p><b>Design Efforts:</b> “The Main Street Enid Design Committee develops incentives and leads by example. One incentive offered is façade removal. A local contractor provides the scaffolding and training and committee members remove aluminum. Aluminum recycling proceeds are given to the property owner for reinvestment in the project. Another incentive is the awning grant program. This pays up to one-quarter of the cost of a new awning, provided the committee approves the color and shape. Ten new awnings have been installed since the program began... Every downtown retail property owner that has undergone a façade improvement has had increased sales for that year” (Oklahoma Main Street News, Vol. 16. Issue 1. pg 2).</p>
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**Public Improvement Projects:** “The Design Committee created a landscape subcommittee to redesign and replant the 64 corner nodes in downtown Enid. Landscape designers, master gardeners, downtown property owners and merchants, and citizens who enjoyed gardening were recruited. A workbook was created with photos, maps, measurements, and needs of each bed. The city donated compost and mulch, while a local construction firm, and Main Street member, permitted the use of their work lot to store the materials for convenient access. Over \$10,000 was raised to pay for materials and maintenance through the summer months. Individuals and groups from all over the community got involved as a result of carefully planned publicity. Volunteer and supervised groups, such as inmate work teams, community service offenders, and residents from the Enid boys Group Home, were scheduled for certain nights. Twenty-seven of the 64 corner nodes were completed this past year” (Oklahoma Main Street Program Vol. 17 Issue 1 pg.3).



**New Downtown Business:** Cafe DaVinci makes the downtown better by providing a desirable place for people to gather, sit comfortably while enjoying great eats, view the works of local artists and just “hang out”. The business has helped make that area of downtown Enid a destination for entertainment, arts and a great dining experience. Café DaVinci’s edifice is a revitalized industrial building of the late 1800’s that sits across the street west of an old fashioned ball park and provides a spot for visitors to relax before or after a game. With an outdoor patio, shoppers can sit and take a break, people watch and enjoy the day or evening. The restaurant is a meeting place for the community within close proximity to the post office, courthouse and several professional services. Café DaVinci already is recognized for great products and services and its cool atmosphere. Café DaVinci is an experience in and of itself with a big city feel and hometown charm.

	
<p><b>Hooker</b></p>	
<p><b>Newkirk</b></p>	<p>Won National Main Street Award in 2000 (Oklahoma Main Street News, Vol. 16. Issue 1).</p> <p><b>Adaptive Reuse Project:</b> Historic Korn's Building/ Earth Road Graphics a two –story limestone building built in 1902 by John Korn's has served both retail and residential uses. The Korn's family owned the property until 1940 when it became a Ben Franklin Store for the next 33 years. The building sat empty from 1988 until Newkirk Community Historical Society saved the building from city condemnation 1997. In 2006 a retired art teacher from Arkansas City converted the upper floor to the Earth Road Graphics Studio. The Downstairs is now the home of the Newkirk Main Street Office and the Newkirk Heritage Center. (Oklahoma Main Street News, Spring 2008 Main Street Awards Issue. Pg 3).</p> 

## BEST FACADE RENOVATION UNDER \$10,000

### Newkirk Korns Building

The 1909 Korns Building, now known as the Newkirk Heritage Center, was purchased by the Newkirk Community Historical Society in 1995. The upper windows were restored, and the



clerestories were uncovered, cleaned and caulked. The stone was washed, the trim was painted and the roll-out awning was replaced with a new one that matched the original. In late 2001 the new signage was completed, bringing the total cost of the project to about \$6,000. The building now serves as a heritage center complete with historic furnishings. Community gatherings are held there and the Newkirk Main Street office is located in the building. This renovation continued to prove that old buildings that look “lost” can be revived for the community to enjoy.



(Oklahoma Main Street Program Vol. 18. Issue 1. pg.2 2003)

### Newkirk Cline Building Restoration



The 1925 Cline Building had been used for storage for nearly 10 years until the Cline family donated it to the Newkirk Historical Society. Originally a pharmacy on the first floor with a law office on the second floor, the building was restored with careful attention to historic detail. Newkirk Main Street partnered with the Newkirk Historical Society, and inmate labor, supervised by Main Street staff, was used for some of the work. Newkirk Main Street secured

an energy grant that was used for new lighting, heating and air conditioning. The building is now rented to the Kaw Nation Women's Center, a new business on Main Street that brings vitality to the area.

(Oklahoma Main Street Program Vol. 18. Issue 1. pg.3 2003)

**Best Façade Renovation Under 10,000:** “not one thin dime was spent painting this building—just lots of elbow grease by volunteers. The paint was left over from last year’s Keep Oklahoma’s Fresh Paint Day project that was used on the two adjacent buildings. For fun, the colors were reversed on this building. There were three major concerns for this project: 1. that the weather would cooperate, 2. That our ‘good’ inmate would get out of jail early before the job could be finished, 3. that we would



not be able to obtain a higher lift.” Seven volunteers took 14 days to do this work. This would have taken less time had the first lift been taller than fourteen feet! (Oklahoma Main Street New 2007)



**Nowata**

**BEST PUBLIC IMPROVEMENT PROJECT**

**Okmulgee**

**Okmulgee  
Jim Newport Memorial Community Pocket Park**



The Pocket Park project began as a dream of the Newport Family and the Okmulgee Main Street Board of Directors to turn one of Okmulgee’s burned out building spaces into a beautiful public open space. Charlotte Newport, a local businessperson and passionate board member, purchased and donated the land, and a design plan was developed with the help of the state architect. The park cost nearly \$100,000 to build. A

grant of \$25,000 was received from a private foundation, \$60,000 in brick pavers were sold, and \$15,000 was raised in park sponsorships. Community organizations, local business owners and volunteers donated time and technical services to the project. Okmulgee Main Street worked with several community organizations and the city to develop a long-term maintenance plan. Now all citizens have a wonderful downtown space to enjoy.

**MAIN STREET BUSINESS OF THE YEAR**

**Okmulgee  
M&D Star Drug**

M&D Star Drug was the first rehabilitation project in Oklahoma Main Street history, and business owner Charlotte Newport has either served on the board or a committee every year since 1986. Newport encourages her employees to take active ownership downtown, and seven of her 12 employees serve on committees.



“Mornings on Main Street” is held in her store, and she donates gift items from her store on a continual basis for Main Street events. M&D Star Drug is open 8 am to 6 pm Monday through Saturday, and Main Street brochures are always by the register. Newport’s beautifully restored building, quality merchandise, and clean, inviting and well-placed displays provide examples of excellence for downtown Okmulgee.

(Oklahoma Main Street Program Vol. 18. Issue 1. pg.3 2003)

## Main Street Business of the Year - The Home Store - Okmulgee




Nolan Crowley's *The HOME Store* is a shining example of all that is great with the Main Street program. While the program director of the Okmulgee Main Street Program, Nolan realized a business opportunity for the downtown and entire community in home décor and accessories. The business has been fantastic for the downtown area. After the building was renovated, a chain reaction occurred when the property next door followed suit and two other home décor related businesses opened on the same block. When tour buses come to visit downtown Okmulgee, you'll always see large groups headed for The HOME Store. The company has provided an increase in sales tax for the community, is a wonderful example of the Main Street Approach and deserves recognition as Business of the Year.

(Oklahoma Main Street Project Spring 2004 Awards)

### **Local Testimonials**

"I saw other merchants making commitments, both personal and financial, and saw the positive results. I decided I wanted to be involved, too."

	<p><b>Joe Brown, business owner</b></p> <p>“Downtown was in bad shape. It didn’t get that way overnight and it wasn’t going to get better overnight.”</p> <p><b>John Mabrey, founding chairman, Okmulgee Main Street</b></p> <p>“Gone are the days when we would sit back and react to bad news. Now we go out and make good things happen.”</p> <p><b>Linda S. Milligan, board chair, Okmulgee Main Street</b></p> <p><a href="http://www.mainstreet.org/content.aspx?page=6075&amp;section=3&amp;kbentry=1707">http://www.mainstreet.org/content.aspx?page=6075&amp;section=3&amp;kbentry=1707</a></p> <h2 style="text-align: center;">OUTSTANDING DESIGN EFFORTS</h2> <p><b>Okmulgee Main Street Design Committee</b></p> <p>Each fall the Okmulgee Main Street Design Committee conducts surveys in the community to solicit ideas for new design projects for the coming year. The committee meets and develops a list of goals that are presented to the board for inclusion in the work plan. Over 400 rehabilitation projects have taken place in the 17 years Okmulgee has been in the Main Street program. The committee has developed a low-interest loan pool sponsored by two local banks, and held design grant fundraisers for its design grant program. This past year the committee held three educational workshops for downtown business owners, assisted 14 downtown property owners with design improvements, and spearheaded the completion of the new pocket park.</p>  <p>(Oklahoma Main Street Program Vol. 18. Issue 1. pg.3 2003)</p>
<p><b>Ponca City</b></p>	
<p><b>Purcell</b></p>	
<p><b>Sand Springs</b></p>	
<p><b>Shattuck</b></p>	<p><b>Façade Renovation:</b> “Mason Funeral Home donated this early 1900s building to Shattcuk Main Street in 2001 to house their new Main Street office. After careful consideration and investigative work, phase one of the project was begun with the removal of the metal façade. Following the secretary of the interior’s standards for rehabilitation, upper story windows were repaired and the storefront was rebuilt based on documentation from an historical photograph. Total Project cost was approximately 9,000 and this successful rehabilitation has prompted several other</p>

businesses to begin their own restoration projects” (Oklahoma Main Street Program Vol. 17 Issue 1 pg.2).



## Shawnee

## Top Economic Restructuring Project - Downtown Shawnee TIF District



A Tax Increment Financing District was created to capture the increase in property values produced by downtown revitalization efforts in downtown Shawnee. Ad valorem tax levels were frozen which created the baseline level. Any increases in ad valorem value go into a fund to improve the Main Street District. Monies from the tax increment will go to the beautification of downtown for things like façade grants and streetscape improvements. Since the TIF resolution, the project has created a great deal of excitement including the sale of 7 properties bringing downtown new businesses. This project has provided a positive demonstration in Main Street revitalization to business and property owners. While most of the positive results of the TIF District are ahead of us, downtown Shawnee is currently witnessing an increase in investment with vacant upper floors being converted to residential units.

(Oklahoma Main Street News Spring 2004 Awards Issue)

# Economic Restructuring Winners

## Best Adaptive Reuse Project



*Before*



*After*

### Shawnee — Aldridge Housing Associates

From a magnificent 200 room hotel built in 1929 to a boarded up 10 story landmark full of pigeons, the Aldridge is again a showplace in downtown Shawnee. The Aldridge has been totally renovated to a grand 62 unit, one and two bedroom apartment building and displays

much of the original design and architectural splendor. But the restoration wasn't an overnight success and the words "It will never happen," rang out for over 10 years. The economic impact has been immediate with increased retail sales and more buyer interest in downtown property. The renovation represents a \$10 million investment in downtown Shawnee. Listed on the National Register of Historic Places, the Aldridge's "address of distinction" is more relevant now than ever before.

(Oklahoma Main Street News Summer 2006)

<b>Stillwater</b>	
<b>Stockyards City</b>	
<b>Stroud</b>	
<b>Sayre</b>	<p><b>Business Practices:</b> "Best business practices are the rule at Interbank in Sayre, Oklahoma. Management's approach to customers and employees is professional, friendly and always respectful. The bank is very concerned about the future of the community and the people in it. Interbank has been one of the strongest supporters of the Sayre Main Street Program by being a member, a partner for special events and an</p>

active participant in the economic development of the community. Lobby hours from 7:00 to 7:00, convenient locations, a friendly hello with a smile, coffee room and space for community meetings are just the start of Interbank practice quality customer care and receive extensive training on individual relationships with customers. Interbank is a great asset to our community” (Oklahoma Main Street Awards 2007).



**Idabel**



BEFORE: Rouleau (pronounced Roo’low) is a French word meaning ‘roll of coins’, but it once seemed no amount of money could save this historic hotel from the wrecking ball. This three-story building was originally built in 1916 and once housed notable persons like Oklahoma Gov. William (Alfalfa Bill) Murray. Restoration of the landmark hotel began with an Idabel Main Street “Save the Rouleau” campaign.



AFTER: Located on Main Street, this three-story red brick beauty is one of Idabel’s last standing early-day landmarks. In almost a half century of service, the Rouleau

Hotel was the center of social and civic activity and helped to anchor the business district. It is one of only three projects of this type funded in the state of Oklahoma. The building, now called the Rouleau House, consist of twenty apartments that provide safe housing to the elderly and disabled of the area, while preserving this historic structure. The house is currently at full capacity and all twenty residents (and their visiting family and friends) contribute to the economy by regularly shopping with downtown merchants, who are all within walking distance.



BEFORE: Sherman's Shoe store is the first of several facade improvements by downtown businesses.

AFTER: The preservation of the unique architecture of the building is encouraged to maintain its historical character.

<http://idabelmainstreet.com/wsn/page2.html>

<b>Cherokee</b>	
<b>Capital Hill</b>	
<b>Watonga</b>	<p><b>Best Façade Renovation:</b> This 100 year old building had metal covering much of the façade, including a very large arched display window. Work included removing the metal, repairing or milling all new upper floor windows, replacing the aluminum door and sidelights with a custom-made door and sidelights, repainting large ghost signs on the walls, and installing fabric awnings. The cost of the project was \$26,000. Of this 8,000 was an energy grant from the Oklahoma Department of Commerce, and</p>



another 5,000 was from the United States Office of Rural Development. The local Main Street Design Committee assisted as well as the main Street Architect. (Oklahoma Main Street News 2007).



### **Watonga Earns Main Street Community Of The Month**

For Immediate Release: January 23, 2008

**Contact:** [Linda Barnett](#)

**Phone:** 405-815-5271

Jan. 23, 2008 -- In August, when the remnants of Hurricane Erin hit the state, bringing with it 70-95 mph winds and inches upon inches of rain, Watonga was among the hardest hit.

The storm was a devastating blow that could have crippled the town, destroying anything in its path, including Watonga's pride - the Watonga Cheese Factory.

Instead of letting the storm beat them, the community pulled together and rallied from the storm.

"The togetherness and pride that our community has, and the willingness to work together to get things done is what makes our community great," says Bob Shoemaker, Director for Watonga Main Street. "The way our city bounced back from the devastating hurricane that ravished our town a few months ago is another indication of the closeness that makes our city great."


It's this closeness and ability to overcome that earns Watonga the title of Community of the Month for January.

Main Street has been working with the owners and the city to secure another location to keep the Cheese Factory in Watonga.

"At this point I think we have succeeded. The owner says he wants to stay in Watonga, although two other cities have offered incentives," Shoemaker says.

The community has found low interest financing and some possible locations for a

	<p>new building. They will continue to work and are very hopeful the Cheese Factory will be saved and remain in Watonga.</p> <p>"Watonga Main Street has always done a great job of overcoming obstacles...plant closings, floods, tornadoes. They host the best fundraising golf tournament in the state and have made a huge difference in their community and in their region," says Linda Barnett, Director of the Oklahoma Main Street program, a division of the Oklahoma Department of Commerce.</p> <p>Despite the tragedy, Watonga has seen progress in other areas as well.</p> <p>"Some examples of this are the new sidewalks and lighting that we are just completing on Main Street; the recently completed and state recognized "Centennial Project"; the Main Street Centennial Park, complete with a stage and public restrooms; the beautiful Huff Lorang Sports Park, which was completed last year, has 4 lighted ball parks, several soccer fields and a water park," says Shoemaker.</p> <p>Watonga Main Street continues to work hard to make their community the best it can be. With 10 years under their belt, they have seen over 4 million dollars in public and private reinvestment into downtown. This includes 125 building rehabilitation projects, a net gain in building expansions of 65 and 220 new jobs in their district. All this was made possible through nearly 12,000 volunteer hours.</p> <p>"Being a member of the Watonga Main Street Program has enabled me to become involved with other business people. I am able to help plan events and promotions that bring folks to our town to shop. It has made me feel that my business and I are a real part of Watonga. I now feel like a partner in helping Watonga to grow," says Rhonda Olson, who recently bought "Country Home Antiques" in Watonga and now serves on the Main Street Board.</p> <p><a href="http://www.okcommerce.gov/index.php?option=com_pressreleases&amp;Itemid=528&amp;id=747">http://www.okcommerce.gov/index.php?option=com_pressreleases&amp;Itemid=528&amp;id=747</a></p>
<p><b>Hobart</b></p>	<p><b>Adaptive Reuse Project:</b> A 10 thousand square foot two-story building built in 1903 initially held the E.J. Livermore Insurance company, R.E. Hobbs Oil&amp; Money Exchange and the offices of Dr. G.W. Stewart. In 1927, the building became the home of the JV Penny left, the property became the site for a hardware store, another department retailer, Kingman Studio and Standefer Plumbing. Each new owner changed the building’s original appearance. After standing vacant for a number of years, an out-of-town investor purchased the building and began making repairs. The owner’s dream was to bring the eye-sore on 4<sup>th</sup> street back to its original historic beauty. The complete reinvestment totaled over 120,000 and qualified for state and federal historic tax credits. The building now houses an antiques mall and craft fair and is the “show place” of downtown Hobart. ( Oklahoma Main Street News pg 6)</p>

<p><b>Sulphur</b></p>	<p><b>Building Façade Renovation:</b> “Melven Schwake is the owner of this second-generation wholesale bakery that his family opened in 1925. He started the 9,000 renovation by uncovering the transom and second story windows. All windows were removed and rebuilt. The entry to the stairwell was uncovered and renovated with wooden arched windows, side transoms and a secure metal door. The original Sulphur bakery sign was restored and decorative metal support beam was painted. A new flat metal awning was installed and lace curtains were placed in upper story windows. Because the owner has lived above or worked in the bakery since 1925, he was familiar with the original construction materials, and he used similar materials for the renovation. The project has helped this block’s rebirth and is a visually pleasing place for shoppers” (Oklahoma Main Street News, Vol. 16. Issue 1. pg 3).</p> 
<p><b>Perkins</b></p>	<p><b>Building Façade Renovation:</b> “Owner Harland Wells decided in 1999 to begin the restoration of the historic 1900 Miles Building. After receiving drawings and recommendations from the Main Street state architect, the project began with the removal of the wood awning. Uncovered transom frames were repaired and glass added. The discolored capstones were cleaned, exposing the original stone. Upper story bricks were reappointed and painted, and the street level steel columns and the surrounding windows were painted. Turn of the century signage was added and a new strip awning was hung. The Building restoration has served as a model to others and has prompted 10 other Main Street property owners to make visual improvements to their buildings” (Oklahoma Main Street News, Vol. 16. Issue 1. pg 2).</p>





**Façade Renovation:** “Harland Wells has done it again with his 1903 Utter Building. Using the Oklahoma Main Street Architect’s drawings and scope of work, the restoration process began in early 2001. After removal of the wood awning the original wood frame transoms were exposed and repaired. The second floor façade was repaired and painted using a color scheme designed to bring out the detail of the original pressed metal. The windows on the upper story were replaced with wood framed windows and the original storefront was rebuilt with two entrances and wooden screen doors. Finally, a stripped canvas awning finished off the project for a total rehabilitation cost of 12,000” (Oklahoma Main Street Program Vol. 17 Issue 1 pg.2).



**Perry**

**Economic Restructuring:** “Project Perry formed a list of objectives and created a comprehensive community development plan. Two of the greater needs were affordable housing and expanded day-care services. The Perry Summit Meeting was held to communicate the objectives to developers, lenders and other target audience groups. Four hundred people attended. So far progress includes two new housing developments underway and another one planned. The YMCA has expanded its day-care facilities. Water infrastructure improvements received approval from 80% of voters and several businesses have indicated an interest in locating in Perry” (Oklahoma Main Street News,

**Downtown Business:** “Since opening his downtown studio, Jim Franklin has

	<p>participated in various Main Street events, served on Main Street committees and hosted many tourists to his work place. The Franklin sculpture Studio brought fine arts to Perry and now is the highlight of all bus tours and stop downtown. The city of Perry and its business community have benefited from the talented Jim Franklin and his studio on the downtown square. Besides creating art, Jim Loves to teach sculpture classes encouraging new artists while starting a local artist colony to assist aspiring talent. A nationally respected sculpture, Jim says “it’s neat to be sculpting and have people stop and watch” (Oklahoma Main Street News, Spring 2008 Main Street Awards Issue. Pg 3).</p> 
<p><b>Durant</b></p>	<p><b>New Downtown Business:</b> “In two short years, Roma Italian Restaurant has created a downtown destination place for people to meet socialize and enjoy great Italian cuisine. The new restaurant has literally changed people’s perception of downtown Durant as a place to be at night. The leadership that the owners demonstrated will have a lasting impact of the image of downtown and has opened the eyes of current and wishful business owners. In 2007, the business doubled its original size. When Roma Italian re-opened people flooded back the first night. It was great seeing cars line the streets again at night”. (Oklahoma Main Street News, Spring 2008 Main Street Awards Issue. Pg 3).</p> 

## TOP ECONOMIC RESTRUCTURING PROJECTS (TIE)

### Durant Group Health Insurance Project

The Durant Main Street Economic Restructuring Committee determined that health insurance access and cost was a major issue for downtown business owners. After several months of work visiting businesses, surveying needs, analyzing data and making follow-up contacts, a meeting was held with all business owners interested in health insurance



issues, and an insurance broker was identified that was committed to developing a new insurance product to meet the needs. The Durant Main Street group health plan became the first of its kind in Oklahoma, and members have access to individually-rated, group-purchased health insurance options. The costs are below what many had been paying, and this allows the business owners to be more financially viable.

(Oklahoma Main Street Program Vol. 18. Issue 1. pg.3 2003)

### Durant Named Main Street Community Of The Month For December

For Immediate Release: December 20, 2007

**Contact:** [Linda Barnett](#)

**Phone:** 405-815-5271

Dec. 20, 2007 -- Over the last 10 years, Durant has created an environment that facilitates a thriving Downtown, making them December's Main Street Community of the Month.



“Durant Main Street has made great strides in the last few years with exemplary streetscape improvements highlighted by the renovation of the historic Market Square. They have a lot to be proud of and a lot to show off, says Linda Barnett, Director of the Oklahoma Main Street Center, Oklahoma Commerce.

One of the latest and most important events has been the Market Square Streetscape Project and subsequent activities. On Dec. 2, 2006, they celebrated the completion of Streetscape Phase II.

“We are very proud of the redevelopment of Market Square. This project was designed to be a community gathering place,” says Donna Now, Program Manager for Durant Main Street.

In the one year since, they have hosted more than 47 public events that are bringing

	<p>people back to the Square for good times.</p> <p>“It is a place where the older citizens can remember and the younger citizens can create memories,” says Dow. “One of the most popular activities is our weekly Music on Market Square. It was scheduled for June and July on Thursday nights. Due to its popularity, it continued throughout August, September, and October. Everything was done on a volunteer basis. People were glad to participate because of the great hometown feeling and relaxed atmosphere.”</p> <p>According to Dow, this project resulted in the rehabilitation of five buildings along the project area and a new business planning to move into these restored spaces. The new business will join six others that adjoin the project area.</p> <p>“The jobs created by these businesses will add to the strength of our thriving Downtown. Music on Market Square was Downtown at its best, and none of this would have been possible without our Streetscape project on Market Square revitalizing the beautiful public space,” Dow says.</p> <p>Since becoming a Main Street Community in 1997, Durant has seen over \$8.8 million reinvested in their downtown. This includes a net gain in businesses of 127 and the creation of 91 new jobs. They have also logged over 33,000 volunteer hours since 2002.</p> <p>“Because of the Main Street Program, Downtown Durant has a new streetscape with new sidewalks and handicap accessibility. This has helped to breathe new life into downtown. People are coming back to downtown who have not shopped downtown in years,” says Annette Armstrong, owner of Marie’s in downtown Durant.</p> <p>“All of the Main Street Promotions throughout the year bring people to town as well. With the new life in downtown, more new retail businesses have made downtown Durant their home,” she says. “The new mix of retail businesses has helped to bring more shoppers to downtown. We have been in business for 30 years and business is stronger than ever.”-</p> <p><a href="http://www.okcommerce.gov/index.php?option=com_pressreleases&amp;Itemid=528&amp;id=742">http://www.okcommerce.gov/index.php?option=com_pressreleases&amp;Itemid=528&amp;id=742</a></p>
<p><b>Talihina</b></p>	<p><b>Façade Renovation:</b> “Part of the First department store constructed in the early 1920’s this building has all the original architectural elements in place. Deteriorated they were but salvageable. Historic photographs guided the restoration work. New signage was placed so as to not cover cast stone details. “It is no longer a community embarrassment but a sparkling jewel.” A viable business now fills the space. Also, the attractiveness of this building lured two new businesses to downtown, fulfilling Talihina Main Street goals” (Oklahoma Main Street News, Spring 2008 Main Street Awards Issue. Pg 9).</p>

	
<p><b>Poteau</b></p>	<p><b>Façade Renovations: Randy Gridgan- Bridgmans/ Bridgmans Furniture</b>          “The main building is 111 years old. It has been a furniture store since the 1920’s. Long ago, the brick and original Mesker ornamental metal façade were removed for a are sleek, Art Moderne façade of stucco and steel casement windows. When the Bridgman’s met with the Main Street architect, all decided that a paint job, new signage, and new awning would be the biggest bang for the buck. Ron Frantz recommended shades of orange with black trim; Randy Bridgman’s response was enthusiastic as he is an avid OSU fan. As this is one of the first major buildings to be seen form the courthouse, the paint job inspired other to paint their buildings” (Oklahoma Main Street News, Spring 2008 Main Street Awards Issue. Pg 9).</p> 
<p><b>Sapulpa</b></p>	<p><b>Economic Restructuring Story:</b> The Berryhill Project is the fairy-tale story of a white elephant. The five-story former office building in the heart of downtown was largely vacant for many years. The Economic Restructuring Committee of Sapulpa Mai Street made upper-story housing a primary goal, with the Berryhill as their pet project. Using the Community Initiated Development Model, Sapulpa Main Street formed a limited Liability partnership with a developer and pursued various grants, loans and historic tax credits. However the partnering didn’t stop there. Several other partnerships were also needed to complete the \$3.3 million project. Today, the building including 28 new apartments for senior citizens. The property generates over 15,000 in residential and retail rent. Property taxes have increased eight-fold and downtown retail sales have increased substantially. Since the BerryHill Project began, other investment down town has included a 1.5 million renovation of Carnegie library, the 300,00 renovation of the Creek County Courthouse, and the 100,000 restoration of the Collins Ballroom inside the Historic Masonic Temple (Oklahoma Main Street Program Vol. 17 Issue 1 pg.3).</p>







*Design Winners*  
*Best Public Improvement Project*

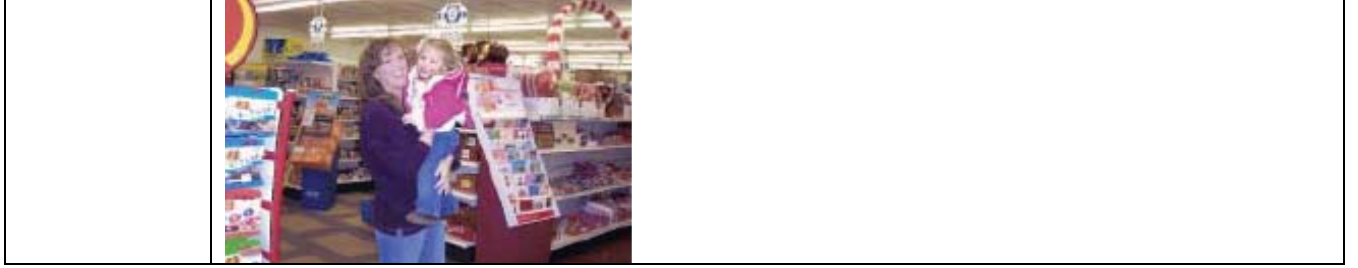


**Sapulpa —  
The Big Build**

As a way of celebrating their centennial and saying thank you to the community of Sapulpa, American Heritage Bank was the impetus of a public improvement that added a new physical identity to and commercial opportunities for downtown. After the removal of 4 condemned buildings, the Big Build structure filled the empty space and dramatically improved the image of a half a block downtown. In less than 3 months, over 3,000 people have used the Big Build Heritage Park and shopped with downtown merchants. The park was given to the city of Sapulpa and a \$30,000 maintenance endowment has been established to keep the park in a pristine condition. This public improvement project has been widely publicized and enhances the image of downtown Sapulpa.

(Oklahoma Main Street News Summer 2006)

<p><b>Woodward</b></p>	<h2 style="text-align: center;">Woodward wins special award</h2> <p>For the first time, a panel of judges has determined that one Oklahoma Main Street community had created such an outstanding downtown rehabilitation project that it deserved its own award. The L.L. Stine House renovation in Woodward was honored with the “Best of the Four Points Award” at the banquet in Oklahoma City.</p> <p>“The L.L. Stine House shows that a comprehensive historic rehabilitation can be a catalyst for economic revitalization,” said Kathy Taylor, Secretary of Commerce and Tourism. “The long-vacant building now serves as a vibrant venue for community events, and serves as a statewide model of outstanding historic rehabilitation.”</p> <p>Woodward Main Street had nominated the project for two awards. Members were surprised to learn they had not won either award, but had instead won the special award. Linda Smithton of Woodward said, “We were shocked.”</p>  <p><i><b>Before And After:</b> The 1918 L.L. Stine House, above, was in disrepair and sat empty for 17 years. After an 11-year effort to rehabilitate the building, it now serves as a vital part of the Woodward community. The effort was honored with the “Best of the Four Points Award” at the Oklahoma Main Street Awards Banquet, and serves as a statewide model of excellence in rehabilitation and community revitalization.</i></p>  <p>(Oklahoma Main Street Program Vol. 18. Issue 1. pg.1 2003)</p>
<p><b>Antlers</b></p>	<p><b>Downtown Business of the Year:</b> “The owners of Uhles Halley Drug have truly grasped the importance of being a great partner and asset to the community. Employees are trained in customer service and store producers and encouraged to further their education. The business represents the community in positive ways by their willingness to help other businesses in the area. Uhles Halley has become the major point of reference when describing where other places are located. Located next to Uhles the annual cash giveaway at Christmas is set up in front of the Chamber but advertised as “in front of Uhles” Charles and Jeanette Uhles serve on several boards I the community and have supported the Antlers Main Street Program since the application was first submitted. Other companies want to be next to Uhles Halley because that’s where the traffic is and if an item is not in stock the owners always refer customers to other businesses downtown” (Oklahoma Main Street Awards 2007).</p>



**CHAPTER FIVE**

**ECONOMIC IMPACTS OF THE CUMALATIVE OKLAHOMA  
INVESTMENT IN FEDERAL HISTORIC TAX CREDIT**

## INTRODUCTION AND SUMMARY

- The federal Historic Rehabilitation Investment Tax Credit (ITC) program for income-producing properties has been an effective tool for neighborhood and historic revitalization in both the nation and Oklahoma. Since the passage of the program's enabling legislation in 1976, it has nationally leveraged \$31 billion in private sector investment in historic structures, mostly from the private sector. Tax credits differ from, and are financially more desirable than, tax deductions. A tax credit directly reduces the amount of taxes owed by a taxpayer dollar-for-dollar, while a tax deduction merely reduces the amount of income subject to taxation. Under the federal ITC program, owners of income-producing buildings listed on the National Register of Historic Places can earn a tax credit equal to 20 percent of rehabilitation expenditures.
- Over the life of the program, projects in the state of Oklahoma that were undertaken by the private sector and subsidized by federal ITC had a market value of \$346 million, or \$507 million in today's (2007) dollars. These projects created over 10,300 jobs in Oklahoma (of about 13,000 nationally), leading to \$694 million in Oklahoma based output, \$389 million in GSP, \$284 million in labor income and \$307 million in added in-state wealth, of which \$24 million found its way into state and local government coffers.

### EXHIBIT 5.1

#### Cumulative Economic Impact of Oklahoma Construction Projects Subsidized by the Federal Historic Rehabilitation Investment Tax Credit (\$507 million)

	In-State	Out-of-State	Total (U.S.)
Jobs (person years)	10,323	2,673	12,996
Income (\$millions)	283.7	77.6	361.3
Output (\$millions)	694.0	274.4	968.4
GDP/GSP (\$millions)	389.4	117.3	506.7
Total taxes (\$millions)	106.7	10.1	116.8
<i>Federal (\$millions)</i>	82.7	4.3	87.0
<i>State/Local (\$millions)</i>	24.0	5.8	29.8
In-State wealth (\$millions)	306.7	---	---

- As noted, over the life of the federal ITC program, more than 10,000 jobs and nearly \$390 million of state gross product were created in Oklahoma by projects that received the tax credits. Almost half of both Oklahoma totals accrued to the construction sector (4,826 jobs, \$177 million in GSP). Three other areas of the state's economy saw over 1,000 jobs created, thanks to the ITC: services (1,734), manufacturing (1,436), and retail trade (1,219). Compared to the services sector, however, manufacturing again produced more wealth despite fewer additional employees (\$77.9 million GSP in manufacturing versus \$49.5 million GSP in services). Retail generated \$28.5 million in new gross state wealth, while the finance, insurance, and real estate (FIRE) sector was not far behind (\$21.8 million GSP) despite only 380 added employees over thirty years.

## THE FEDERAL HISTORIC REHABILITATION INVESTMENT TAX CREDIT: BACKGROUND

Until 1976, the tax code in the United States favored new construction. The fastest depreciation schedule—a 200 percent declining balance (DB) write-off<sup>1</sup>—was available only for new construction, whereas existing buildings were limited to a 125 percent DB schedule. The Tax Reform Act of 1976 introduced some measures to support historic preservation, such as counting preservation easements as charitable donations and a Historic Rehabilitation Investment Tax Credit (ITC) for the rehabilitation of income-producing historic buildings.

Under guidelines for this and later versions of tax legislation, income-producing properties must be “certified historic structures” (i.e., a building individually listed on the National Register, or located in, and contributing to, the historic significance of a registered historic district<sup>2</sup>); the rehabilitation had to be “substantial” (i.e., more than \$5,000, or the adjusted basis of the renovated property, whichever was greater); and finally, the rehabilitation had to be certified (i.e., had to be consistent with the historic character of the building/district—with the Secretary of the Interior’s Standards for Rehabilitation used as the required standards and guidelines).

Much more significant was the Economic Recovery Tax Act (ERTA) of 1981, which introduced a three-tier investment tax credit. A 15 percent ITC was allowed for the rehabilitation of nonresidential income-producing properties at least 30 years old; a 20 percent ITC could be taken for the renovation of the income-producing nonresidential property at least 40 years old; and a 25 percent ITC was available for the rehabilitation of historic, income-producing properties, both residential and nonresidential. These ITCs could be applied against wage and investment income, and syndications by affluent investors were commonplace. For example, a \$1 million rehabilitation of an historic apartment building would qualify for a \$250,000 ITC, which investors could deduct dollar for dollar against their federal income tax liability according to their pro rata ownership of the historic renovation project.

The new tax credit was a powerful lure. Investment under the ITC grew from \$738 million in FY1981 to \$1.128 billion in FY1982 to \$2.165 billion in FY1983 and reached a high of \$2.416 billion by FY1985. There was a spectacular increase in the number of projects as well. The 1986 Tax Reform Act, however, dramatically changed the ITC’s provisions. Instead of a three-tiered series of credits, now only a 10 percent ITC was permitted for buildings built prior to 1936. In addition, the 25 percent federal ITC for historic rehabilitation was reduced to a 20 percent credit. (Note: Since 2006, Oklahoma has offered a state ITC that mirrors the federal historic ITC.) Most significantly, the federal tax code now severely restricted the ability to apply the ITC against earned income. Investment in real estate limited partnerships was classified by the 1986 Tax Reform Act as “passive income,” and under the 1986 “passive activity loss limitation,” the ITC could generally not be applied against “non-passive income” (i.e., wages, interest, and dividends). Yet it was precisely the ability to apply the ITC against wages, interest, and dividends that prompted wealthy individuals to invest in a historic rehabilitation limited partnership. Favoring historic preservation, however, was the provision that the development of

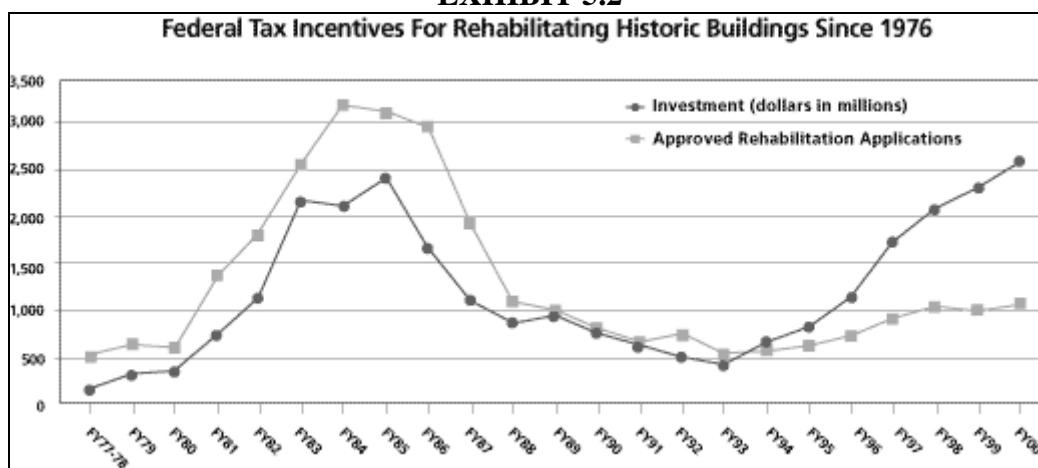
<sup>1</sup>This tax write-off schedule is at twice the straight-line depreciation on the declining balance being depreciated.

<sup>2</sup>A state or local district may also qualify if these districts and their enabling statutes are certified by the Secretary of the Interior.

housing units were applicable under the Historic Rehabilitation Investment Tax Credit. Housing does not qualify under the 10 percent ITC.

The results of the 1986 Tax Reform Act changes caused investment to plummet. From a high of 3,117 projects with an aggregate \$2.42 billion investment in FY1985, the Historic Rehabilitation ITC activity dropped to a low of 538 projects with \$547 million in aggregate investment in FY 1993. (Unless otherwise noted herein, dollar figures indicated are “certified investment,” which represents the amount actually spent on qualifying costs associated with ITC rehabilitation as indicated on the Part 3/Final Certification ITC application.) It has subsequently rebounded, in part due to generally reinvigorated real estate investment, to 1000 projects totaling around \$2.6 billion in FY 2000 (see Exhibit 5.2).

**EXHIBIT 5.2**



Figures released by the National Park Service for FY 2005 show that this has since increased to 1100 projects representing \$3.12 billion in private investment; the projects subsidized by the tax credit created or rehabilitated 14,354 housing units (4,863 of which are designated for low/moderate income households) and generated 52,464 jobs in the communities where the projects took place. Since the inception of the historic rehabilitation ITC in 1977, 32,000 projects representing \$36 billion in private investment has occurred, creating approximately 350,000 housing units (including 80,000 low/moderate income units).

## THE TAX CREDIT IN OKLAHOMA

The Federal Historic Rehabilitation Tax Credit (ITC) has been strategically employed in Oklahoma to revitalize many important historic resources in the state. The following project is illustrative:

The Skirvin Hotel, one of Oklahoma City’s oldest surviving structures, was a place residents and visitors to the new state wanted to see -- and where they wanted to be seen. Robert Henry, a judge on the 10<sup>th</sup> U.S Circuit Court of Appeals said: “If you were in the lobby of the Skirvin Hotel, whatever was going on in Oklahoma City would pass right in front of you.” The Skirvin’s luster, hidden away for almost 20 years as it sat boarded up reopened in February 2008. Following a \$ 55 million top-to-bottom renovation, the

structure's re-emergence as a full-service hotel marked the latest chapter in the Skirvin's 96-year history.

John Williams, general manager of the Skirvin Hilton, referring to the Metropolitan Area Projects (MAPS) tax initiative that has financed downtown public improvements said that the Skirvin Hotel was the "crown jewel of the MAPS initiative. Throughout the rehabilitation project, planners and craftsmen worked to maintain the structure's historical character to qualify for federal and state rehabilitation tax credits that could reduce the cost of the project by up to 40%, said Catherine Montgomery, a historic preservation architect with the state Historic Preservation Office. "To their credit they went back and put a lot of effort into recovering those details," Montgomery said. "The development team was very cooperative with the tax credit process. They really respected the history associated with the building."<sup>3</sup>

The Skirvin Project, writ large is a mirror of the important preservation work aided by the federal ITC in Oklahoma. Detailed data on the federal Historic Rehabilitation Investment Tax Credit (ITC) in Oklahoma was available for this analysis. The Oklahoma Historical Society works with developers and issues comments on all projects in the state, while the National Park Service issues final certification of projects. The data on projects which applied for/received the ITC are well documented through project logs that include data taken from the applications themselves, which in turn is provided to the Internal Revenue Service by the National Park Service. These include estimated qualified costs attributed to the rehabilitation of the historic structure, estimated non-qualified costs attributed to new construction at the site, number of housing units, and number of housing units for residents of low-to-moderate incomes.

Exhibit 5.3 on the next page is a year-by-year summary, dating back to the program's inception in 1978, of the number of rehabilitation projects that received ITCs in Oklahoma and the monetary value of the projects in both nominal and real (inflation-adjusted) dollars, as well as the number of residential units built or rehabilitated each year and the total square footage of remodeled area.

Since the beginning of the application of the federal ITC in Oklahoma through 2007, a total of 265 projects have been aided encompassing 3,131 housing units and a total of 6,042,758 square feet. What about the dollar investment?

In non-inflation adjusted terms, the cumulative ITC investment in Oklahoma from 1978 through 2007 amounts to \$346 million. Adjusted for inflation, the grand total of \$507 million (2007 dollars) constitutes the cumulative direct economic impact of the program over three decades. The data indicates that there was an initial spike in activity between 1982 and 1986, which produced the four years with the largest number of credits and the program's most active year statewide in terms of inflation-adjusted project value in 1982 (due to large-scale projects involving Oklahoma City's Central HS and Tulsa's Mayo Hotel). This surge subsided with the previously noted changes in the federal tax code and later with the 1990-1991 recession. A resurgence has appeared in the last three years, which yielded three of the five most active years in terms of real dollar value. All in all, the volume and scope of historic rehabilitation ITC

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<sup>3</sup> [www.usatoday.com/travel/news](http://www.usatoday.com/travel/news)



activity in Oklahoma has oscillated considerably over time. Much of this variance can be attributed to the national economic condition, but it is also influenced by local events and mobilizations that are impossible to predict.

Speaking of local conditions, it is instructive to analyze the distribution of these ITCs statewide. Exhibit 5.4 shows the counties (and by extension, towns) that receive the most economic benefits – both in number of credits and their monetary value – from the federal government during the course of the ITC program. Logan County and Oklahoma County have been the site of 71 ITCs each; combined with Tulsa County (32), the three counties make up the vast majority (66%) of credit-receiving projects. Clearly, it is expected that the state's two most populous counties in an overwhelmingly rural state would hold large shares of activity; the appearance of Logan County on this list despite its population (as of last year) of only 36,435 is solely attributable to the presence of Guthrie, the former state capital that has such a stock of preserved Victorian-era architecture that it constitutes the largest historic district by land area (1,400 acres) in the entire United States, according to the Department of the Interior. Oklahoma City has nearly as many ITC properties as Guthrie despite having seventy times as many people, though the market value of those projects is roughly six times larger (simply because the real estate market and various statutory conditions can support larger projects there). Aside from Tulsa, no other municipality has had more than seven ITC projects. Muskogee is the only other county to have had more than \$10 million in real estate value subsidized by the tax credits, though the three projects in Pottawatomie County were not far behind (\$9.95 million).

Last, it is worth examining what historic districts are most directly benefited by these tax credits (Exhibit 5.5). Overall, 158 of the state's 265 federal ITCs were issued to properties in nationally or locally recognized historic districts. All but fifteen of those were located in districts with multiple such properties. The largest beneficiary by a wide margin is the Guthrie Historic District, with a total of 70 ITC projects located within its boundaries – more than four times as many as the Automobile Alley area of Oklahoma City. Indeed, six of the seventeen districts noted below are located in Oklahoma City, including the two districts with the most properties outside of Guthrie. Notably, only one area in Tulsa is included – Brady Heights – which had only two ITC projects. A full breakdown is included in Exhibit 5.5.

### EXHIBIT 5.3

#### History of the Federal Historic Rehabilitation Investment Tax Credit in Oklahoma

Year	Number of ITCs	Nominal Value of Projects	Project Value in 2007 Dollars	Res. Units	Total Sq. Feet
1978	5	\$6,509,576	\$20,923,435	140	210,856
1979	6	\$1,019,500	\$2,911,641	4	39,467
1980	6	\$10,385,000	\$26,131,634	2	359,500
1981	4	\$8,433,954	\$19,229,295	0	230,086
1982	32	\$48,825,202	\$104,906,891	993	1,162,850
1983	28	\$4,713,743	\$9,812,821	44	189,760
1984	23	\$7,050,131	\$14,069,184	21	211,301
1985	15	\$5,307,697	\$10,227,774	6	242,703
1986	6	\$20,571,113	\$38,916,567	254	395,825

1987	3	\$374,944	\$684,347	5	12,400
1988	9	\$2,120,247	\$3,716,114	0	43,968
1989	3	\$2,244,000	\$3,752,220	152	118,000
1990	0	\$0	\$0	0	0
1991	0	\$0	\$0	0	0
1992	5	\$209,201	\$309,167	3	6,650
1993	4	\$522,000	\$749,014	31	27,488
1994	2	\$930,000	\$1,301,134	0	82,000
1995	3	\$5,895,609	\$8,021,046	96	147,045
1996	13	\$7,155,352	\$9,455,736	372	210,163
1997	11	\$10,073,829	\$13,013,881	65	159,146
1998	5	\$8,445,384	\$10,742,840	45	117,112
1999	9	\$5,040,192	\$6,272,770	14	87,877
2000	11	\$10,721,505	\$12,909,514	48	134,637
2001	7	\$6,437,683	\$7,536,996	203	150,355
2002	11	\$3,318,299	\$3,824,474	52	218,536
2003	4	\$7,817,802	\$8,809,558	196	93,864
2004	7	\$8,157,637	\$8,954,054	48	124,325
2005	9	\$74,939,550	\$79,560,246	66	485,985
2006	10	\$36,071,490	\$37,098,884	191	466,002
2007	14	\$42,972,500	\$42,972,500	80	314,857
<b>Total</b>	<b>265</b>	<b>\$346,263,140</b>	<b>\$506,813,737</b>	<b>3131</b>	<b>6,042,758</b>
<i>Mean</i>	<i>9</i>	<i>\$11,542,105</i>	<i>\$16,893,791</i>	<i>104</i>	<i>201,425</i>

**EXHIBIT 5.4****Most Active Counties for Historic Rehabilitation Investment Tax Credits in Oklahoma**

<b>County</b>	<b>ITCs</b>	<b>Project Value</b>	<b>ITC Properties by Municipality</b>
Oklahoma	71	\$197,536,436	OKC (69), Edmond (1), Jones (1)
Logan	71	\$30,537,237	All properties in Guthrie
Tulsa	32	\$59,137,620	Tulsa (31), Skiatook (1)
Washita	8	\$1,418,000	Cordell (7), New Cordell (1)
Cleveland	7	\$874,708	All properties in Norman
Garvin	6	\$1,241,998	All properties in Pauls Valley
Carter	6	\$902,537	All properties in Ardmore
Muskogee	5	\$10,645,156	All properties in Muskogee
Payne	5	\$3,081,601	All properties in Stillwater
Caddo	5	\$950,000	All properties in Anadarko
Lincoln	5	\$635,463	Chandler (3), Stroud (2)
% of Total	83.4%	88.6%	-----

**EXHIBIT 5.5**  
**Oklahoma Historic Districts with Multiple Investment Tax Credit Properties**

<b>Historic District</b>	<b>City</b>	<b>ITCs</b>
Guthrie	Guthrie	70
Automobile Alley	OKC	16
Jefferson Park	OKC	10
Pauls Valley	Pauls Valley	6
Bell Street	Shawnee	5
Ardmore	Ardmore	4
Bricktown	OKC	4
Courthouse Square	Cordell	4
Mesta Park	OKC	4
Norman	Norman	4
Anadarko	Anadarko	3
Checotah Business	Checotah	3
Boley	Boley	2
Brady Heights	Tulsa	2
Pawhuska	Pawhuska	2
Spanish Village	OKC	2
Stockyards City	OKC	2

**CUMULATIVE ECONOMIC IMPACTS OF THE CUMULATIVE FEDERAL HISTORIC TAX CREDIT IN OKLAHOMA**

The PEIM allows us to quantify the total economic impacts from the cumulative historic ITC investment in Oklahoma. As in previous chapters, both national and state-level effects are specified. To recap, following the method established in estimating the economic impact of historic rehabilitation in Chapter 2, we take the inflation-adjusted level of tax credit activity for the life of the program in Oklahoma (\$507 million) as our direct effect expenditure. The resulting findings generated by PEIM are presented below, as well as in tables (Exhibits 5.7 through 5.12) on subsequent pages.

**EXHIBIT 5.6**  
**Cumulative Economic Impact of Oklahoma Construction Projects Subsidized by the Federal Historic Rehabilitation Investment Tax Credit (\$507 million)**

	<b>In-State</b>	<b>Out-of-State</b>	<b>Total (U.S.)</b>
Jobs (person years)	10,323	2,673	12,996
Income (\$millions)	283.7	77.6	361.3
Output (\$millions)	694.0	274.4	968.4
GDP/GSP (\$millions)	389.4	117.3	506.7
Total taxes (\$millions)	106.7	10.1	116.8
<i>Federal (\$millions)</i>	82.7	4.3	87.0
<i>State/Local (\$millions)</i>	24.0	5.8	29.8
In-State wealth (\$millions)	306.7	---	---

Over the life of the federal ITC program, a total of nearly 13,000 full-time equivalent jobs and \$507 million of wealth gross domestic product were generated nationally (Exhibit 5.7). About \$361 million was accumulated through earned labor income; the impact on industrial output attributable to Oklahoma ITCs was just short of \$1 billion—again all at the national level. When only in-state Oklahoma impacts are considered, more than 10,300 jobs and nearly \$390 million of gross state product (GSP) were created in Oklahoma by projects that received the tax credits. Oklahoma workers earned \$284 million in income and the state's industries saw their raw output increase by \$694 million. In-state wealth (GSP minus federal taxes) from the cumulative ITC investment in Oklahoma amounted to \$307 million. Of further note, this investment generated \$24 million in state/local taxes (Exhibit 5.8).

Focusing on the in-state impacts, almost half of the gains in employment and attributable to the ITC program accrued to the construction sector (4,826 jobs, \$177 million GSP), with about two-thirds of these impacts (2,879 jobs) among general contractors (Exhibit 5.8 and 5.10). Three other areas of the state's economy saw over 1,000 jobs created by the historic ITC: services (1,734), manufacturing (1,436), and retail trade (1,219). In terms of GSP, manufacturing (\$78 million) contributed as much as services and retail trade combined, with a contribution of \$22 million from the finance, insurance, and real estate (FIRE) sector despite an employment impact of only 380 jobs.

The services sector effect to Oklahoma from the cumulative ITC investment was led by 773 jobs that were created in the engineering and management services industry, which earned more than half of the sector's \$51 million in labor income (Exhibit 5.10). Eating and drinking establishments contributed 420 jobs – more than a third of added retail employment – accounting for \$5 million in labor income. Finally, manufacturing effects were far more widely distributed across the sector; the fabricated metal products industry was responsible for the largest impacts in employment stemming from ITC (330 jobs, \$11 million earned), about a fifth of that for the sector as a whole.

In terms of employment impacts to Oklahoma by occupation (Exhibit 5.12), the largest category of new workers comes from "precision production, craft, and repair" (2,987), three-fifths of which are located in the construction trades. Second largest is "operators, fabricators, and laborers" (2,003). This category includes a wide variety of blue-collar labor; while slightly less than half (972) is attributed to various types of raw physical labor, the remainder of jobs in this sector are transportation and machinery technicians, operators, and assemblers. The other categories of workers that saw increases of over 1,000 new employees in Oklahoma from the cumulative ITC were "administrative support" (1,355) and "executive, administrative, and managerial" (1,204). The former includes almost exclusively clerical and data recording positions, while the latter includes 900 employees that work in an executive or supervisory capacity. Overall, the findings strongly support that the ITC program in Oklahoma has created both extensive and diverse economic benefits for the state's residents and businesses.

**EXHIBIT 5.7**  
**Cumulative National Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Federal ITC (\$507 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	7,342.8	132	537.7	1,728.1
2. Agri. Serv., Forestry, & Fish	4,663.2	103	1,536.8	3,848.8
3. Mining	17,409.2	140	4,415.6	7,750.8
4. Construction	225,379.1	4,898	132,947.5	180,610.0
5. Manufacturing	359,191.1	2,467	84,501.6	133,510.3
6. Transport. & Public Utilities	54,996.2	406	14,051.4	22,292.1
7. Wholesale	38,656.1	419	15,719.6	18,409.3
8. Retail Trade	51,905.3	1,379	19,090.2	31,943.2
9. Finance, Ins., & Real Estate	63,984.7	699	23,113.0	40,283.1
10. Services	140,612.8	2,308	64,048.5	64,303.6
11. Government	4,316.0	46	1,307.2	2,042.5
<b>Total Effects (Private and Public)</b>	<b>968,456.4</b>	<b>12,996</b>	<b>361,269.2</b>	<b>506,721.8</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	506,992.5	7,569	225,151.4	301,101.6
2. Indirect and Induced Effects	461,463.9	5,427	136,117.8	205,620.2
3. Total Effects	968,456.4	12,996	361,269.2	506,721.8
4. Multipliers (3/1)	1.910	1.717	1.605	1.683
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				303,957.2
2. Taxes				60,624.7
a. Local				8,970.1
b. State				9,503.0
c. Federal				42,151.6
General				10,947.5
Social Security				31,204.1
3. Profits, dividends, rents, and other				142,139.9
4. Total Gross State Product (1+2+3)				506,721.8
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		303,957.2	291,040.4	
2. Taxes		60,624.7	56,225.5	116,850.2
a. Local		8,970.1	3,239.3	12,209.4
b. State		9,503.0	8,128.4	17,631.4
c. Federal		42,151.6	44,857.8	87,009.4
General		10,947.5	44,857.8	55,805.3
Social Security		31,204.1	0.0	31,204.1
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				25.6
Income				712,563
State/Local Taxes				58,858
Gross State Product				999,451
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>507,000,000</b>

**EXHIBIT 5.8**  
**Cumulative In-State Economic & Tax Impacts of Oklahoma**  
**Historic Preservation Programs: Federal ITC (\$507 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,575.9	14	99.8	361.5
2. Agri. Serv., Forestry, & Fish	3,078.2	86	1,241.6	2,622.8
3. Mining	11,128.1	101	2,934.0	5,152.4
4. Construction	219,601.8	4,826	130,962.0	177,443.1
5. Manufacturing	206,218.2	1,436	49,341.6	77,838.5
6. Transport. & Public Utilities	30,350.2	189	7,275.0	11,298.0
7. Wholesale	27,830.8	302	11,317.5	13,253.9
8. Retail Trade	46,000.0	1,219	16,959.5	28,482.3
9. Finance, Ins., & Real Estate	35,934.1	380	11,757.8	21,832.7
10. Services	109,065.4	1,734	50,875.3	49,543.0
11. Government	3,235.6	35	975.2	1,506.1
<b>Total Effects (Private and Public)</b>	<b>694,018.1</b>	<b>10,322</b>	<b>283,739.3</b>	<b>389,334.4</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	438,188.5	6,971	205,497.1	270,952.7
2. Indirect and Induced Effects	255,829.6	3,351	78,242.2	118,381.7
3. Total Effects	694,018.1	10,322	283,739.3	389,334.4
4. Multipliers (3/1)	1.584	1.481	1.381	1.437
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				240,319.0
2. Taxes				51,928.7
a. Local				5,807.2
b. State				7,087.1
c. Federal				39,034.3
General				8,613.0
Social Security				30,421.3
3. Profits, dividends, rents, and other				97,086.7
4. Total Gross State Product (1+2+3)				389,334.4
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		240,319.0	283,739.3	
2. Taxes		51,928.7	54,815.0	106,743.7
a. Local		5,807.2	3,158.0	8,965.2
b. State		7,087.1	7,924.5	15,011.7
c. Federal		39,034.3	43,732.5	82,766.8
General		8,613.0	43,732.5	52,345.5
Social Security		30,421.3	0.0	30,421.3
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				20.4
Income				559,644
State/Local Taxes				47,292
Gross State Product				767,918
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>507,000,000</b>

**EXHIBIT 5.9**  
**National Industrial Impacts of Cumulative Investment Tax Credit Activity in Oklahoma**  
**(\$507 million)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>7,342.8</b>	<b>132</b>	<b>537.7</b>	<b>1,728.1</b>
Dairy Farm Products	1,323.5	5	79.1	157.0
Eggs	5.5	0	0.3	0.7
Meat Animals	2,563.7	14	115.9	323.4
Misc. Livestock	54.4	1	4.6	12.3
Wool	17.1	0	1.5	3.9
Cotton	618.4	12	61.2	205.1
Tobacco	19.1	0	1.2	6.6
Grains & Misc. Crops	270.6	2	6.7	101.9
Feed Crops	737.9	1	16.0	257.1
Fruits & Nuts	1,081.5	59	181.5	361.6
Vegetables	71.5	35	7.1	25.5
Greenhouse/Nursery Products	258.6	3	48.2	148.2
Sugar Beets & Cane	74.6	0	1.7	36.0
Flaxseed, Peanuts, Soybean	246.5	1	12.9	88.8
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>4,663.2</b>	<b>103</b>	<b>1,536.8</b>	<b>3,848.8</b>
Agri. Services (07)	2,534.7	96	1,343.2	2,272.8
Forestry (08)	2,099.0	7	185.9	1,549.4
Fishing, Hunting, Trapping (09)	29.5	0	7.7	26.5
<b>Mining</b>	<b>17,409.2</b>	<b>140</b>	<b>4,415.6</b>	<b>7,750.8</b>
Coal Mining (12)	1,514.0	10	470.6	699.5
Oil & Gas Extraction (13)	7,319.2	17	981.3	1,667.3
Nonmetal Min.-Ex. Fuels (14)	8,371.3	111	2,911.6	5,199.8
Metal Mining (10)	204.7	1	52.2	184.2
<b>Construction</b>	<b>225,379.1</b>	<b>4,898</b>	<b>132,947.5</b>	<b>180,610.0</b>
General Bldg. Contractors (15)	148,665.4	2,908	84,808.6	116,593.8
Heavy Const. Contractors (16)	52,413.5	1,503	35,368.9	46,218.6
Special Trade Contractors (17)	24,300.2	486	12,770.0	17,797.6
<b>Manufacturing</b>	<b>359,191.1</b>	<b>2,467</b>	<b>84,501.6</b>	<b>133,510.3</b>
Food & Kindred Prod. (20)	17,985.5	74	2,411.6	4,516.1
Tobacco Manufactures (21)	1,137.4	2	106.2	467.0
Textile Mill Prod. (22)	29,832.8	235	5,159.7	5,763.0
Apparel & Other Prod. (23)	6,184.8	89	1,766.1	1,864.2
Limber & Wood Prod. (24)	47,236.1	434	10,792.8	13,592.4
Furniture & Fixtures (25)	2,512.8	34	781.4	931.8
Paper & Allied Prod. (26)	5,151.6	26	1,136.5	2,099.8
Chemicals & Allied Prod. (28)	33,802.5	32	6,812.9	5,186.7
Petroleum & Coal Prod. (29)	36,381.8	117	5,624.5	9,310.4
Rubber & Misc. Plastics (30)	22,906.4	191	6,211.8	10,777.8
Leather & Leather Prod. (31)	982.2	13	260.8	513.9
Stone, Clay, & Glass (32)	40,004.0	379	12,390.1	22,248.0
Primary Metal Prod. (33)	9,380.5	47	1,979.9	3,392.7
Fabricated Metal Prod. (34)	51,980.1	472	15,628.8	29,629.7
Machinery, Except Elec. (35)	11,898.3	91	3,803.5	4,872.6
Electric & Elec. Equip. (36)	16,589.0	96	3,979.2	10,114.6
Transportation Equipment (37)	12,913.2	33	2,019.8	3,525.5
Instruments & Rel. Prod. (38)	2,665.9	24	812.1	1,251.7
Misc. Manufacturing Inds. (39)	3,833.8	20	994.6	1,424.1

Printing & Publishing (27)	5,812.4	60	1,829.1	2,028.5
<b>Transport. &amp; Public Utilities</b>	<b>54,996.2</b>	<b>406</b>	<b>14,051.4</b>	<b>22,292.1</b>
Railroad Transportation (40)	3,289.7	22	1,364.0	2,960.7
Local Pass. Transit (41)	1,347.4	39	581.5	787.8
Trucking & Warehousing (42)	14,219.5	207	5,856.7	7,481.7
Water Transportation (44)	2,211.3	34	602.2	1,287.1
Transportation by Air (45)	2,244.6	18	781.1	965.2
Pipe Lines-Ex. Nat. Gas (46)	475.4	1	51.5	132.2
Transportation Services (47)	917.0	8	342.6	290.7
Communication (48)	10,947.4	46	2,225.4	4,553.7
Elec., Gas, & Sanitary Serv. (49)	19,343.8	32	2,246.4	3,833.1
<b>Wholesale</b>	<b>38,656.1</b>	<b>419</b>	<b>15,719.6</b>	<b>18,409.3</b>
Wholesale-Nondurable Goods (51)	14,523.9	164	5,906.2	6,916.7
Wholesale-Durable Goods (50)	24,132.2	255	9,813.4	11,492.5
<b>Retail Trade</b>	<b>51,905.3</b>	<b>1,379</b>	<b>19,090.2</b>	<b>31,943.2</b>
Bldg. Mat.-Garden Supply (52)	2,938.7	69	1,276.4	1,996.7
General Merch. Stores (53)	6,013.9	167	2,168.5	4,086.2
Food Stores (54)	5,127.8	156	1,999.1	3,484.1
Auto. Dealers-Serv. Stat. (55)	8,480.5	118	2,236.8	5,762.2
Apparel & Access. Stores (56)	2,861.2	114	1,343.8	1,944.1
Furniture & Home Furnish. (57)	1,424.4	36	665.3	967.9
Eating & Drinking Places (58)	17,537.4	503	5,961.5	8,591.5
Miscellaneous Retail (59)	7,521.4	214	3,438.7	5,110.5
<b>Finance, Ins., &amp; Real Estate</b>	<b>63,984.7</b>	<b>699</b>	<b>23,113.0</b>	<b>40,283.1</b>
Banking (60)	8,675.0	73	2,289.7	5,010.7
Nondep. Credit Institutions (61)	17,252.5	283	9,036.8	8,412.5
Security, Comm. Brokers (62)	2,268.6	15	1,115.0	1,114.5
Insurance Carriers (63)	14,920.7	150	6,003.9	12,914.7
Ins. Agents, Brokers (64)	3,239.0	50	1,247.2	1,404.3
Real Estate (65)	13,647.1	90	1,334.7	8,395.0
Holding and Invest. Off. (67)	3,981.7	39	2,085.6	3,031.2
<b>Services</b>	<b>140,612.8</b>	<b>2,308</b>	<b>64,048.5</b>	<b>64,303.6</b>
Hotels & Other Lodging (70)	3,689.4	84	1,194.5	2,091.5
Personal Services (72)	5,679.2	191	2,024.9	2,442.5
Business Services (73)	17,430.8	281	6,862.2	8,608.3
Auto Repair, Serv., Garages (75)	4,977.4	51	1,328.0	2,184.9
Misc. Repair Services (76)	3,071.1	55	1,186.8	1,334.1
Motion Pictures (78)	3,157.1	54	828.6	1,243.3
Amusement & Recreation (79)	2,353.9	83	897.7	1,909.0
Health Services (80)	5,721.6	106	3,110.6	3,000.1
Legal Services (81)	16,214.1	139	7,498.7	7,882.2
Educational Services (82)	2,486.4	75	1,269.4	1,238.0
Social Services (83)	1,384.1	42	677.3	703.6
Museums & Gardens (84, 86)	5,933.9	146	3,104.6	2,953.1
Engineer. & Manage. Serv. (87)	64,238.2	903	32,198.0	26,911.1
Private Households (88)	205.9	16	205.9	205.9
Miscellaneous Services (89)	4,069.8	83	1,661.1	1,596.0
<b>Government</b>	<b>4,316.0</b>	<b>46</b>	<b>1,307.2</b>	<b>2,042.5</b>
<b>Total</b>	<b>968,456.4</b>	<b>12,996</b>	<b>361,269.2</b>	<b>506,721.8</b>



**EXHIBIT 5.10**  
**In-State Industrial Impacts of Cumulative Investment Tax Credit Activity in Oklahoma**  
**(\$507 million)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>1,575.9</b>	<b>14</b>	<b>99.8</b>	<b>361.5</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	1,022.1	6	45.3	126.6
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	137.4	3	13.6	45.6
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	66.7	0	1.7	25.1
Feed Crops	143.3	0	3.1	50.5
Fruits & Nuts	6.0	0	1.0	2.4
Vegetables	2.2	2	0.1	0.7
Greenhouse/Nursery Products	184.2	2	34.3	105.5
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean	14.0	0	0.7	5.0
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>3,078.2</b>	<b>86</b>	<b>1,241.6</b>	<b>2,622.8</b>
Agri. Services (07)	2,168.1	83	1,159.7	1,949.7
Forestry (08)	902.2	3	79.9	666.0
Fishing, Hunting, Trapping (09)	7.9	0	2.1	7.1
<b>Mining</b>	<b>11,128.1</b>	<b>101</b>	<b>2,934.0</b>	<b>5,152.4</b>
Coal Mining (12)	14.0	0	4.3	6.4
Oil & Gas Extraction (13)	4,485.0	10	601.3	1,021.7
Nonmetal Min.-Ex. Fuels (14)	6,622.2	91	2,326.4	4,118.1
Metal Mining (10)	6.9	0	2.0	6.2
<b>Construction</b>	<b>219,601.8</b>	<b>4,826</b>	<b>130,962.0</b>	<b>177,443.1</b>
General Bldg. Contractors (15)	146,899.6	2,879	83,964.5	115,366.2
Heavy Const. Contractors (16)	51,828.6	1,492	35,068.3	45,807.7
Special Trade Contractors (17)	20,873.5	455	11,929.1	16,269.2
<b>Manufacturing</b>	<b>206,218.2</b>	<b>1,436</b>	<b>49,341.6</b>	<b>77,838.5</b>
Food & Kindred Prod. (20)	6,435.9	30	922.8	1,460.5
Tobacco Manufactures (21)	0.0	0	0.0	0.0
Textile Mill Prod. (22)	12,966.1	79	1,980.1	2,447.7
Apparel & Other Prod. (23)	1,866.6	27	537.7	576.1
Limber & Wood Prod. (24)	34,094.9	319	7,914.2	9,575.9
Furniture & Fixtures (25)	881.0	12	287.7	333.8
Paper & Allied Prod. (26)	1,434.2	7	300.4	604.3
Chemicals & Allied Prod. (28)	15,956.2	8	3,073.9	2,508.0
Petroleum & Coal Prod. (29)	31,270.6	109	5,175.3	8,159.8
Rubber & Misc. Plastics (30)	4,253.3	35	1,160.7	2,016.5
Leather & Leather Prod. (31)	42.3	1	12.3	25.7
Stone, Clay, & Glass (32)	34,393.5	330	10,585.7	18,868.1
Primary Metal Prod. (33)	2,493.6	13	539.1	911.0
Fabricated Metal Prod. (34)	37,273.7	330	10,993.1	21,037.1
Machinery, Except Elec. (35)	7,595.7	60	2,435.6	3,140.3
Electric & Elec. Equip. (36)	3,648.6	24	997.9	2,478.7
Transportation Equipment (37)	5,982.0	13	881.2	1,588.8
Instruments & Rel. Prod. (38)	722.8	5	202.7	345.6
Misc. Manufacturing Inds. (39)	2,524.1	11	588.4	927.6

Printing & Publishing (27)	2,383.2	25	753.2	833.0
<b>Transport. &amp; Public Utilities</b>	<b>30,350.2</b>	<b>189</b>	<b>7,275.0</b>	<b>11,298.0</b>
Railroad Transportation (40)	1,051.5	7	436.0	946.4
Local Pass. Transit (41)	358.1	10	154.6	209.4
Trucking & Warehousing (42)	7,212.0	105	3,131.5	3,831.4
Water Transportation (44)	62.3	2	23.9	44.8
Transportation by Air (45)	1,209.2	10	420.8	520.0
Pipe Lines-Ex. Nat. Gas (46)	240.9	0	26.1	67.0
Transportation Services (47)	336.1	3	126.0	109.9
Communication (48)	7,434.2	31	1,507.8	3,115.5
Elec., Gas, & Sanitary Serv. (49)	12,445.8	21	1,448.3	2,453.6
<b>Wholesale</b>	<b>27,830.8</b>	<b>302</b>	<b>11,317.5</b>	<b>13,253.9</b>
Wholesale-Nondurable Goods (51)	10,823.1	123	4,401.2	5,154.3
Wholesale-Durable Goods (50)	17,007.7	179	6,916.2	8,099.6
<b>Retail Trade</b>	<b>46,000.0</b>	<b>1,219</b>	<b>16,959.5</b>	<b>28,482.3</b>
Bldg. Mat.-Garden Supply (52)	2,687.2	63	1,167.2	1,825.8
General Merch. Stores (53)	5,501.9	152	1,983.9	3,738.4
Food Stores (54)	4,680.8	143	1,824.8	3,180.4
Auto. Dealers-Serv. Stat. (55)	7,714.8	107	2,033.9	5,241.9
Apparel & Access. Stores (56)	2,610.3	104	1,225.9	1,773.6
Furniture & Home Furnish. (57)	1,294.8	33	604.7	879.7
Eating & Drinking Places (58)	14,628.2	420	4,972.6	7,166.3
Miscellaneous Retail (59)	6,882.0	196	3,146.5	4,676.1
<b>Finance, Ins., &amp; Real Estate</b>	<b>35,934.1</b>	<b>380</b>	<b>11,757.8</b>	<b>21,832.7</b>
Banking (60)	6,421.5	54	1,694.9	3,709.1
Nondep. Credit Institutions (61)	8,509.7	139	4,457.4	4,149.4
Security, Comm. Brokers (62)	1,198.6	8	589.1	588.8
Insurance Carriers (63)	6,080.1	61	2,446.6	5,262.6
Ins. Agents, Brokers (64)	2,644.6	41	1,018.3	1,146.6
Real Estate (65)	9,981.1	66	976.2	6,139.9
Holding and Invest. Off. (67)	1,098.4	11	575.4	836.2
<b>Services</b>	<b>109,065.4</b>	<b>1,734</b>	<b>50,875.3</b>	<b>49,543.0</b>
Hotels & Other Lodging (70)	533.2	13	188.7	323.2
Personal Services (72)	3,511.5	116	1,228.0	1,516.9
Business Services (73)	12,129.9	192	4,660.6	6,015.6
Auto Repair, Serv., Garages (75)	3,724.7	38	984.7	1,635.0
Misc. Repair Services (76)	1,935.9	34	740.3	843.4
Motion Pictures (78)	942.0	18	236.5	387.0
Amusement & Recreation (79)	1,073.0	38	374.3	878.8
Health Services (80)	5,210.8	96	2,840.0	2,737.6
Legal Services (81)	14,205.0	121	6,569.5	6,905.5
Educational Services (82)	2,142.6	65	1,091.9	1,068.4
Social Services (83)	1,209.0	35	584.3	612.2
Museums & Gardens (84, 86)	4,334.7	121	2,378.6	2,243.1
Engineer. & Manage. Serv. (87)	55,069.5	773	27,644.0	23,068.1
Private Households (88)	188.4	15	188.4	188.4
Miscellaneous Services (89)	2,855.3	58	1,165.4	1,119.7
<b>Government</b>	<b>3,235.6</b>	<b>35</b>	<b>975.2</b>	<b>1,506.1</b>
<b>Total</b>	<b>694,018.1</b>	<b>10,322</b>	<b>283,739.3</b>	<b>389,334.4</b>

**EXHIBIT 5.11**  
**National Occupational Employment Impacts of Cumulative Investment Tax Credit**  
**Activity in Oklahoma (\$507 million)**

<b>TOTAL NUMBER OF JOBS</b>	<b>12,996</b>
<b>Executive, administrative, and managerial occupations</b>	<b>1,505</b>
Managerial and administrative occupations	1,087
Management support occupations	418
<b>Professional specialty occupations</b>	<b>809</b>
Engineers	284
Architects and surveyors	92
Life scientists	5
Computer, mathematical, and operations research occupations	88
Physical scientists	21
Religious workers	20
Social scientists	7
Social and recreation workers	14
Lawyers and judicial workers	48
Teachers, librarians, and counselors	69
Health diagnosing occupations	8
Health assessment and treating occupations	29
Writers, artists, and entertainers	89
All other professional workers	35
<b>Technicians and related support occupations</b>	<b>391</b>
Health technicians and technologists	47
Engineering and science technicians and technologists	283
Technicians, except health and engineering and science	62
<b>Marketing and sales occupations</b>	<b>941</b>
Cashiers	192
Counter and rental clerks	59
Insurance sales agents	23
Marketing and sales worker supervisors	114
Models, demonstrators, and product promoters	4
Parts salespersons	14
Real estate agents and brokers	41
Retail salespersons	246
Sales engineers	7
Securities, commodities, and financial services sales agents	12
Travel agents	1
All other sales and related workers	228
<b>Administrative support occupations, including clerical</b>	<b>1,798</b>
Adjusters, investigators, and collectors	91
Communications equipment operators	13
Computer operators	11
Information clerks	97
Mail clerks and messengers	14
Postal clerks and mail carriers	22
Material recording, scheduling, dispatching, and distributing occupations	283
Records processing occupations	343

Secretaries, stenographers, and typists	337
Other clerical and administrative support workers	586
<b>Service occupations</b>	<b>809</b>
Cleaning and building service occupations, except private household	154
Food preparation and service occupations	499
Health service occupations	41
Personal service occupations	36
Private household workers	14
Protective service occupations	62
All other protective service workers	3
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>384</b>
Farm operators and managers	19
Farm workers	90
Fishers and fishing vessel operators	3
Forestry, conservation, and logging occupations	22
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	196
Supervisors, farming, forestry, and agricultural related occupations	9
Veterinary assistants and nonfarm animal caretakers	12
All other agricultural, forestry, fishing, and related workers	34
<b>Precision production, craft, and repair occupations</b>	<b>3,315</b>
Blue-collar worker supervisors	492
Construction trades	1,821
Extractive and related workers, including blasters	26
Mechanics, installers, and repairers	506
Machinery mechanics, installers, and repairers	213
Vehicle and mobile equipment mechanics and repairers	97
Other mechanics, installers, and repairers	160
<b>Production occupations, precision</b>	<b>289</b>
Assemblers, precision	23
Food workers, precision	14
Inspectors, testers, and graders, precision	73
Metal workers, precision	60
Printing workers, precision	5
Textile, apparel, and furnishings workers, precision	30
Woodworkers, precision	58
Other precision workers	26
<b>Plant and system occupations</b>	<b>10</b>
Chemical plant and system operators	3
Electric power generating plant operators, distributors, and dispatchers	1
Gas and petroleum plant and system occupations	5
Stationary engineers	1
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>2,744</b>
Machine setters, set-up operators, operators, and tenders	692
Hand workers, including assemblers and fabricators	379
Transportation and material moving machine and vehicle operators	556
Helpers, laborers, and material movers, hand	1,117

**EXHIBIT 5.12**  
**In-State Occupational Employment Impacts of Cumulative Investment Tax Credit Activity**  
**in Oklahoma (\$507 million)**

<b>TOTAL NUMBER OF JOBS</b>	<b>10,322</b>
<b>Executive, administrative, and managerial occupations</b>	<b>1,204</b>
Managerial and administrative occupations	900
Management support occupations	304
<b>Professional specialty occupations</b>	<b>648</b>
Engineers	239
Architects and surveyors	81
Life scientists	4
Computer, mathematical, and operations research occupations	60
Physical scientists	16
Religious workers	17
Social scientists	5
Social and recreation workers	12
Lawyers and judicial workers	41
Teachers, librarians, and counselors	58
Health diagnosing occupations	7
Health assessment and treating occupations	25
Writers, artists, and entertainers	60
All other professional workers	23
<b>Technicians and related support occupations</b>	<b>317</b>
Health technicians and technologists	36
Engineering and science technicians and technologists	237
Technicians, except health and engineering and science	45
<b>Marketing and sales occupations</b>	<b>751</b>
Cashiers	165
Counter and rental clerks	35
Insurance sales agents	13
Marketing and sales worker supervisors	90
Models, demonstrators, and product promoters	3
Parts salespersons	10
Real estate agents and brokers	39
Retail salespersons	219
Sales engineers	5
Securities, commodities, and financial services sales agents	6
Travel agents	1
All other sales and related workers	163
<b>Administrative support occupations, including clerical</b>	<b>1,355</b>
Adjusters, investigators, and collectors	53
Communications equipment operators	9
Computer operators	7
Information clerks	67
Mail clerks and messengers	10
Postal clerks and mail carriers	14
Material recording, scheduling, dispatching, and distributing occupations	207
Records processing occupations	273

Secretaries, stenographers, and typists	280
Other clerical and administrative support workers	436
<b>Service occupations</b>	<b>620</b>
Cleaning and building service occupations, except private household	103
Food preparation and service occupations	397
Health service occupations	37
Personal service occupations	24
Private household workers	13
Protective service occupations	44
All other protective service workers	2
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>245</b>
Farm operators and managers	2
Farm workers	25
Fishers and fishing vessel operators	0
Forestry, conservation, and logging occupations	11
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	179
Supervisors, farming, forestry, and agricultural related occupations	4
Veterinary assistants and nonfarm animal caretakers	10
All other agricultural, forestry, fishing, and related workers	13
<b>Precision production, craft, and repair occupations</b>	<b>2,987</b>
Blue-collar worker supervisors	425
Construction trades	1,768
Extractive and related workers, including blasters	18
Mechanics, installers, and repairers	399
Machinery mechanics, installers, and repairers	160
Vehicle and mobile equipment mechanics and repairers	79
Other mechanics, installers, and repairers	138
<b>Production occupations, precision</b>	<b>185</b>
Assemblers, precision	15
Food workers, precision	9
Inspectors, testers, and graders, precision	41
Metal workers, precision	35
Printing workers, precision	2
Textile, apparel, and furnishings workers, precision	15
Woodworkers, precision	48
Other precision workers	20
<b>Plant and system occupations</b>	<b>7</b>
Chemical plant and system operators	2
Electric power generating plant operators, distributors, and dispatchers	1
Gas and petroleum plant and system occupations	4
Stationary engineers	0
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>2,003</b>
Machine setters, set-up operators, operators, and tenders	368
Hand workers, including assemblers and fabricators	248
Transportation and material moving machine and vehicle operators	415
Helpers, laborers, and material movers, hand	972

**CHAPTER SIX**  
**HISTORIC PROPERTY VALUATION: ISSUES AND IMPACTS**

## INTRODUCTION AND SUMMARY

The study thus far has considered the multifaceted economic impacts of historic preservation in Oklahoma. The impacts studied include the economic effects from the rehabilitation of historic properties, from heritage tourism spending, and from Main Street programs.

Another economic consideration is the impact of historic designation<sup>1</sup> on property values. As we shall see shortly, there are numerous ways in which designation can enhance property values. This effect is often cited by historic preservationists and is also recognized by planners, economic development experts, and government officials. But there are also those who claim that designation can detract from property value. Property value impact of historical designation continues to be discussed and debated.

To inform us on this issue, this chapter does the following:

- Part One is an overview of some basic federal and local provisions regarding historic property designation and attendant regulations -- with a focus on Oklahoma.
- Part Two examines the theoretical effects of historic designation on property value and finds that there are value-enhancing and value-detracting influences.
- Part Three reviews the literature on this subject and finds that most studies point to a positive or sometimes neutral effect from designation, whereas only a handful of investigations show that designation has a negative impact on property value.
- Part Four. As a further resource on the subject, the chapter affects an empirical analysis of property values in numerous Oklahoma County neighborhoods, including National Register Districts, locally designated historic districts, and control areas without any historical designation. (Eleven Historic districts are examined.) We find the following:
  - In 2000, 3 of 11 historic districts—Crown Heights, Jefferson Park, and Edgemere Park—had higher property values compared to other neighborhoods in Oklahoma County, controlling for differences in housing characteristics and general location.
  - By 2003, 9 of 11 historic neighborhoods had higher values.
  - Property values in historic districts appreciated more during the three-year span (2000-2003) compared to equivalent properties in non-designated areas in 9 of the 11 historic districts. The greatest rates of appreciation occurred in the historic districts of Crown Heights (69%), Edgemere Park (53%), and Heritage Hills and Capitol-Lincoln Terrace (28%). That is, homes in these

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<sup>1</sup>The reader should remember that although historic preservation often involves the designation of properties on an official register, preservation and designation are not synonymous.



four districts experienced remarkable average annual appreciation rates exceeding 8.5% during the three-year study period!

- The study results are likely conservative with respect to the magnitude of the positive effects accrued by properties within historic districts of Oklahoma County. The evaluation technique used to produce the afore-reported results assumes that housing and neighborhood characteristics neither improved nor declined across the two study periods. But literature is accumulating that suggests such characteristics are actually more likely to improve under a regime of historic designation.

Overall, the analysis of this chapter shows that *residential properties in historic districts in Oklahoma County, Oklahoma, generally experienced greater price appreciation than did residential properties in other (nonhistoric) neighborhoods of that county.*

## **PART ONE: OVERVIEW**

In Oklahoma, properties are designated under the following programs:

### **National Register of Historic Places**

There are several criteria used to evaluate whether a property is eligible to be listed in the National Register of Historic Places, the nation's honor roll of properties significant at the local, state, or national level and worthy of preservation. First, the structure must be over 50 years old, though there are provisions for properties younger than that threshold. Second, it has to retain an appearance of the era of its importance. Additions and alterations are usually acceptable if they were made more than 50 years ago. Lastly, and most obviously, it has to be significant to our past. Historic properties are defined under several recognized criteria. Examples would include the home of an important person, the location of an important event, an architecturally distinct property, or an archeological site may be considered for listing. Entire districts can be eligible. Final listing is accomplished through a strict review by the state of Oklahoma.

In addition to the recognition of having a property listed in the National Register of Historic Places and the extra level of protection from federally funded projects (technically, federal "undertakings" which trigger section 106 review), placement on the National Register also allows property owners to apply for certain benefits. For example, a certified rehabilitation of an income-producing National Register building or structure will qualify for a 20 percent historic rehabilitation investment tax credit. The tax credit has been responsible for many rehabilitation projects to historic buildings that might have been otherwise left underutilized, neglected or demolished. According to the National Park Service, these tax incentives have stimulated over \$18 billion in private rehabilitation nationally and over 27,000 historic properties have been rehabilitated. Investment in National Register Properties also allows for an additional state tax credit in Oklahoma (since 2006).

But in summary, listing on the National Register of Historic Places is purely honorific and places no restrictions on a property. It does not mean you cannot add a room to a

house or paint it a certain color or even tear it down. The owner of the property is free to do whatever he or she wishes with the property. In Oklahoma, many entries are included in the National Register, including farms, houses, churches, public buildings, residential and commercial districts, and archeological sites.

### **State Register of Historic Places**

The Oklahoma State Register is a mirror of the National Register and adheres to similar criteria. All resources nominated to the National Register are also placed on the Oklahoma State Register. Some resources failing to secure listing in the National Register are placed just on the state Register.

There is no state-level section 106 review of resources on the Oklahoma State Register.

### **Local Landmark Designation**

Some communities in Oklahoma have enacted historic preservation ordinances and have established local preservation programs. Each community decides which properties are significant to its history and culture and how the preservation of these properties may best be addressed. Once a community has done so, an ordinance guides local efforts and sets policy for preserving places of local importance.

Local governments may adopt a preservation ordinance that provides for design review of alterations to, or demolition of, designated local landmarks or properties within landmark districts. Guidelines for both the review of alterations and qualifications for local landmark designation are based on accepted preservation standards. A historic preservation commission may provide interpretation for the ordinance and oversight in the responsibilities it assigns.

There is a considerable variation in Oklahoma regarding the detail, resources and implementation of local designation activity and its consequences. While some communities have local design review, others do not. Some have design review “on the books”, yet with little practical implementation. (This is true in many other states.)

An important prompt to local preservation and designation activity in Oklahoma (and other states) is the Certified Local Government (CLG) program. The Certified Local Governments Program is designed to promote the participation of local governments in the nationwide historic preservation program. Under the National Historic Preservation Act of 1966, as amended, the Federal and State governments have worked closely toward the identification, evaluation, and protection of the nation's significant historic resources. The CLG program gives the local governments a more direct role in these important efforts.

In Oklahoma to become a CLG, the local government must do such actions as to enforce appropriate state or local legislation for the designation and protection of historic properties; and establish an adequate and qualified historic preservation review commission by state or local legislation. For CLG purposes, the local zoning ordinance (local legislation) must contain:

1. A statement of purpose
2. Definitions
3. Membership requirements for the review commission and duties of that body
4. Procedures for designation of local districts and landmarks
5. Criteria for evaluation of local districts and landmarks
6. Provision for mandatory review of alterations, demolitions, or new construction affecting listed properties in historic districts or individual landmarks
7. Other (e.g., adoption of guidelines and penalties for non-compliance)

The following are the current participants in the Oklahoma CLG program: Anadarko, Ardmore, Cordell, Enid, Grandfield, Guthrie, Muskogee, Norman, Oklahoma City, Okmulgee, Ponca City, Sapulpa, and Tulsa. These communities have the most extensive preservation and designation programs in the state of Oklahoma. To give a “flavor” of local designation in Oklahoma, we summarize the historic designation effort in Oklahoma City, Oklahoma.

The city’s first historic district, Heritage Hills, was designated in 1969. Current districts<sup>2</sup> and year of local designation include: Crown Heights (1977), Edgemere Park (1977), Heritage Hills (1969), Heritage Hills East (1999), Jefferson Park (1998), Mesta Park (1994), Paseo (1991), Putnam Heights (1972), and Shepherd (1998). These historic districts are supervised by the Oklahoma City Preservation Commission which ensures that “changes to properties within historic districts are consistent with the spirit and character of the historic district”, while meeting owners’ and residents’ contemporary needs. While the commission reviews many proposed changes to properties within the historic districts, excluded are interior alterations or remodeling, routine maintenance, and exterior changes not involving a change in appearance of materials. (Oklahoma City description excerpted from Nawal Sbiti, Master thesis, University of Oklahoma, Norman Oklahoma, 2003, pp. 38 and 46.)

## **PART TWO: THEORETICAL DISCUSSION**

Historic designation can exert various effects on property value. Value may be enhanced; value may be diminished; or there may be a neutral effect. To illustrate, property values may be enhanced because of various influences:

1. *Prestige*. Historical designation accords prestige due to the official recognition that a building or area has special qualities. This prestige is recognized by the real estate market; real estate salespersons often stress this point in selling a historic property, and at least some buyers are willing to pay a premium for this designation.

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<sup>2</sup> There are several other residential districts in Oklahoma City listed in the National Register of Historic Places, but they are not covered by Historic Preservation zoning. These include Carey Place Historic District, Edwards Historic District, Edwards Heights Historic District, Gatewood East Historic District, Gatewood West Historic District, and Lincoln Terrace East Historic District.

2. *Protection.* Designation by listing in the National Register of Historic Places adds some protection to a historic property or area. Disruptive demolition from highway construction, urban renewal, and other federally-aided or -licensed projects must take into consideration historic properties. Under a local landmark ordinance, exterior work to a historic property is reviewed as to its compatibility. New construction in a historic district may also be regulated for scale and appearance. In short, designation increases the likelihood that the features one finds attractive in a building or an area today will be there tomorrow.
3. *Financial incentives.* Federal tax credits and other financial incentives are often afforded to historic properties. It is observed many times that vacant and deteriorated buildings or entire areas of cities can be enhanced by taking advantage of these programs. As a result, property values are enhanced.
4. *Other factors.* Partially as a result of a historic property's prestige, protection and incentives, designation often includes further interrelated positive consequences. These include encouraging property rehabilitation, preserving neighborhoods, strengthening an area's retail health and tourist trade, and catalyzing formation of community organizations and activity.<sup>3</sup>

Property value may be dampened, however, because of certain designation consequences:

1. *Regulatory costs.* For locally designated landmarks, alteration or demolition of the property accorded historic status must be approved by a local landmarks commission. Historic property owners can incur additional expenses as a result of these regulatory requirements, both directly in the form of outlays, and indirectly from the delays attendant to such administrative procedures.
2. *Development constraints.* Local designation may impede the realization of a designated property's "highest best use." Instead, the designated property may be reviewed to keep its "current use." Current use is the existing utilization of a property; highest and best use is the most profitable use incorporating those uses that are legally permissible, physically possible, and financially or economically feasible (Kinnard 1971, 39). However, most ordinances can not ultimately stop these development constraints.

However, one point must be made clear. No special tax assessments are made on account of historical designation, except those that follow improvements made to historic buildings, as with any real property.

It is important to emphasize that owners are not constitutionally guaranteed to realize the highest and best use of their property. For the public good, various police power regulations such as zoning, subdivision, and historic designation provisions may be

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<sup>3</sup>See Advisory Council on Historic Preservation, *The Contribution of Historic Preservation to Urban Revitalization* (Washington, D.C.: U.S. Government Printing Office, 1979).

imposed. While legally permissible, however, historic designation may have a dampening effect on property value by limiting the maximum development of a parcel, but no different than other manners of zoning.

The degree to which the varying effects noted above are exerted in any given situation is influenced by numerous factors ranging from the type of designation (e.g., National Register or local landmark designation) and the relationship between a property's current versus highest and best use. To illustrate, assume there are two townhouses in a community's central business district, where the underlying zoning is for high-rise buildings. One townhouse is designated a local landmark whereas the other is not so designated. In both instances, the current use is a townhouse. The highest and best use of the non-designated townhouse is probably to demolish the structure and redevelop the site for a high-rise. The highest and best use of the designated townhouse is its legally permissible use—that is, a historic townhouse.

Assume that the historically designated townhouse is appraised at its current use (which is also its highest and best use given the landmark designation) at \$200,000, whereas the non-designated townhouse, given its highest and best use as a redevelopment site, is appraised at \$300,000. In this case, landmark status can be said to detract from value by \$100,000. Meanwhile, in a second set of circumstances where designation does not prohibit demolition such as National Register districts where review is not conducted. In this instance, designation may have little discernible impact.

Last, consider a third set of circumstances—the same two townhouses, one designated (with stringent historic controls) and one not, but both located in a residential zone where townhouses are the “maximum” permitted use (e.g., from a land use, density, and floor-area ratio perspective). In other words, a townhouse is both the current as well as the highest and best use. In this instance, it could very well be the case that the historic townhouse, with its prestige of official historic designation and assurance that its desirable historic amenities will be fostered into the future by public regulation, is worth \$200,000, whereas the non-designated townhouse is worth \$100,000. Here, historic designation adds \$100,000 to market value.

These are examples of the many possible effects of designation. The point to be emphasized again is that there can be varied relationships between the presence official historic designation and property value—positive, negative, or neutral.

### **PART THREE: REVIEW OF LITERATURE ON HISTORIC DESIGNATION AND PROPERTY VALUE**

The literature on the subject of historic designation's influence on property value overwhelmingly points to a positive effect. Only a handful of studies that specifically consider the costs of alteration and demolition come to a negative impact conclusion. The literature reviewed in this study consists of analyses dating from the 1970s. More detailed annotations are found in the bibliography.

One of the first pieces of research on historic property values was by Reynolds and Waldron (1969) who reviewed disputes over the level of just compensation due to the federal condemnation of a number of historic buildings in the 1960s and 1970s. They simply summarized by noting that appraisers should be aware that historic buildings need to be valued differently than other structures. Soon after, arguments promulgated that just compensations should be required for buildings that were designated but not condemned for purchase by the federal government. Costonis (1974), for example, went so far as to develop a formula that determines the financial cost of alteration and demolition restraints that are imposed as a result of designation. For illustration, he calculated that four landmarked Chicago office towers incurred a loss of value between \$400,000 and more than \$3,500,000 per building.

Costonis (1974), thus, represents a long line of conceptualization on the part of developers and real estate holders; that is, stringent building codes also can discourage the restoration of older properties. Indeed, there is no doubt that properties are designated at least to restrict in some way the manner in which structures on it may be altered or refurbished. Thus, historic designation of a property can require large maintenance expenditures to preserve or restore the historical character of the building or neighborhood. Moreover, for some commercial and industrial properties this extra effort can significantly delay revenue generation. Perhaps the most common theoretical argument is that designation can prohibit a property from attaining its highest value and best use. For example, it could detract from a property's value by prohibiting its conversion to another land use, i.e., of a current single-family property to a multistory office building.

One of the earliest comparative analyses of historic and non-historic property values was performed by Heudorfer (1975) who contrasted four designated districts in New York City (Central Park West–76th St., Chelsea, Mount Morris Park and Riverside Drive–West 105th St.) with four comparable, adjacent areas. She concluded that historic status had a small to negligible influence on property values. One problematic issue in her analysis was that properties in the historic districts sold for a premium both before and after designation. That is, the two sets of areas may have been insufficiently similar to make a viable comparison. Indeed, much of the literature focusing on historic designation's effect upon property values has done so by analyzing differences across neighborhoods that are subjectively deemed to be similar. Unfortunately, it undoubtedly is quite difficult to select undesignated neighborhoods that have properties that are sufficiently close in age, style, and size to those in the designated neighborhoods to facilitate an unbiased statistical comparison. After all, some underlying set of characteristics of the designated neighborhoods has suggested to policymakers that the subject neighborhoods should be allotted an official historic status while the selected comparison neighborhoods were not.

For example, it may be that the officially designated historic neighborhoods were selected because they embraced architecturally unique structures, a better maintained stock, or simply from a planning perspective that neighborhood could serve as a sort of buffer zone for a neighboring commercial district if it was improved. Almost any

rationale used to select for designation a neighborhood over another somewhat similar one also can help to explain relatively higher property prices in the designated neighborhood. Hence, identifying higher property values or appraisals in historically designated versus undesignated neighborhoods is at best weak proof that designation yields higher property values. Nonetheless, Heudorfer's (1975) analysis held some promise for proponents of designation since, in some cases, it appeared that the premium for being in a district that formally was designated as historic continued to increase after designation was pronounced. Somewhat stronger proof of designation's effect on property values can result if one can demonstrate that historic property values proportionally appreciate at a significantly different rate from that of undesignated ones during the same period and in the same city. That is, while similar arguments can be made with regard to price changes as for those in the preceding paragraph on price levels, the arguments are mitigated somewhat because the effect of unobserved time-invariant characteristics, including those associated with the selection process described above, can be eliminated.

Soon after and using a similar approach, Scribner (1976) obtained far more sanguine results as far as proponents of designation were concerned. He found that in Alexandria, Virginia, unrestored buildings in the Old Town appreciated in value approximately two and a half times greater over a 20-year period than those outside of the historic district. Similarly, in the Capitol Hill historic district of Washington D.C., buildings increased about 40 percent in value, whereas those immediately adjacent to that district decreased in value by 25 percent. Many subsequent studies have since confirmed this study's general set of findings, albeit in other locations.

Interestingly not until Schaeffer and Ahern (1988) had anyone compared differences across different types of historic designation. Interestingly, these researchers found a significant increase in prices and turnover in the residential neighborhoods of Chicago listed on the National Register of Historic Places, but no corresponding increase in two Chicago neighborhoods listed on the local register. Indeed, in a follow-up study in Chicago, Schaeffer and Millerick (1991) obtained some negative effects on property values emanating from local designation. This finding caused the Schaefer and Ahern to speculate that the difference lay in the more stringent controls imposed in the two local districts and in the prestige of location in a nationally recognized neighborhood. That is, it is the burden on property owners for upkeep and maintenance, which designation engenders, that appears to provide a mechanism ensuring neighborhood upkeep. Coulson and Leichenko (2004) and Leichenko, Coulson and Listokin (2002) later suggested that inefficient levels of maintenance, which can accrue in certain neighborhoods typically, are a result of a prisoner's dilemma-like interaction in which property owners have an incentive to invest only in low levels of maintenance regardless of their neighbors' maintenance behavior. Thus, neighbors employing this strategy wind up in a neighborhood that experiences an overall downward spiral in the quality of housing stock. In such a situation, everybody is made worse off than if they all had agreed to provide high levels of maintenance. Hence, it appears restrictions embodied in the designation of a historical neighborhood may have the potential to induce owners to internalize this neighborhood externality that comes about when maintenance drops below efficient levels.

Thus, the findings of Schaeffer and Ahern suggest that, at least from a theoretical perspective, compliance with preservation restrictions could overcome the momentum of low-levels of neighborhood-wide investment in properties. Since the landmark study by Schaeffer and Ahern, Coulson and Leichenko (2001) also found national designation of individual properties to be more value-enhancing in their study of Abilene, Texas. Interestingly, when analyzing Memphis neighborhoods, Coulson and Lahr (2005) found that local ordinance with very heavy restrictions provided greater returns to historic designation over time than did a national designation or less-restrictive local designation. Nonetheless it remains unclear whether these differences are due to (1) differences in housing geography, (2) restrictiveness of ordinances, (3) the fact that the National Register of Historic Places may get the “cream of the crop,” or (4) mechanisms that may be explained by Samuels’s (1981) concept of the stage of renovation.

The St. Louis Community Development Agency (1980) considered the implications of historic alteration and demolition restrictions for St. Louis’s central business district. The results were mixed. Some buildings may not have been affected, but others that were suitable for intense development were put at a “disadvantage,” i.e., landmark designation reduced their value. Interestingly, this is one of few studies done on designation’s effects on commercial properties.

Perhaps one of the most frequently cited studies is that by Rypkema (1997), who examined the impact on property values of local historic districts in Indiana. Guided by the desire to represent the geography of the entire state and communities of various sizes, he selected local historic districts in five Indiana cities. The chosen historic districts were in Anderson, Elkhart, Evansville, Indianapolis, and Vincennes.

The overall results in Rypkema’s study revealed that local historic districts in Indiana not only provided valuable protection for each community’s historical resources but protected and enhanced individuals’ financial resources as well. The specific findings by community follow:

- In Anderson the values of properties in the study areas steadily appreciated after the creation of the historic districts.
- In Elkhart the rate of appreciation of properties in the historic district, a particularly depressed area, mirrored the rate of appreciation of the entire Elkhart market.
- In Evansville the appreciation of properties within the local historic district outpaced both the surrounding historic properties not included in the local district and the overall Evansville market.
- In Indianapolis the property values in the local historic district increased at a rate consistent with the metropolitan Indianapolis overall market and exceeded the rate of both the adjacent and highly similar neighborhood and the larger area of Indianapolis within which it sits.
- In Vincennes, while the amount of appreciation over the fifteen-year period was modest for both commercial and residential properties, commercial properties in the downtown historic district maintained a pattern of appreciation similar to both the rest of the commercial properties and the overall Vincennes real estate market.



Four communities studied in Georgia all experienced increases in property valuation in historic areas that surpassed increases in values in non-historic areas (Leith and Tigure 1999). In Athens, Georgia, for example, a study of seven neighborhoods found that, during a 20-year period, the average assessed value of properties of historic districts increased by nearly 48 percent (an average of 2.4 percent per year) versus only 34 percent for properties in non-designated neighborhoods (an average of 1.7 percent per year) (Leith and Tigure 1999).

An extensive statistical analysis on the property value impact of designation was conducted by Robin Leichenko and N. Edward Colson in Texas (Coulson and Leichenko 1999 and 2001). The two researchers found the following:

- Historic designation was associated with higher residential property values in all of the Texas cities included in the study where such valuation was examined. (A total of nine communities—Certified Local Governments (CLGs)—representing a diversity of localities.)
- The positive impact of historic designation was statistically significant in seven of the nine cities: Abilene, Dallas, Fort Worth, Grapevine, Lubbock, Nacogdoches, and San Antonio. In two cities, San Marcos and Laredo, the positive effect of historic preservation is not statistically significant at conventionally accepted levels.
- Among the cities where historic designation had a statistically significant effect on property values, historic designation was associated with average property value increases ranging between 5 and 20 percent of the total property value. The smallest average increases in property values occur in Dallas and the largest average increases occurred in Nacogdoches. In dollar terms, (dollar value change per housing unit) historic designation was associated with average increases in housing values ranging between \$2,500 in Dallas and \$18,600 in Nacogdoches, with the other cities falling somewhere in between.

Rypkema (2002) examined historic values in Colorado and found the following in a variety of that state's historic districts.

- Denver's Wyman Historic District: The benchmark criteria suggest that the designated district and non-designated comparison area have paralleled each other since designation; in other words, historic designation has not had a demonstrable, negative economic impact. Since designation, the total appreciation in Wyman is approximately four percent greater than in the nearby area.
- Denver's Witter-Cofield District: The designated and non-designated areas are not significantly different. Not only have the historic district and nearby area paralleled each other in all benchmark criteria, but the entire case study area has remained consistent with the median sales price for the city of Denver as a whole. This suggests that the Witter-Cofield district, years after district designation, continues to provide housing representative of other neighborhoods throughout the city.
- Denver's Quality Hill District: Historic designation appears to have made a difference in Quality Hill. Since designation, the district has appreciated faster than the nearby area. Also, the median sales price within the district has risen at a

dramatically faster rate than the median sales price just outside the district. Despite a substantial amount of modern, multi-family residential infill, which in some neighborhoods might tend to depress the values of adjacent single-family residential houses, prices in the Quality Hill District have remained much higher than in the city as a whole.

- Durango’s Boulevard District: Sales prices in the Boulevard Historic District tend to be significantly higher than those both in the non-designated comparison area and also in the city as a whole. Our interviews with local Realtors confirmed this trend, noting that the Boulevard District is one of the more desirable and expensive markets in the city. Both the historic district and the nearby area experienced marked increases in value during the 1990s.

A recent University of Florida (2002) study reviewed more than 20,000 parcels of property in eighteen historic districts and a similar number in twenty-five comparison neighborhoods. (For reference, Florida has more than 9.6 million parcels statewide.) Assessed property values over a ten-year period from 1992–2001 were analyzed in the following cities: Jacksonville, Gainesville, Ocala, Tampa, St. Petersburg, Lakeland, West Palm Beach, and Lake Worth. The Florida researchers found that historic designation and protection did not depress property values and, in at least fifteen of the eighteen cases studied, property in the historic district appreciated greater than target non-historic areas.

Some of the analyses noted above were cited in an excellent “compilation” of the economic effects of historic preservation developed by Rypkema (1994) in a study for the National Trust for Historic Preservation. Rypkema cited the studies, described above, by Leithe, Ford, and the State of Virginia. He also noted numerous other analyses done both abroad (e.g., Canada) and in municipalities and states in the United States showing that historic designation did not depreciate the value but, in fact, enhanced the value of designated properties. A more recent piece by Mason (2005) also reviews much of this literature.

### **Critique of the Literature on Historic Designation and Property Value**

Much of the literature focusing on historic designation’s effect upon property values has done so by analyzing differences across neighborhoods that are subjectively deemed to be similar. But as discussed by Heudorfer (1975), it is difficult to select undesignated neighborhoods that have properties that are sufficiently close in character to those in the designated neighborhoods so that a reasonably robust statistical analysis of the value of property designation can be performed. Almost any rationale used to select for designation a neighborhood over another somewhat similar one also can help to explain relatively higher property prices in the designated neighborhood.

As time has progressed, analysts have tried to overcome the many shortcomings in the methods applied to the analysis of historic designation on property values. The techniques applied have become more precise and robust. In the analyses, researchers have come to control for a multitude of housing (see e.g. Coulson and Lahr, 2005) and neighborhood characteristics (Clark and Herrin, 1997). They have tended to use more sophisticated data sources—making sure to use appraisal data from benchmark appraisal years or actual home sales information.

The “difference-in-difference” approach used in most of the studies mentioned above (especially the earlier ones) relies solely on comparing sample averages of the growth rate in property values in historic areas versus non-historic areas. Typically, the researcher controls for no other variables (e.g., property characteristics). Thus, to the extent that variables independent of designation explain the differences in property values, the results will be biased and inconsistent. (A few studies, such as those by Ford [1989] and Gale [1991], include any statistical controls.) A multivariable statistical approach, as used in Clark and Herrin (1997), Shaeffer and Millerick (1991), Coulson and Leichenko (1999 and 2001), Leichenko and Coulson and Listokin (2001), and Coulson and Lahr (2005) is heavily preferred. But due to data limitations the difference-in-difference approach noted above is often the best that can be applied. Nonetheless, when such an approach is applied, it must be understood that the results from such an analysis cannot be entirely convincing.

In fact in many of the early studies, information on the variations in property values or property value growth within neighborhoods is rarely reported; thus, the *statistical* significance of any difference between designated and non-designated areas cannot be determined. Again, this serious flaw is due to a lack of either adequate data or of knowledge with regard to proper statistical technique on the part of the researchers.

As has already been discussed in some detail above, the choice of comparison districts is also a problem in some cases. By the very distinction of being historic, many districts have no comparable control. The Gale (1991) study is most forceful in pointing this out, and Gale tries to convince the reader that his three control districts are indeed comparable. Hence, the study isolates the effect of designation per se on property market outcomes. However, there must have been a reason why the control neighborhoods were not designated, and if this is in any way related to property values, then the results are spurious.

There is also the issue of timing. For a study to be meaningful growth rates have to be compared during the same period, otherwise city or economy-wide effects must be controlled for. Taking the designation date of the historic district and comparing growth rates around the same date for non-historic districts may confuse the fact that the subject and the control are at different stages with respect to rehabilitation effort undertaken. Thus, the issue of timing is key, as Samuels (1981) points out. If designation takes place before the area has experienced significant rehabilitation and restoration, results will be very different than they would be if designation occurred when renovation was complete.

In fact, studies that show a relationship between designation and property values—as opposed to designation and subsequent property value change—can reveal only a correlation between the two variables; the direction of causation is merely assumed by the researcher with no rationale. Essentially, high property values could have been what induced the urge to designate in the first place. It is important to determine why a particular building or district becomes designated. If designation is the result of preservation efforts by existing owners, then designation itself may have little impact on the path of property values, which would have increased even in the absence of

designation. Indeed, some studies show that prices increased more prior to designation than after (New York Landmarks Conservancy's [1977] study of Park Slope).

The use of appropriate price data depends on the focus of the researcher. If the main concern is for tax payments, then clearly the assessed value is appropriate. But for an investor, the sales price is perhaps more appropriate. To determine economic value, sale prices should be used where possible, since these reflect real transactions rather than the subjective opinion of an appraiser or assessor. Self-reported values such as those found in Census data can be seriously biased since owners may perceive value differently from the market. Nonetheless, if one can argue that the bias is consistently in the same direction and of the same magnitude (such as if owners always overestimate value by 10 percent or if one can control for the official who appraised a property), then the measurement error becomes less important. If, on the other hand, there is asymmetry because owners of properties in historic districts have a different bias than other property owners, then the measurement error problem may be much more severe.

The simulation approach has its own set of problems: among them is the definition of what is and is not permitted by historic status. Any decline in value will obviously be determined by the stringency of the restrictions, and often these cannot be gauged in advance since the specifics are determined on a case-by-case basis.

The state of the art of the literature would be improved by more expansive empirical research. This research should focus on utilizing better data sources so that more independent variables can be considered in the analysis. The basic difference-in-difference framework is a sound starting point, though individual property-level data would do much to counter some of the criticisms presented above. If individual sales data are available, then at the very least, standard errors can be computed and simple confidence tests performed.

A superior analysis, as in Clark and Herrin (1997) and Coulson and Leichenko (1999 and 2001) calls for individual property and neighborhood characteristics to be entered into a multiple regression framework. As discussed previously, features of certain properties (e.g. elaborate facade work) make them prone to either increases or decreases in value. It is desirable to be able to isolate the effects of these variables. A multivariable analysis can specify the significance of size, ornamentation, location, age, usage, and so on. Only then can conflicting influences be teased out. Knowing the size of a negative impact that is totally offset by a positive impact is more informative than just knowing, for instance, that designation has a neutral effect. In sum, the vast majority of the literature points to a neutral or value-enhancing effect from historic designation. There are challenges in conducting such studies, so continued empirical work in this area is appropriate.

#### **PART FOUR: HISTORIC DESIGNATION AND PROPERTY VALUES IN OKLAHOMA**

At this point it should be clear that cities designate neighborhoods as historic to accomplish a number of policy goals. These goals include preserving a neighborhood's character, urban revitalization and protection of property values. Designation directly accomplishes the first two goals, and has great potential to achieve the last goal. The effect on this last goal, however, is ultimately an empirical question. It is an empirical

question because there are reasons to expect that historic designation could either increase or decrease property values, so it is necessary to examine “real world” data from neighborhoods in Oklahoma that have received historic designation in order to observe what has happened. That is the task of this chapter.

But how might historic designation change property values in Oklahoma? From the literature reviewed in the immediate previous section of this report we can glean that historic designation can increase property values for a number of reasons. Designation acts as a form of insurance of future neighborhood quality. It can have positive spillovers to neighboring areas. Designation may also bring a “cachet” that enhances property values. Unfortunately, designation may have its drawbacks as well. Restrictions on alterations and demolition may make potential buyers less likely to buy locally designated properties. Designation also may restrict conversion. As a result, designation’s impact on a property’s value cannot be known *a priori*. Nonetheless, on balance empirical literature from elsewhere in the U.S. and Canada suggests that designation tends to have an overall net positive effect on properties within historic districts if it has any net effect.

### **Influence on Property Values in Oklahoma County, Oklahoma**

To most accurately estimate the effects of historic neighborhood designation on property values, the review of the literature suggested the use of a hedonic pricing approach which extensively controls for structural housing and neighborhood characteristics (e.g., Clark and Herrin, 1997; Coulson and Leichenko, 1999 2001; Coulson and Lahr, 2005). It is best to examine rates of housing price appreciation over time because they control for unobservable fixed location effects on housing prices (e.g., Noonan, 2007). Yet, because the values of housing and location characteristics can change over time, due to factors such as shifts in tastes and socio-demographics, separate analyses should be run for each possible period of study. In fact, variables reflecting nearby locations that are not historically designated areas should be included to capture broader regional changes in demand for location types—that is, they have not properly accounted in most prior studies.

From a more technical statistical perspective, it is also important to consider alternative mathematical functional forms that may best explain the variation in housing prices. Numerous studies reviewed found the semi-log functional form to be the best (e.g., Asabere and Huffman, 1994). That is, property values should be included in terms of their natural logarithms and then equated to a set of explanatory variables that should be entered in the formulation in standard linear form.

The study of property values in this study of the State of Oklahoma are limited to those in Oklahoma County since only this area was able to provide in a timely manner sufficient quality and quantity of data to implement an approach consistent with lessons learned from the literature. In this case, the study examines two samples of housing values and characteristics developed for different years by the Oklahoma County Assessor’s Office. The first sample of properties were those appraised in 2000 (henceforth, “the Year 2000 sample”). The second was a sample of properties appraised in 2003 (henceforth, “the Year 2003 sample”). Separately for each sample, we then evaluated the extent to which

property values varied due to differences in structural housing characteristics, geographic location characteristics, and whether or not the property was located in a particular historic district.

Standard ordinary least squares regression was the statistical device used to control for the differences in housing and neighborhood characteristics. A statistically significant positive coefficient on the historic district variable for a neighborhood suggests that, after accounting for differences in both housing characteristics (floor space, quality, number of rooms, etc.) and other neighborhood characteristics, a house located in a historic district is worth more. The broad geographic location variables account for location advantages or disadvantages in general areas of the county. Nevertheless, there may be more narrow unobserved location effects that are correlated with historic district status, which would bias the estimated historic district effects. Therefore, changes in historic district effects also are examined. Though possible, it is less likely that changes in unobserved location effects are correlated with changes in valuation of historic district location. For example, only if historic districts were mostly located near a desirable location (for other reasons), which was newly created, or for which there was increased demand, would increased values of historic districts be wrongly attributable to historic district status.

### ***Historic District Variables***

A (dummy) variable is created for whether a house is located in a particular historic district, in which the variable takes a value of 1 if it is located in the district and 0 otherwise. One variable is created for each historic district.

A list and description of properties in Oklahoma County included in the National register of historic places can be found on the website for the National Park Service. The website also provides the boundaries for the Historic Districts. A list and maps for all Oklahoma City districts can be found on the Oklahoma City website. A very valuable source for information about all National Register properties in Oklahoma, including districts is found at the website of the Oklahoma State Historic Preservation Office (SHPO): [www.okhistory.org/shpo/national\\_register.htm](http://www.okhistory.org/shpo/national_register.htm).

Dummy variables were created for residential houses located in each of the following historic districts, in which a value of 1 was assigned if the house was located in the particular district and 0 otherwise. An interactive Geographic Information System mapping system on the website for the Oklahoma County Assessor's Office was used to match the parcel numbers of the properties given in the data set with its historic district. The historic districts<sup>4</sup> examined follow below:

- *Capitol-Lincoln Terrace Historic District.*<sup>5</sup> Irregular pattern roughly bounded by 13<sup>th</sup>, 23<sup>rd</sup>, Lincoln Blvd., and Kelley Ave., Oklahoma City

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<sup>4</sup> In the Oklahoma County analysis "historic district" or "historic designation" is defined broadly and is inclusive of all types of designation (local and national historic register as well as Oklahoma County's "Urban Conservation Designation"). The areas examined thus are more encompassing than just historic districts zoned under the local historic preservation ordinance with strict design review.

<sup>5</sup> This district is not zoned under the City of Oklahoma city's Historic Preservation ordinance. It is covered under the HP ordinance for the Capitol-Medical center Zoning Commission (separate governing body over the area immediately around the Oklahoma State Capitol). Certificates of appropriateness are issued by an HP commission, but it is a completely different body than for the other districts covered by the City.

- *Crown Heights Historic District.* Roughly bounded by NW 36th St., N Western Ave., NW 43 St. and N Walker Ave, Oklahoma City
- *Edgemere Park Historic District.* Roughly bounded by Robinson Ave., Walker Ave. and NW 30 and NW 36, Oklahoma City.
- *Gatewood East Historic District.*<sup>6</sup> NW 16<sup>th</sup> to N of NW 22<sup>nd</sup>, N Classen Blvd to N Blackwelder Ave. and N. Florida Ave., Oklahoma City
- *Gatewood West Historic District.* NW 16<sup>th</sup> to NW 23<sup>rd</sup>, N. Blackwelder Ave. and N. Florida Ave. to Pennsylvania Ave.
- *Heritage Hills Historic and Architectural District.* Roughly bounded by N. Robinson and N. Walker Aves, 14<sup>th</sup>, 15<sup>th</sup>, and 22<sup>nd</sup> Sts. and Classen Blvd., Oklahoma City.<sup>7</sup>
- *Jefferson Park Historic District.* Roughly bounded by NW 23<sup>rd</sup> St., N. Walker Ave., NW 30<sup>th</sup> St. and I-235, Oklahoma City
- *Mesta Park Historic District.* Roughly bounded by NW 22<sup>nd</sup>, NW 16<sup>th</sup>, N Walker and N. Western Avenues, Oklahoma City
- *Paseo Neighborhood Historic District.* Roughly bounded by NW 30<sup>th</sup> St., North Western Ave., NW 24<sup>th</sup> St. and N. Walker Ave., Oklahoma City
- *Putnam Heights Historic Preservation District.* Roughly bounded by North Georgia and North Blackwelder Blvds, and 35th and 38th streets, Oklahoma City
- *Shepherd Historic District.* Roughly bounded by NW. 30<sup>th</sup> and NW25th Sts., N. Pennsylvania Ave. and N. Youngs Blvd., Oklahoma City

### ***Broad Neighborhood Variables***

Using county assessor parcel identification numbers (henceforth “parcel IDs”) and the Oklahoma County Assessor’s interactive GIS mapping system, a series of (dummy) variables were created regarding the general location of the house in the county. Houses located in close proximity have similar parcel identification numbers. Thus, 16 different “neighborhood” variables were created by aggregating properties using the first three digits of their parcel IDs.

Each coefficient of these “neighborhood” variables can be interpreted as the difference in value, all else being equal, of the average property within the specified neighborhood compared to the base neighborhood—those properties with the first three digits of their parcel IDs between 450 and 499 inclusively. A vast majority of properties in historic districts have parcel IDs that start with the digit 2. Thus these variables help to account for possible unobserved location effects in the value of properties in historic districts.

### ***Housing Characteristics***

It is almost certain that housing characteristics in historic districts differ from those of houses elsewhere. Thus it is likely that they will explain relative difference between the values of properties in historic district and properties in other areas of the Oklahoma

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<sup>6</sup> Gatewood East Historic District and Gatewood West Historic District are not designated under the local historic preservation ordinance. Both are listed in the National Register of Historic Places and are designated under a special local zoning code called “Urban Conservation District” (completely separate from HP zoning, but bearing some similarity in maintaining area character)

<sup>7</sup> The Heritage Hills East Historic District is roughly bounded by 17th Street, North Robinson, NW 22nd Street, and North Broadway.

County. As a result, following prior work on historic property valuation, we opted to employ numerous variables on the characteristics of properties and the residential structures on them. Moreover, by estimating using different sets of properties, we were able to observe potential differences in the relative values of the characteristics across the sets of properties. The variables available for our analyses follow:

- *Square Feet*: square feet of the house, and its square to allow for increasing or diminishing effects of size on valuation
- *Age*: the age of the house and its square
- *Rooms/Square Feet*: the number of rooms divided by total square feet; the division by square feet is to reduce collinearity with *Square Feet*
- *Bedrooms/Square Feet*: the number of bedrooms divided by total square feet
- *Bathrooms*: the number of bathrooms
- *Year Remodeled*: the year the house was remodeled
- *Garage Square Feet*: the square feet of the garage (0 if there is no garage)
- *Carport Dummy*: set to 1 if the house has a carport, a 0 otherwise
- *Porch Square Feet*: the square feet of the porch
- *Number of Stories*: the number of stories of the house
- *Foundation: Slab*: set to 1 if the foundation is a slab, 0 otherwise
- *Roof Type: Gable*: if the roof type is Gable the variable takes a value of 1, 0 otherwise
- *Roof Type: Flat*: if the roof type is Flat the variable takes a value of 1, 0 otherwise
- *Roof Cover: Composition Shingle*: if the roof cover is Composition Shingle the variable takes a value of 1, 0 otherwise
- *Roof Cover: Wood Shake*: if the roof cover is Wood Shake the variable takes a value of 1, 0 otherwise
- *Exterior: Frame Masonry Veneer*: the variable takes a value of 1 if the exterior of the house is Frame Masonry Veneer, 0 otherwise

### Model Results

Statistical results for both 2000 and 2003 are shown in Exhibit 6.1. For the corresponding table for each year each explanatory variable's coefficient and its corresponding *t*-statistic. The value of each coefficient can be interpreted as the dollar value effect on housing values for a unit difference in the corresponding explanatory variable, all else being equal. When the absolute value of the *t*-statistic is greater than about 1.9 the coefficient of the variable is considered to be statistically different from zero. That is, we can accept that the variable affects the value of properties in a positive manner (if the coefficient of the variable is greater than zero) or in a negative manner (if the coefficient of the variable is less than zero). If the absolute value of the *t*-statistic is *not* greater than 1.9, then it is not clear that the explanatory variable has any effect on property values at all. The  $R^2$  and Adjusted- $R^2$  values, which can range from 0.0 to 1.0, which lie at the bottom of the tables, show how much of the variation in property values the variables actually explain, with 0 suggesting none is explained and 1 suggesting that 100 percent is explained. Only observations for residential properties of at least 750 square feet were included, although the results were not very sensitive to the exclusion of smaller



properties. As a result we examined samples of 179,575 and 189,288 properties in 2000 and 2003, respectively.

The  $R^2$  values in Exhibit 6.1 tell us that the explanatory variables collectively explain 88 and 85 percent of the variation in housing values, respectively. Compared to samples used in prior historic property studies these are high percentages. In part because of the large sample sizes, almost all of the variables are statistically significant (i.e., their  $t$ -statistics are greater than about 1.9). Full disclosure of the statistical results is provided in Exhibits 6.9 and 6.10 in the Addendum.

### *Housing Characteristics*

The size, and sometimes the sign, of a housing characteristic coefficient differs across the two samples. This indicates the importance of separate analyses for the two years. The value of a house can change over time simply because the demand for certain characteristics may change due to factors such as changing tastes or household incomes. As expected, more space in a home yield a property greater value. Moreover, the positive coefficients on *Square Feet*<sup>2</sup> for both years suggest that the value of each additional square foot of space increases with the size of the home. Older homes tend to yield lower value compared to newer ones, all else equal. The marginal effect of age diminishes slightly with each additional year as evidenced by the positive sign on the age-squared variable. House values increase with the number of rooms per square foot in both years. This implies that given a particular unit size (and other attributes also fixed), a home with more rooms is better than one with less rooms. For Year 2000, each additional room is worth approximately \$6,000, when assessed at the mean value. If the additional room is a bedroom, however, each additional room is only worth about \$4,000 when assessed at the mean. For Year 2003, bedrooms-per square foot has a positive sign, indicating that people valued bedrooms quite differently than before and that they became *more* valuable than other rooms. The number of bathrooms in each sample year increases housing values, and their value improved radically in the Year 2003 sample form that in Year 2000.

Recent home remodeling really helps property values. The existence and square footage of a garage increases housing values, as does the existence of a carport. Likewise, the existence and square footage of a porch increases the value of a house. All else being equal, single-story houses are worth more than multiple-story houses. The type of foundation, roof and exterior also generally significantly affect housing values.

EXHIBIT 6.1  
The Effect of Property and Neighborhood Characteristics on Home Values  
in Oklahoma County, 2000 and 2003

Variable	Year 2000		Year 2003	
	Coefficient	$t$ -Statistic	Coefficient	$t$ -Statistic
Constant	30,863.48	40.14	-4,672.47	-4.95
Square Feet	19.86	70.87	32.91	89.24
(Square Feet) <sup>2</sup>	0.00	125.61	0.01	177.98

Age	-454.77	-94.13	-609.63	-55.88
(Age) <sup>2</sup>	0.41	46.41	2.07	18.87
Rooms/Square Feet	1,535,621.00	16.50	1,219,537.00	6.40
Bedrooms/Square Feet	-876,827.40	-6.55	4,988,600.00	40.53
Bathrooms	898.87	15.41	11,325.38	56.51
Year Remodeled	1.05	18.68	0.40	5.26
Garage Square Feet	12.69	57.99	17.08	59.93
Carport Dummy Variable (Yes=1)	947.54	2.14	9,314.63	19.98
Porch Square Feet	8.85	31.46	11.54	30.13
Number of Stories	-7,270.65	-30.97	-3,512.29	-11.47
Foundation is a Slab	-401.23	-2.63	-5,082.04	-24.61
Roof Type: Gable	-1,528.77	-14.79	-2,899.71	-20.49
Roof Type: Flat	-2,197.78	-3.30	-16,032.96	-17.84
Roof Cover: Composition Shingle	998.73	3.17	-7,102.46	-16.65
Roof Cover: Wood Shake	163.60	0.43	-1,776.88	-3.35
Exterior: Frame Masonry Veneer	4,661.38	32.76	-6,286.77	-35.73
Crown Heights	8,917.82	8.67	61,912.80	44.12
Edgemere Park	6,886.29	5.35	41,178.44	23.09
Jefferson Park	6,206.92	5.13	-3,403.96	-2.04
Shepherd	-809.75	-0.67	8,919.92	5.40
Paseo	-2,163.11	-1.14	1,742.04	0.64
Heritage Hills	-11,364.38	-7.13	33,848.19	15.46
Putnam Heights	-6,412.27	-2.93	-17,475.94	-5.64
Mesta Park	-1,397.82	-1.30	2,093.89	1.38
Gatewood East	1,733.50	0.59	6,623.84	1.82
Gatewood West	-2,490.03	-2.35	9,526.37	6.58
Capitol-Lincoln Terrace	-2,444.13	-2.13	15,662.80	9.04
Neighborhood 100	799.06	3.53	-3,646.48	-12.10
Neighborhood 150	-3,702.76	-16.33	-3,872.71	-12.73
Neighborhood 200	-2,110.74	-2.31	-1,444.87	-1.19
Neighborhood 210	-2,205.87	-3.94	1,494.36	1.98
Neighborhood 220	-8,240.77	-16.02	-12,828.61	-19.20
Neighborhood 230	-1,353.93	-2.92	-3,366.60	-5.49
Neighborhood 240	-4,452.06	-10.67	-6,468.04	-11.44
Neighborhood 250	-6,498.14	-20.47	-7,217.19	-16.70
Neighborhood 260	-3,654.60	-10.73	45,780.22	98.62
Neighborhood 265	-3,795.56	-12.74	1,649.19	4.09
Neighborhood 270	-482.07	-1.39	-6,856.98	-14.56
Neighborhood 280	1,985.10	6.91	3,307.47	8.49
Neighborhood 285	4,849.74	18.51	2,996.19	8.42
Neighborhood 290	2,382.17	7.70	1,860.22	4.42
Neighborhood 2661	-4,579.48	-2.99	11,543.75	5.46
Neighborhood 2664	1,172.83	1.13	16,847.40	11.72

Neighborhood 2684	5,372.20	6.48	-2,279.66	-1.98
Neighborhood 300	2,338.61	6.58	6,244.25	13.44
Neighborhood 350	-1,507.83	-7.40	-2,163.96	-8.03
Neighborhood 400	-149.09	-0.36	6,056.44	11.04
R <sup>2</sup>	0.88		0.85	
Adjusted R <sup>2</sup>	0.88		0.85	
Number of Observations	179,575		189,288	

### Neighborhood Variables

Dummy variables for neighborhood location of the house, including historic district location are generally statistically significant. The coefficients for the non-historic neighborhood variables reveal that after controlling for a host of housing characteristics, houses still have statistically different values across neighborhoods. This could be related to a host of location-specific factors such as differences in perceived local school quality, crime rates, availability of nearby public open space, proximity to attractive urban amenities (such as Bricktown), proximity to disamenities such as pollution, or access to water recreation opportunities, among others. In addition, the results reveal changes in the relative attractiveness of many neighborhoods. For example, houses in Neighborhood 260, which embraces about 5,500 properties in the Year 2000 sample, went from having a lower house value by an average of \$3,654.60 compared to Neighborhood 450 in 2000 after controlling for housing characteristics to having an average value that was \$45,780.22 higher than that in Neighborhood 450 in 2003, an increase of \$49,434.82! Values in other broad neighborhoods were, comparatively speaking, much more stable, although values in many historic district neighborhoods tended to exhibit considerable appreciation.

In the Year 2000 sample only four of the eleven historic districts had average housing values (Crown Heights, Edgemere Park, Jefferson Park and Gatewood East) that were higher than that in Neighborhood 450. Nevertheless, in the Year 2003 sample all but two (Jefferson Park and Putnam Heights) had higher housing values. Dramatic increases occurred in Crown Heights, Heritage Hills and Edgemere Park. The last column of Exhibit 6.2 displays the change in coefficients (values) for the historic district neighborhoods.

For comparison purposes, the first column of Exhibit 6.2 displays the raw average change in housing values, i.e., the readily observed change, not controlling for other characteristics. The average home price in the samples increased from \$66,201 to \$84,027, an increase of \$17,826. To be sure, this is exceeded by all but three increases shown in column 1. For houses between 2,000 and 3,000 square feet, in which the mean square footage was 2,385 and mean age was 25 years, the average price increased from \$106,501 to \$125,984 (not shown), producing an increase comparable to that of the entire sample.

Because they represent relative increases (compared to increases in the broader comparative area), the values in the final column are smaller than those in the first column. Specifically, each house in a historic district takes a value of 1 for the broad area of location according to its parcel ID and a value of 1 for location within the historic district. A positive value for the historic district coefficient indicates a value that is higher for the house in the district relative to those within the same parcel ID “neighborhood,” after controlling for differences in housing-specific characteristics inasmuch as we were able. In fact, because of the large estimated increase for the Crown Heights Historic District additional dummy variables, we decided to try to get more specific controls by limiting the scope of the neighborhood to which it was compared. Thus we compared Crown Heights to Neighborhood 2661, Neighborhood 2664, and Neighborhood 2684. As a result, properties in Crown Heights are compared to home values in the broader Neighborhood 266, as well as to home values in these smaller “neighborhoods” immediate to it. This greatly reduces the likelihood that the estimated increased value in the Crown Heights District has been attributed to general increased attractiveness of other considerations (e.g., increased performance of its school district or increased demand for it). It should be noted that many of the historic districts are located in close proximity to one another when compared to other areas in Oklahoma County. Thus, their positive hedonic effects may spillover to one another.

## EXHIBIT 6.2

## Property Value Appreciation (\$) in Oklahoma County's Historic

	Raw	Model 1	Model 2	Model 3	Full Model
CROWN HEIGHTS	88,094	72,259	71,755	59,178	52,995
EDGEMERE PARK	64,229	44,398	43,894	34,346	34,292
JEFFERSON PARK	13,722	-2,353	-2,582	-8,261	-9,611
SHEPHERD	31,893	15,337	14,833	9,872	9,730
PASEO	12,926	-3,263	-3,968	4,598	3,905
HERITAGE HILLS	94,279	73,260	81,672	42,891	45,213
PUTNAM HEIGHTS	36,651	21,694	21,190	3,660	-11,064
MESTA PARK	31,773	16,300	24,712	13,762	3,492
GATEWOOD EAST	13,136	4,616	7,652	5,556	4,890
GATEWOOD WEST	31,855	11,101	19,500	14,292	12,016
CAPITOL-LINCOLN TERRACE					
	21,304	4,955	13,367	6,539	18,107

***Sensitivity Analysis***

The final column assesses the sensitivity of the results to potential technical statistical issues such as multicollinearity. The column 2 results (Model 1) are produced by taking differences in the coefficients of the historic district dummy variables for the two different years without controlling at all for either housing or neighborhood characteristics (shown in Exhibit 6.3 and 6.4). Thus, differences from column 1 to column 2 basically show the relative value of historic district designation to other comparable homes and relative to the other historic districts. The analyses that produced column 3 results (see Exhibits 6.5 and 6.6) had the broad neighborhood variables in addition to historic district dummy variables used to produce the results in column 2. The historic district and neighborhood variables alone collectively explain about 20 percent of the variation in property values in Oklahoma County. The similarity of results shown in columns 2 and 3 suggest valuation changes in the broad “neighborhoods” had little effect on the value of properties in historic districts. Column 4 results are produced from adding square footage and age (and their squares) to the analyses that yielded column 3 results (see Exhibit 6.7 and 6.8). These added variables increased the explanatory power of the analyses from 20 percent to about 78 percent (see pertinent  $R^2$ s). This addition shows why houses in Oklahoma County historic districts did not always appreciate as much as might otherwise have been expected. That is, a significant share of the actual increase in historic district property values is apparently attributable to their greater age and smaller size. That is, while people who like older homes prefer to live in historic districts, the demand for older homes in Oklahoma County is not very strong. Part of the reason seems to be that older homes in Oklahoma County's historic districts, at least, are also smaller than newer ones there. The final column discussed above then reflects the addition of other housing characteristics and three additional area dummy variables for

Crown Heights. The addition of these variables only increases explanatory power of the analyses from 78 percent to about 85 percent for the Year 2003 sample and to 88 percent for the Year 2000 sample. And, except for the Capitol-Lincoln Terrace district, the average value for which improved quite a bit, and both the Mesta Park and Putnam Heights districts, the average values for which dipped considerably, the results in the final column (Full Model) do not diverge much from those in the fourth column (Model 3), suggesting the results are fairly robust.

We also tested to assure that we used the proper functional form (analysis not shown). For example, although nonlinearity was incorporated with quadratic terms for size and age in the above-described regressions, all other variables were assumed linearly related to housing values. Thus, two alternative functional forms were considered. First, rather than adding quadratic terms for size and age, these variables were included in natural logs. Thus, the coefficients reflect the marginal effects on housing prices of a one percentage increase in the square footage of the house and the age of the house. Unfortunately, the  $R^2$ s declined to 0.72 for the Year 2003 sample and 0.83 for the Year 2000 sample, indicating that the quadratic specification better fit the data. Second, housing values, square footage, and age, were all included in the regressions as natural logs. In this specification, the coefficients for age and size are interpreted as the percentage change in housing values for a one percentage change in size or age. The other coefficients are interpreted as the percent change in housing prices for a one-unit change in their corresponding variables. Again, in terms of explanatory power regarding the raw (non-logged) housing values, the  $R^2$ s declined to 0.81 for the Year 2003 sample and 0.85 for the Year 2000 sample. This further supports the use of a linear (quadratic) specification.

### **Overall Conclusions on Historic Designation Effects on Oklahoma County Property Values**

In this chapter, we examined levels and changes of individual residential property values in designated historic neighborhoods in Oklahoma County, Oklahoma. These were compared to residential properties in areas not designated as historic in Oklahoma County. The comparison involved the use of hedonic price analysis, which controlled for the price influence of structural characteristics such as floor space, age, recency of remodeling, and other structural and stylistic attributes. The analysis also controlled for broad neighborhood effects on property values. Therefore, the focus was on the effects on property values of the official designation of a specific district as being historic, and not of the impact on property values from the historical designation of individual properties. Controlling for structural characteristics of the properties is important because theorists' have suggested that historic designation of neighborhoods may tend to encourage owners to improve their properties. If this occurred in Oklahoma County, the coefficients of the variables of housing characteristic should reflect the improvements as price changes in the housing characteristics, rather than "erroneously" attributing the increase in property value strictly to "historic district designation." Of course, as a result, the "historic designation" variable undoubtedly provides an understatement of the actual value of historic designation of a district since any housing investment based on the caché of historic designation in a neighborhood setting otherwise would not have occurred.

Neighborhood dummy variables help control for non-historic designation location effects on property value levels and changes. Examination of changes also eliminates any statistical bias that might arise from a potential large array of omitted fixed location variables. But it may be that the coefficients of the variables for the historic districts capture the value of attributes that are not truly a factor of their officially designated status. That is, they still could include any value to properties that is garnered from the proximity of the various districts to other unmeasured (and not captured by the neighborhood variables) urban amenities such as restaurants, art galleries, theaters, sports arenas/stadiums, museums, or public gardens. Including control variables for nearby neighborhoods greatly mitigates such model misspecification bias but because locations are not exactly alike, this potential bias cannot be eliminated completely. Nevertheless, an advantage of the current approach is “comparison” or “twin” neighborhoods do not have to be identified, which is often done based on subjective criteria. The approach used here controls for any factors that are found to be statistically important. Finally, using a separate variable for each historic district rather than a single variable for all historic districts allows the reader to decide how much to attribute the estimated effect to historic district status versus other unmeasured influence, and are more useful for understanding which areas and under what conditions historic designation increases property values.

In the year 2000 sample, three (of eleven) historic districts—the Crown Heights, Jefferson Park, and Edgemere Park—had higher property values than other neighborhoods in Oklahoma County, controlling for differences in housing characteristics and general location. By the year 2003, all but the Putnam Heights and Jefferson Park historic neighborhoods had higher values. In other words, in 2003, 9 of 11 historic districts in Oklahoma County had statistically higher property value after controlling for standard real estate influences. To recap, property values in 9 of 11 historic districts appreciated more during the three-year span (2000-2003) compared to equivalent properties in non-designated areas of the same parcel ID “neighborhoods.” The greatest rates of appreciation occurred in the historic districts of Crown Heights (69%), Edgemere Park (53%), and Heritage Hills and Capitol-Lincoln Terrace (28%). That is, homes in these four districts experienced remarkable average annual appreciation rates exceeding 8.5% during the study period!

Overall, strong empirical evidence has been presented showing that *residential properties in historic districts in Oklahoma County, Oklahoma, generally experienced greater price appreciation than did residential properties in other (nonhistoric) neighborhoods of the same county*. This occurs even after controlling for housing characteristics and other location effects—so called “real estate variables”—both which can generally be expected to affect the demand and price of a property. In terms of policy implications, the variation in results across historic districts also suggests there may be other location-based characteristics that affect home prices. Unfortunately, they could not be uncovered in during the course of our analysis. But we do know that districts do not uniformly benefit from being officially designated as historic. Thus, care should be taken to consider other factors that may cause historic district designation to have a price-appreciative effect. In vernacular terms, preservation is a smart beginning for those neighborhoods hoping to

secure the goal of price appreciation, but it is surely not the last strategy for invigorating neighborhoods and assuring price appreciation.



## CHAPTER 6 ADDENDUM

EXHIBIT 6.3  
Model 1-Year 2003

Dependent Variable: IMPACTVAL  
 Method: Least Squares  
 Sample: 1 250197 IF PROPTYPE="Residential" AND SF>=750  
 Included observations: 192505

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	82575.37	168.2465	490.7999	0.0000
CROWN	84662.46	3516.842	24.07344	0.0000
EDGEMERE	45894.14	4529.487	10.13230	0.0000
JEFF	-34849.53	4185.138	-8.326972	0.0000
SHEP	-7091.179	4191.691	-1.691723	0.0907
PASEO	-10199.42	6789.337	-1.502271	0.1330
HERITAGE	183024.8	5494.063	33.31319	0.0000
PUTNAM	39387.89	7948.547	4.955357	0.0000
MESTA	2065.658	3767.158	0.548333	0.5835
GATEE	-24871.34	9382.494	-2.650824	0.0080
GATEW	-8426.640	3609.341	-2.334676	0.0196
CAPITOL	7027.523	4313.022	1.629373	0.1032
R-squared	0.010136	Mean dependent var	82896.64	
Adjusted R-squared	0.010079	S.D. dependent var	73637.61	

EXHIBIT 6.4  
Model 1-Year 2000

Dependent Variable: IMPACTVAL  
 Method: Least Squares  
 Sample: 1 217903 IF PROPTYPE="Residential" AND SF>=750  
 Included observations: 185130

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	65910.83	135.1616	487.6447	0.0000
CROWN	12403.37	2769.318	4.478854	0.0000
EDGEMERE	1495.990	3566.655	0.419438	0.6749
JEFF	-32496.89	3306.998	-9.826702	0.0000
SHEP	-22428.06	3300.679	-6.794984	0.0000
PASEO	-6936.899	5268.437	-1.316690	0.1879
HERITAGE	109765.0	4338.343	25.30113	0.0000
PUTNAM	17693.75	6116.608	2.892739	0.0038
MESTA	-14234.24	2898.525	-4.910857	0.0000

GATEE	-29487.55	8328.673	-3.540486	0.0004
GATEW	-19527.32	2856.042	-6.837198	0.0000
CAPITOL	2072.659	3082.223	0.672456	0.5013
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R-squared	0.005272	Mean dependent var	65849.19	
Adjusted R-squared	0.005213	S.D. dependent var	57840.83	
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## EXHIBIT 6.5

## Model 2-Year 2003

Dependent Variable: IMPACTVAL

Method: Least Squares

Sample: 1 250197 IF PROPTYPE="Residential" AND SF&gt;=750

Included observations: 192505

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	124848.3	498.2172	250.5900	0.0000
CROWN	112695.3	3198.943	35.22892	0.0000
EDGEMERE	73926.97	4090.248	18.07396	0.0000
JEFF	-7086.209	3785.534	-1.871918	0.0612
SHEP	20941.65	3792.248	5.522226	0.0000
PASEO	-9477.248	6062.532	-1.563249	0.1180
HERITAGE	224120.2	4966.526	45.12615	0.0000
PUTNAM	67420.72	7123.742	9.464227	0.0000
MESTA	43161.11	3451.684	12.50436	0.0000
GATEE	9492.609	8403.000	1.129669	0.2586
GATEW	32502.40	3313.768	9.808293	0.0000
CAPITOL	48122.98	3928.230	12.25055	0.0000
DUM100	-57641.13	649.5136	-88.74507	0.0000
DUM150	-78076.80	616.6754	-126.6092	0.0000
DUM200	-41356.52	2775.748	-14.89923	0.0000
DUM210	-41491.95	1701.992	-24.37847	0.0000
DUM220	-71999.66	1509.188	-47.70754	0.0000
DUM230	-49516.28	1392.579	-35.55724	0.0000
DUM240	-59549.41	1268.004	-46.96311	0.0000
DUM250	-65224.09	955.0419	-68.29448	0.0000
DUM2600	32622.53	1013.121	32.20003	0.0000
DUM2650	-70305.71	801.3907	-87.72963	0.0000
DUM270	-83368.34	932.3614	-89.41633	0.0000
DUM2800	-41051.18	851.4079	-48.21565	0.0000
DUM2850	-57080.68	748.7701	-76.23259	0.0000
DUM290	-61920.15	911.9067	-67.90185	0.0000
DUM300	22589.72	1053.940	21.43360	0.0000
DUM350	-14610.21	602.3046	-24.25718	0.0000
DUM400	32691.09	1241.330	26.33553	0.0000

R-squared	0.210799	Mean dependent var	82896.64
Adjusted R-squared	0.210684	S.D. dependent var	73637.61

EXHIBIT 6.6  
Model 2-Year 2000

Dependent Variable: IMPACTVAL

Method: Least Squares

Sample: 1 217903 IF PROPTYPE="Residential" AND SF>=750

Included observations: 185130

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	103982.0	420.0785	247.5300	0.0000
CROWN	40939.96	2529.221	16.18678	0.0000
EDGEMERE	30032.57	3233.976	9.286578	0.0000
JEFF	-4504.290	3002.488	-1.500186	0.1336
SHEP	6108.519	2998.349	2.037294	0.0416
PASEO	-5508.937	4724.009	-1.166157	0.2436
HERITAGE	142448.2	3938.105	36.17176	0.0000
PUTNAM	46230.33	5505.492	8.397131	0.0000
MESTA	18448.95	2670.460	6.908528	0.0000
GATEE	1840.226	7491.051	0.245657	0.8059
GATEW	13002.67	2632.733	4.938851	0.0000
CAPITOL	34755.85	2831.016	12.27681	0.0000
DUM100	-46036.74	537.2548	-85.68885	0.0000
DUM150	-66791.94	510.8475	-130.7473	0.0000
DUM200	-39624.96	2227.811	-17.78650	0.0000
DUM210	-40053.05	1385.916	-28.90005	0.0000
DUM220	-61771.40	1234.687	-50.03001	0.0000
DUM230	-42561.94	1145.927	-37.14192	0.0000
DUM240	-50231.50	1013.806	-49.54744	0.0000
DUM250	-54593.79	771.1993	-70.79077	0.0000
DUM2600	-12698.18	812.9824	-15.61926	0.0000
DUM2650	-66607.77	649.8233	-102.5014	0.0000
DUM270	-70754.37	753.5861	-93.89023	0.0000
DUM2800	-34963.70	692.4562	-50.49229	0.0000
DUM2850	-46696.62	610.0743	-76.54252	0.0000
DUM290	-50547.81	735.9733	-68.68158	0.0000
DUM300	12482.98	878.7130	14.20598	0.0000
DUM350	-12696.00	503.1275	-25.23417	0.0000
DUM400	24303.08	1025.271	23.70406	0.0000
R-squared	0.200329	Mean dependent var	65849.19	
Adjusted R-squared	0.200208	S.D. dependent var	57840.83	
S.E. of regression	51727.68	Akaike info criterion	24.54553	

Sum squared resid	4.95E+14	Schwarz criterion	24.54712
Log likelihood	-2272028.	Hannan-Quinn criter.	24.54600
F-statistic	1656.091	Durbin-Watson stat	0.684027
Prob(F-statistic)	0.000000		

## EXHIBIT 6.7

Model 3-Year 2003

Dependent Variable: IMPACTVAL

Method: Least Squares

Sample: 1 250197 IF PROPTYPE="Residential" AND SF&gt;=750

Included observations: 192505

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8286.931	521.3413	15.89540	0.0000
CROWN	61402.14	1696.235	36.19908	0.0000
EDGEMERE	36846.24	2166.451	17.00765	0.0000
JEFF	-3403.203	2008.768	-1.694175	0.0902
SHEP	4832.370	2006.811	2.407985	0.0160
PASEO	-1193.131	3206.478	-0.372100	0.7098
HERITAGE	54022.35	2642.479	20.44381	0.0000
PUTNAM	-11098.19	3774.522	-2.940291	0.0033
MESTA	5633.154	1832.731	3.073640	0.0021
GATEE	7684.869	4444.372	1.729124	0.0838
GATEW	9121.039	1754.227	5.199462	0.0000
CAPITOL	7357.209	2080.135	3.536891	0.0004
DUM100	-2973.304	360.8312	-8.240153	0.0000
DUM150	-3826.469	364.8084	-10.48898	0.0000
DUM200	-1485.531	1470.079	-1.010511	0.3123
DUM210	1417.818	903.2702	1.569650	0.1165
DUM220	-15269.63	806.6149	-18.93051	0.0000
DUM230	-3149.375	741.4408	-4.247642	0.0000
DUM240	-7333.504	682.2212	-10.74945	0.0000
DUM250	-7400.761	520.1528	-14.22805	0.0000
DUM2600	44961.14	559.2131	80.40073	0.0000
DUM2650	-1320.997	468.1784	-2.821567	0.0048
DUM270	-11815.14	557.0620	-21.20974	0.0000
DUM2800	1556.814	468.1140	3.325716	0.0009
DUM2850	1608.516	427.3735	3.763724	0.0002
DUM290	-398.4180	506.6877	-0.786319	0.4317
DUM300	6516.753	560.6592	11.62338	0.0000
DUM350	-3178.118	323.9222	-9.811363	0.0000
DUM400	9715.934	659.1733	14.73958	0.0000
SF	44.89966	0.257609	174.2941	0.0000
SF^2	0.005567	3.95E-05	140.8971	0.0000
AGE	-433.4906	11.81569	-36.68772	0.0000

AGE^2	0.708722	0.125457	5.649116	0.0000
R-squared	0.779243	Mean dependent var	82896.64	
Adjusted R-squared	0.779207	S.D. dependent var	73637.61	

EXHIBIT 6.8  
Model 3-Year 2000

Dependent Variable: IMPACTVAL

Method: Least Squares

Sample: 1 217903 IF PROPTYPE="Residential" AND SF>=750

Included observations: 185128

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18607.42	394.7304	47.13957	0.0000
CROWN	2224.149	1331.207	1.670776	0.0948
EDGEMERE	2499.995	1700.139	1.470465	0.1414
JEFF	4857.574	1578.555	3.077228	0.0021
SHEP	-5039.597	1574.820	-3.200110	0.0014
PASEO	-5790.765	2479.560	-2.335400	0.0195
HERITAGE	11130.97	2081.220	5.348293	0.0000
PUTNAM	-14758.17	2894.676	-5.098385	0.0000
MESTA	-8129.043	1406.413	-5.779984	0.0000
GATEE	2129.289	3931.969	0.541532	0.5881
GATEW	-5171.231	1383.247	-3.738473	0.0002
CAPITOL	818.5401	1488.189	0.550024	0.5823
DUM100	-1562.295	292.9973	-5.332114	0.0000
DUM150	-5718.827	295.1527	-19.37583	0.0000
DUM200	-8901.156	1170.534	-7.604357	0.0000
DUM210	-5455.437	729.8174	-7.475071	0.0000
DUM220	-15891.71	653.5818	-24.31480	0.0000
DUM230	-5712.475	604.6100	-9.448199	0.0000
DUM240	-8358.586	538.8636	-15.51150	0.0000
DUM250	-9293.895	412.6114	-22.52457	0.0000
DUM2600	-825.5663	440.4709	-1.874281	0.0609
DUM2650	-7376.729	374.9651	-19.67311	0.0000
DUM270	-6378.616	444.0803	-14.36365	0.0000
DUM2800	-380.1405	372.2797	-1.021115	0.3072
DUM2850	1901.165	340.2674	5.587268	0.0000
DUM290	56.72865	401.7063	0.141219	0.8877
DUM300	991.9033	462.8284	2.143134	0.0321
DUM350	-3708.981	265.8550	-13.95114	0.0000
DUM400	5025.169	540.2594	9.301400	0.0000
SF	34.48123	0.206180	167.2381	0.0000
SF^2	0.004774	3.26E-05	146.3401	0.0000
AGE	-529.0785	4.533385	-116.7072	0.0000

AGE^2	0.329178	0.004904	67.12548	0.0000
R-squared	0.779697	Mean dependent var	65849.15	
Adjusted R-squared	0.779659	S.D. dependent var	57840.85	

EXHIBIT 6.9  
Model 4-Year 2003

Dependent Variable: IMPACTVAL

Method: Least Squares

Sample: 1 250197 IF PROPTYPE="Residential" AND SF>750

Included observations: 189288

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4672.467	942.9887	-4.954955	0.0000
SF	32.90529	0.368744	89.23611	0.0000
SF^2	0.007209	4.05E-05	177.9755	0.0000
AGE	-609.6288	10.90921	-55.88203	0.0000
AGE^2	2.065301	0.109426	18.87389	0.0000
BEDROOMS/SF	1219537.	190454.2	6.403305	0.0000
ROOMS/SF	4988600.	123079.5	40.53151	0.0000
BATHS	11325.38	200.4262	56.50646	0.0000
YRREM	0.403598	0.076752	5.258456	0.0000
GARAGESF	17.08117	0.285016	59.93059	0.0000
PORCHSF	11.53979	0.382985	30.13115	0.0000
CARPORT	9314.631	466.2178	19.97914	0.0000
STORIES	-3512.292	306.1012	-11.47428	0.0000
FOUND_DUMMY	-5082.041	206.4732	-24.61357	0.0000
ROOF_DUMMY	-2899.714	141.4980	-20.49297	0.0000
ROOF_DUMMY2	-16032.96	898.4997	-17.84415	0.0000
ROOFCOV_DUMMY	-7102.464	426.4519	-16.65478	0.0000
ROOFCOV_DUMMY2	-1776.883	530.0389	-3.352364	0.0008
EXTERIOR_DUMMY	-6286.773	175.9370	-35.73308	0.0000
CROWN	61912.80	1403.229	44.12167	0.0000
EDGEMERE	41178.44	1783.427	23.08951	0.0000
JEFF	-3403.958	1665.038	-2.044372	0.0409
SHEP	8919.918	1652.324	5.398408	0.0000
PASEO	1742.035	2709.104	0.643030	0.5202
HERITAGE	33848.19	2189.269	15.46095	0.0000
PUTNAM	-17475.94	3101.263	-5.635104	0.0000
MESTA	2093.885	1520.562	1.377046	0.1685
GATEE	6623.838	3646.886	1.816300	0.0693
GATEW	9526.368	1447.479	6.581353	0.0000
CAPITOL	15662.80	1732.979	9.038076	0.0000
DUM100	-3646.478	301.4678	-12.09575	0.0000

DUM150	-3872.710	304.1688	-12.73211	0.0000
DUM400	6056.435	548.4532	11.04276	0.0000
DUM300	6244.245	464.4753	13.44365	0.0000
DUM350	-2163.960	269.6140	-8.026141	0.0000
DUM200	-1444.867	1213.925	-1.190244	0.2340
DUM210	1494.362	752.9818	1.984593	0.0472
DUM220	-12828.61	668.3133	-19.19550	0.0000
DUM230	-3366.599	613.2558	-5.489714	0.0000
DUM240	-6468.036	565.3745	-11.44027	0.0000
DUM250	-7217.192	432.2333	-16.69745	0.0000
DUM2600	45780.22	464.2019	98.62134	0.0000
DUM2650	1649.192	403.6585	4.085611	0.0000
DUM270	-6856.984	471.0856	-14.55571	0.0000
DUM2800	3307.467	389.6404	8.488512	0.0000
DUM2850	2996.185	355.7000	8.423350	0.0000
DUM290	1860.223	420.8257	4.420412	0.0000
DUM2661	11543.75	2115.325	5.457201	0.0000
DUM2664	16847.40	1437.917	11.71653	0.0000
DUM2684	-2279.664	1154.038	-1.975381	0.0482
CONDITION=BELOW AVERAGE	-6401.107	1099.433	-5.822190	0.0000
CONDITION=EXCELLENT	205792.8	7946.874	25.89607	0.0000
CONDITION=GOOD	22205.93	2397.983	9.260252	0.0000
CONDITION=MINIMUM	-32132.37	890.4190	-36.08680	0.0000
CONDITION=VERY GOOD	-185.3378	9464.840	-0.019582	0.9844
R-squared	0.851334	Mean dependent var	84026.75	
Adjusted R-squared	0.851291	S.D. dependent var	73610.45	

EXHIBIT 6.10  
Model 4-Year 2000

Dependent Variable: IMPACTVAL

Method: Least Squares

Sample: 1 217903 IF PROPTYPE="Residential" AND SF>=750

Included observations: 179575

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	30863.48	768.9530	40.13701	0.0000
SF	19.86004	0.280213	70.87487	0.0000
SF^2	0.004089	3.26E-05	125.6137	0.0000
AGE	-454.7708	4.831547	-94.12529	0.0000
AGE^2	0.414812	0.008937	46.41454	0.0000
ROOMS/SF	1535621.	93057.16	16.50191	0.0000
BEDROOMS/SF	-876827.4	133938.1	-6.546511	0.0000

BATHS	898.8729	58.32067	15.41260	0.0000
YRREM	1.051426	0.056299	18.67570	0.0000
GARAGESF	12.69151	0.218864	57.98806	0.0000
CARPORT_DUMMY	947.5394	442.6096	2.140802	0.0323
PORCHSF	8.846133	0.281228	31.45538	0.0000
STORIES	-7270.649	234.7969	-30.96569	0.0000
FOUND_DUMMY	-401.2325	152.3265	-2.634030	0.0084
EXTERIOR_DUMMY	4661.380	142.2952	32.75851	0.0000
ROOF_DUMMY	-1528.774	103.3791	-14.78805	0.0000
ROOF_DUMMY2	-2197.775	666.3131	-3.298412	0.0010
ROOFCOV_DUMMY	998.7289	315.3510	3.167039	0.0015
ROOFCOV_DUMMY2	163.5982	379.8157	0.430730	0.6667
CROWN	8917.820	1028.546	8.670313	0.0000
EDGEMERE	6886.286	1286.956	5.350832	0.0000
JEFF	6206.921	1210.485	5.127632	0.0000
SHEP	-809.7519	1201.122	-0.674163	0.5002
PASEO	-2163.114	1902.825	-1.136791	0.2556
HERITAGE	-11364.38	1593.388	-7.132215	0.0000
PUTNAM	-6412.265	2187.857	-2.930843	0.0034
MESTA	-1397.815	1078.413	-1.296178	0.1949
GATEE	1733.501	2948.873	0.587852	0.5566
GATEW	-2490.025	1060.120	-2.348815	0.0188
CAPITOL	-2444.128	1149.274	-2.126671	0.0334
DUM100	799.0564	226.2380	3.531928	0.0004
DUM150	-3702.757	226.7911	-16.32673	0.0000
DUM200	-2110.740	915.6163	-2.305267	0.0212
DUM210	-2205.874	559.9950	-3.939097	0.0001
DUM220	-8240.765	514.3664	-16.02120	0.0000
DUM230	-1353.927	463.9679	-2.918148	0.0035
DUM240	-4452.059	417.2316	-10.67048	0.0000
DUM250	-6498.139	317.3976	-20.47318	0.0000
DUM2600	-3654.602	340.4405	-10.73492	0.0000
DUM2650	-3795.563	298.0066	-12.73651	0.0000
DUM270	-482.0714	346.2819	-1.392136	0.1639
DUM2800	1985.102	287.2201	6.911431	0.0000
DUM2850	4849.740	262.0200	18.50905	0.0000
DUM290	2382.166	309.3883	7.699599	0.0000
DUM300	2338.614	355.2598	6.582826	0.0000
DUM350	-1507.825	203.7951	-7.398731	0.0000
DUM400	-149.0853	418.9514	-0.355853	0.7220
DUM2661	-4579.476	1533.720	-2.985863	0.0028
DUM2664	1172.832	1036.239	1.131816	0.2577
DUM2684	5372.198	829.2303	6.478535	0.0000
QUALITY=AVERAGE PLUS	37562.99	14395.85	2.609293	0.0091
QUALITY=EXCELLENT	236933.0	1053.912	224.8127	0.0000
QUALITY=FAIR	-7244.695	168.3538	-43.03256	0.0000



QUALITY=FAIR PLUS	2406.273	11755.34	0.204696	0.8378
QUALITY=GOOD	24447.16	227.4084	107.5033	0.0000
QUALITY=GOOD PLUS	88272.92	11755.55	7.509042	0.0000
QUALITY=LOW	-12535.15	513.5664	-24.40804	0.0000
QUALITY=LOW PLUS	-11818.31	10180.35	-1.160894	0.2457
QUALITY=NONE	-34648.19	1128.737	-30.69642	0.0000
QUALITY=VERY GOOD	88449.68	463.1597	190.9702	0.0000
QUALITY=VERY GOOD PLUS	178594.9	11758.40	15.18871	0.0000
<hr/>				
R-squared	0.876906	Mean dependent var	66844.83	
Adjusted R-squared	0.876865	S.D. dependent var	58010.22	
<hr/>				

**CHAPTER SEVEN**

**ECONOMIC BENEFITS OF HISTORIC PRESERVATION IN  
OKLAHOMA:**

**SUMMARY, CONTEXT, AND POLICY**

## SUMMARY

This chapter synthesizes and lends perspective to the study's findings and illustrates how the data and analytic approaches assembled in the current analysis can be put to use by preservationists. Annual direct economic effects from historic activity in Oklahoma include at a minimum \$125 million in historic rehabilitation spending, \$175 million in heritage tourism spending, and \$57 million in Main Street Program activity—for a total of \$357 million (all in annual 20007 dollars). Further, the two long-term programs that were examined in this study, the federal historic rehabilitation investment tax credit applied in Oklahoma and the state's Main Street-related activity, have produced \$507 million and \$885 million, respectively, in direct economic effects (adjusted for inflation) over the lives of the initiatives—for a total combined cumulative preservation programmatic investment of \$1,392 million (again in 2007 dollars).

In all cases, base data were assembled and input-output analyses applied to project total effects (direct and multiplier, the latter encompassing indirect/induced consequences) of these activities. Results are summarized in Exhibits 7.1 and 7.2. When multiplier effects are taken into account from the \$357 million annual preservation investment, the total annual impacts to the nation include a net economic gain of 9,740 jobs, \$213 million in income, \$629 million in overall output, \$315 million in Gross Domestic Product (GDP), and \$81 million in tax revenues (Exhibit 7.1). These are the effects realized by the entire nation. Renovation of a historic home in Guthrie may require lumber from Oregon, plumbing fixtures from Ohio, and paint from Tennessee. Oklahoma garners roughly 70 to 80 percent of total jobs, income, wealth, and tax benefits of preservation activities that accrue to the nation. On an annual basis, the in-state effects to Oklahoma from the annual \$357 million investment in historic preservation include 8,071 jobs, \$166 million in income, \$460 million in output, \$243 million in gross state product (GSP), and \$74.4 million in taxes (\$49.5 million federal and \$24.9 million state or local). The net in-state wealth added to the economy is roughly \$194 million annually (\$243 million GSP added minus \$49.5 million in federal taxes).

Meanwhile, with regard to the \$1.39 billion in cumulative effects from the aggregate federal ITC and Main Street investment (keeping in mind that impact is distributed over three decades of investment tax credits and 22 years of Main Street activity), those investments contributed 41,442 jobs to the national economy, as well as \$2.60 billion in industrial output, \$1.42 billion in gross domestic product, \$974 million in earned income, and \$360 million in taxes. When out-of-state effects are excluded, Oklahoma benefited from the aggregate ITC and Main Street investment a total of 34,760 jobs, as well as an additional \$1.93 billion in output by the state's businesses, \$1.12 billion in new gross state product (GSP or gross wealth), \$782 million in added salary for Oklahoma residents, and a total of \$102 million deposited in the coffers of state and local governments across the state (Exhibit 7.2). Overall, net in-state wealth in Oklahoma (GSP minus federal taxes) grew by \$888 million as a result of these two programs.

## COMPARING THE BENEFITS

How “large” are the above benefit figures? The standard economic response to almost any query is “it depends.” Here, the yardstick of comparison is particularly important. Compared to the total economic scale at the national or state levels, historic preservation does not loom very large. As of 2006, Oklahoma had approximately 3.6 million people employed and a total personal

income of \$116 billion. The in-state economic benefits of historic preservation traced above are clearly a small fraction of the statewide employment and earnings totals. In part, the fraction is so small because a portion of the economic activity associated with rehabilitation and heritage tourism leaks out of that state. Recall the Guthrie restoration using materials from around the country. But even at the national level, historic preservation is small when it is compared to the total economic scale of the country.

Although comparing historic preservation to total economic activity at both the state and national levels is somewhat instructive, it is also misleading: indeed, nearly any well-defined economic activity will not appear large against the sum of all activities. For instance, of the total about 150 million individuals employed in the United States as of 2008, “only” about 1 million are lawyers—or one-half of one percent of the nation’s total employment; yet lawyers, and for that matter any other singled-out professional group, are not viewed as small in number.

Rather than measuring historic preservation’s economic benefits by the yardstick of *all* statewide economic activity, it is more meaningful to examine it against a more appropriate scale, of which there are many. One, for instance, is a “linked” economic activity. Thus, while preservation is not a major Oklahoma employer in the totality of all employment, preservation is an important contributor to the travel industry, which comprised roughly three percent of all employment in Oklahoma.

The geographical scale of comparison is a further consideration. Thus far, we have been considering the more global scales of nation and state, but to paraphrase the adage about politics, to a practical extent “all economics are local.” At the local level—and certainly for financially distressed communities, the economic contribution of historic preservation is much more noticeable. Take, for instance, the example of numerous Main Street programs contained in small Oklahoma communities. In these localities, Main Street specifically and historic preservation generally, are very important to local economic invigoration. The same is true with respect to the penetration of “bricks and mortar” historic preservation. Thus, as discussed in Chapter Four, rehabilitation via Main Street is an important activity.

Further, there is the positive support that historic rehabilitation lends to other construction activity in a community. When buildings in a historic neighborhood are rehabilitated in a town, doesn’t this encourage further rehabilitation in the city? What often makes communities distinctive is their place in history, so the preservation of these places fosters further rounds of renovation (as well as added tourism and other benefits).

In a complementary way, much as historic rehabilitation encourages all rehabilitation in a community and, for that matter, new construction there as well, these other activities improve the climate for historic preservation. We cannot currently disentangle and measure all these effects. But the fact that they are not quantified does not mean they do not exist. The point is that at a local level, historic preservation has effects that loom relatively much more significant in import than when preservation is related to the overall magnitude of national or state economic activity.

**EXHIBIT 7.1**  
**Summary of the Annual Economic Impacts of Historic Preservation in Oklahoma, 2007**

	I	II	III	<i>Total Examined Economic Impacts</i>	
	<i>Historic Rehabilitation</i>	<i>Heritage Tourism</i>	<i>Main Street Program<sup>†</sup></i>		
<b>OKLAHOMA DIRECT EFFECTS</b>	<b>\$125 million</b> annually of historic rehabilitation expenditures results in:	<b>\$175 million</b> annually of heritage travel-attributed expenditures results in:	<b>\$57 million</b> annually of construction and added retail payroll results in:	<b>\$357 million</b> <i>(I + II + III)</i>	
↓	<b>National Total (Direct and Multiplier) Impacts</b>				
<b>NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)</b>	Jobs (person-years)	3,186	4,735	1,820	<b>9,740</b>
	Income (\$ million)	88.8	84.2	39.6	<b>212.5</b>
	Output (\$ million)	238.1	285.2	105.4	<b>628.6</b>
	GDP* (\$ million)	124.9	131.6	58.6	<b>315.0</b>
	Taxes (\$ million)	28.8	36.8	15.6	<b>81.2</b>
	<i>Federal (\$ million)</i>	<i>21.4</i>	<i>21.0</i>	<i>10.1</i>	<i>52.5</i>
	<i>Local/State (\$ million)</i>	<i>7.4</i>	<i>15.8</i>	<i>5.5</i>	<i>28.8</i>
↓	<b>In-State Oklahoma Total (Direct and Multiplier) Impacts</b>				
<b>OKLAHOMA PORTION OF NATIONAL TOTAL IMPACTS</b>	Jobs (person-years)	2,530	3,980	1,560	<b>8,071</b>
	Income (\$ million)	69.9	63.6	32.1	<b>165.6</b>
	Output (\$ million)	171.2	208.9	79.6	<b>459.8</b>
	GSP* (\$ million)	96.0	100.0	47.0	<b>243.1</b>
	Taxes (\$ million)	26.3	33.6	14.5	<b>74.4</b>
	<i>Federal (\$ million)</i>	<i>20.4</i>	<i>19.6</i>	<i>9.6</i>	<i>49.5</i>
	<i>Local/State (\$ million)</i>	<i>5.9</i>	<i>14.0</i>	<i>4.9</i>	<i>24.9</i>
	In-state wealth* (\$ million)	75.6	80.4	37.4	<b>193.6</b>

Source: Rutgers University, Center for Urban Policy Research, 2008.

\*GDP=Gross Domestic Product; GSP = Gross State Product; In-state wealth = GSP less federal taxes.

Note: Totals may differ from indicated subtotals because of rounding.

<sup>†</sup>Net of associated historic rehabilitation and heritage tourism spending.

**EXHIBIT 7.2**  
**Summary of Select Cumulative Economic Impacts of Historic Preservation Programs in Oklahoma**  
**(Federal Historic Tax Credit and Main Street)**

	I-A <i>Historic Rehabilitation Federal Tax Credit</i>	III <i>Main Street Program</i>	<i>Total Examined Economic Impacts</i>	
<b>OKLAHOMA DIRECT EFFECTS</b>	<b>\$507 million</b> of tax credit- related construction expenses since 1978 resulted in:	<b>\$885 million</b> of construction and added retail payroll since 1986 resulted in:	<b>\$1,392 million</b> <i>(I-A + III)</i>	
↓	<b>National Total (Direct and Multiplier) Impacts</b>			
<b>NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)</b>	Jobs (person-years)	12,996	28,446	<b>41,442</b>
	Income (\$ million)	361.3	612.5	<b>973.8</b>
	Output (\$ million)	968.5	1,634.3	<b>2,602.7</b>
	GDP* (\$ million)	506.7	908.8	<b>1,415.5</b>
	Taxes (\$ million)	116.9	243.3	<b>360.1</b>
	<i>Federal (\$ million)</i>	87.0	156.0	<b>243.0</b>
	<i>Local/State (\$ million)</i>	29.8	87.3	<b>117.1</b>
↓	<b>In-State Oklahoma Total (Direct and Multiplier) Impacts</b>			
<b>OKLAHOMA PORTION OF NATIONAL TOTAL IMPACTS</b>	Jobs (person-years)	10,322	24,437	<b>34,760</b>
	Income (\$ million)	283.7	498.1	<b>781.8</b>
	Output (\$ million)	694.0	1,237.4	<b>1,931.4</b>
	GSP* (\$ million)	389.3	730.4	<b>1,119.8</b>
	Taxes (\$ million)	106.7	226.2	<b>332.9</b>
	<i>Federal (\$ million)</i>	82.8	148.7	<b>231.4</b>
	<i>Local/State (\$ million)</i>	24.0	77.5	<b>101.5</b>
	In-state wealth* (\$ million)	306.5	581.7	<b>888.4</b>

Source: Rutgers University, Center for Urban Policy Research, 2008.

\*GDP=Gross Domestic Product; GSP = Gross State Product; In-state wealth = GSP less federal taxes.

Note: Totals may differ from indicated subtotals because of rounding.

A final note on the scale of the historic preservation benefit also relates to the inadequacy of our measuring capabilities. The quality of life, educational, community pride and other benefits of preservation are not being tallied here. For instance, in the renovation of the historic house in Guthrie, we count as an economic benefit to the state's economy the job, output, income, and GDP-GSP effects from both the rehabilitation and the ongoing visitation. Not counted, however, is the benefit from the thousands of visitors who now, knowing more about Oklahoma's important history and feeling more pride in the state, ultimately decide to live and work in the state, develop or expand businesses, refer others to visit, and so on. These benefits are elusive to measure but are there and add to the job, income, and GDP-GSP effects that are being tallied.

## COMPONENTS OF THE BENEFITS OF HISTORIC PRESERVATION

Of the annual benefits from historic preservation noted earlier and summarized in Exhibit 7.1, the largest contribution is from heritage tourism, followed more distantly by historic rehabilitation, and the Main Street Program investment. The main reason for the differences in their total contributions is the varying orders of magnitude of the direct effects of the respective activities. Heritage tourism leads, with \$175 million in annual spending, followed by the \$125 million in historic rehabilitation, and \$57 annually million for the Main Street program.

The respective component contributions must be viewed holistically, however. Vibrant and restored historic sites throughout the state are essential to a healthy heritage tourism industry in Oklahoma. In fact, the multiplier effects from the historic rehabilitation compare quite favorably with those of the heritage tourism, as is shown in Exhibit 7.3. In a parallel vein is the economic "bang" per million dollars of directly invested "buck" for the different historic preservation activities, also shown in Exhibit 7.3. Construction generates a relatively high number of jobs per \$1 million invested, but actually heritage tourism provides the highest job generation of all (reflecting its modest wages per job). While ascribing effects to various separate components of historic preservation is useful on one level, it is also an artificial construct, as the various elements interact with one another to create the "heritage economy."

### EXHIBIT 7.3

#### Economic Effects by Component of Historic Preservation Activity in Oklahoma

Economic Sector	Historic Rehabilitation	Heritage Tourism	Main Street Program
<i>Effects Per Million Dollars of Initial Expenditure</i>			
<b><u>National</u></b>			
Employment (jobs)	25.5	27.1	31.9
Income	\$710,363	\$481,217	\$693,978
State/Local Taxes	\$59,005	\$90,472	\$97,276
GDP	\$998,885	\$751,906	\$1,027,899
<b><u>State</u></b>			
Employment (jobs)	20.2	22.7	27.4
Income	\$558,809	\$363,259	\$563,696
State/Local Taxes	\$47,456	\$80,222	\$86,213
GSP	\$768,399	\$571,677	\$824,862
<i>Ratio of Total to Direct Effects (Multiplier)</i>			
<b><u>National</u></b>			
Output	1.905	1.852	1.849

Employment	1.719	1.457	1.475
Income	1.602	1.749	1.570
GDP	1.679	1.784	1.606
<b>State</b>			
Output	1.580	1.537	1.529
Employment	1.483	1.292	1.310
Income	1.380	1.479	1.356
GSP	1.435	1.505	1.381

*Source:* Rutgers University, Center for Urban Policy Research, 2008.

*Notes:* GDP = Gross Domestic Product, GSP = Gross State Product

### Nationwide Impacts from the \$357 Million Annual Historic Preservation Investment

The details of the national and in-state economic effects of the annual \$357 million in direct preservation spending related to historic preservation activity – at the sector, industry, and occupational level, in order – are contained in Exhibits 7.4 through 7.9. Beyond the mere tabulations that have been presented earlier in this work, there are deeper economic truths to be drawn from these tables. For instance, Exhibit 7.4 shows that the *direct* effects to the nation of annual \$357 million spending related to Oklahoma historic preservation activity translate into \$336 million in output, 6,337 new jobs, \$129 million in earned income, and \$185 million in Gross Domestic Product (GDP) (Exhibit 7.4, II.1). The ratio of the GDP impact to initial investment (0.52) indicates the importation of goods and services into the state in the support of the activity. From previous chapters it is clear that this importing is primarily due to activity not related to the rehabilitation of the buildings themselves, but other activities (such as heritage tourism). Multiplier effects then add \$293 million in output, 3,403 more jobs, \$84 million more in income, and \$130 million more in GDP (Exhibit 7.4, II.2). The sums of these figures generate the grand totals (Exhibit 7.4, II.3). In all instances, the indirect and induced effects do not exceed the direct effects (the traditional multipliers are less than 2.0).

Of the 9,740 total national jobs generated nationally by annual \$357 million spending in activities related to historic preservation in Oklahoma, nearly six in ten are concentrated in two major sectors: retail trade (3,492 jobs or 36 percent) and services (2,129 jobs or 22 percent) (Exhibit 7.4). Other major contributors are construction (1,618, 17%) and manufacturing (1,134, 12%). Combined, these four sectors account for a similar combined share of the total output, labor income and GDP generated. Between the sectors, however, there is wide variation in the quality of the job, as computed by average income per job. Simple division shows that nationwide the labor income per historic preservation job is \$12,613 for retail trade, \$20,204 for services, \$27,473 for construction, and \$35,329 for manufacturing. Because of the concentration of jobs in retail trade and services through heritage tourism, the nation's average labor income per job generated by this activity is \$17,785, substantially lower than the \$27,870 average income for jobs generated through the state's historic building rehabilitation. Most of these latter jobs are in the higher-paying construction industry, however.

The difference in job quality is also noticeable between jobs created indirectly and directly by Oklahoma annual activity related to historic preservation. Exhibit 7.4 reveals that indirectly created jobs pay on average \$24,613, while directly created jobs pay on average \$20,323—a difference of \$4,290 per job. Hence, the low-paying jobs that are created directly in turn generate



higher-paying jobs. Some, but not all, of the pay gap between direct and indirect jobs is due to the part-time nature of the direct jobs created in the retail trade and service industries. A finer breakdown of national economic impacts by industry (Exhibit 7.6) shows that a large number of these jobs are in the restaurant and hotel industries, which generally pay lower wages and offer most jobs on a part-time basis.

An evaluation of the national job productivity (GDP per job) from the annual Oklahoma preservation investment reveals a much larger gap of \$9,188 (\$38,319 versus \$29,131) between indirect and direct national jobs supporting Oklahoma's \$357 million activity related to historic preservation. A major reason for that gap is that for comparable jobs, wages in Oklahoma are lower than for most other states. Another contributor is an even greater representation of lower-paying service-based jobs in the direct effects and higher-paying manufacturing jobs in the indirect sector.

The national distribution of jobs by occupation are shown in Exhibit 7.8. For instance, of the total national 9,740 jobs resulting from the annual Oklahoma \$357 million investment in historic preservation, 2,014 jobs are in food preparation and service occupations and 416 are in retail and salespersons.

### **State-Level Impacts from the \$357 Million Annual Historic Preservation Investment**

Exhibits 7.5, 7.7, and 7.9 present the total economic effects of the annual \$357 million in direct historic preservation spending *within the state of Oklahoma*. Exhibit 7.5 shows that Oklahoma retains about 5,979 jobs (94 percent of the 6,337 direct jobs created nationally) by activity related to Oklahoma historic preservation. This implies that indirect and induced employment has a much lower retention rate (2,092 of 3,403 jobs, or 61 percent), since suppliers of manufactured goods for rehabilitation or souvenirs for sale at historic tourist destinations are often out-of-state.

In sum, through annual \$357 million activity related to historic preservation, Oklahoma annually gains \$460 million in industrial output (73 percent of the national total), 8,071 jobs (83 percent of the national total), \$166 million in earned income (78 percent of the national total), and \$243 million in Gross State Product or GSP (77 percent of the national total) (Exhibit 7.5). In addition, the annual Oklahoma historic preservation investment garners almost \$12 million in state taxes and almost \$7 million annually in local taxes. The annual contribution to Oklahoma in-state wealth (GSP less federal taxes) is \$194 million.

Economic benefits of historic preservation-related activity that accrue to Oklahoma are concentrated in the direct effects. A larger proportion of the direct jobs are in the relatively high-paying construction industry. The impact of these jobs is somewhat offset by the even larger proportion of lower-paying service and retail jobs. Hence, at \$20,512, the average labor income per job in Oklahoma (total Oklahoma labor income divided by total Oklahoma jobs) generated through the state's annual historic preservation activity is somewhat less than the national labor income per job of \$21,822.

Industry detail of Oklahoma state impacts (Exhibit 7.7) reflect concentrations similar to those noted at the national level. Of the 8,071 total (direct and multiplier) state-level jobs derived from annual historic preservation investment, the greatest concentrations are retail trade (3,394 jobs), most notably clustered in eating/drinking places (2,131 jobs); services (1,784 jobs), most notably clustered in hotels/other lodging (556 jobs); and the construction industry (1,566 jobs) with employment concentrated among general building contractors (872 jobs) (Exhibit 7.5 and 7.7). Likewise, those industries garner large shares of the labor income and gross state product tallies, as well as being associated with the most prominent occupations in Exhibit 7.9. For example, of the \$243 million gross state product garnered from the annual Oklahoma \$357 million in historic preservation investment, \$66 million is found in the retail trade industry including \$36 million in eating and drinking places (Exhibit 7.7). There is an associated concentration of employment in related occupations including about 400 jobs for both retail salespersons (399 jobs) and cashiers (360 jobs) (Exhibit 7.9).

### **National and State Impacts from the Combined \$1,392 million Cumulative Federal ITC and Main Street Programs**

The national and in-state economic impacts from the *combined cumulative* federal ITC and Main Street Programs investments (\$1,392 million in current dollars) in Oklahoma are detailed in Exhibits 7.10 through 7.13. (The economic effects from these programs individually were previously detailed in chapters 4 and 5.) To illustrate, from the \$1,392 million combined program investment, effects to the nation include 41,442 jobs, \$2.6 billion in output, \$1.0 billion in income, \$1.4 billion in gross domestic product and \$0.2 billion in taxes (Exhibit 7.10). Much of this effect was captured in Oklahoma; this state realized from the \$1,392 million combined aggregate ITC -Main Street investment a total of 34,760 jobs, \$1.9 billion in output, \$0.8 billion in income, \$1.1 billion in gross state product, and about \$70 million in state (\$48 million) and local (\$22 million) taxes (Exhibit 7.11).

The in-state economic impact detail by industry and occupation is found in Exhibits 7.12 and 7.13. For instance, of the total \$1.1 billion in Oklahoma gross state product generated by the combined \$1,392 million aggregate investment in Oklahoma federal ITC and Main Street programs, the biggest GSP gains were in construction (\$389 million) and retail trade (\$292 million). Major industrial components within the construction group include general building contractors (\$175 million GSP) and special trade contractors (\$146 million GSP). Their large scale counterparts in the retail group include general merchandise stores (\$67 million GSP) and eating-drinking places (\$62 million GSP) (Exhibit 7.12).

What in-state occupations benefited the most? Of the total 34,760 jobs generated to Oklahoma from the combined ITC-Main Street investments, major beneficiaries included marketing and sales occupations (7,270 jobs); precision production craft and repair occupations (7,297 jobs), and operators and fabricators (4,730 jobs) (Exhibit 7.13).

## EXHIBIT 7.4

**Total National Economic & Tax Impacts of Annual Oklahoma Historic Preservation Activity:  
Historic Rehabilitation, Heritage Tourism, and Main Street Program (\$357 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	7,970.3	108	510.0	1,668.3
2. Agri. Serv., Forestry, & Fish	2,001.6	48	723.5	1,681.4
3. Mining	9,648.0	58	2,077.0	3,604.2
4. Construction	78,292.9	1,618	44,452.0	60,973.1
5. Manufacturing	177,080.4	1,134	40,062.9	63,583.2
6. Transport. & Public Utilities	39,563.2	335	10,448.6	16,311.2
7. Wholesale	28,228.9	309	11,479.3	13,443.5
8. Retail Trade	122,229.2	3,492	44,043.4	68,630.8
9. Finance, Ins., & Real Estate	46,228.3	472	14,712.0	28,929.1
10. Services	114,023.9	2,129	43,014.9	54,582.4
11. Government	3,375.4	36	1,021.5	1,593.2
<b>Total Effects (Private and Public)</b>	<b>628,642.1</b>	<b>9,740</b>	<b>212,545.3</b>	<b>315,000.5</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	335,983.4	6,337	128,787.9	184,602.8
2. Indirect and Induced Effects	292,658.7	3,403	83,757.4	130,397.7
3. Total Effects	628,642.1	9,740	212,545.3	315,000.5
4. Multipliers (3/1)	1.871	1.537	1.650	1.706
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				188,490.0
2. Taxes				48,244.6
a. Local				8,919.0
b. State				13,160.6
c. Federal				26,165.0
General				7,854.7
Social Security				18,310.3
3. Profits, dividends, rents, and other				78,265.8
4. Total Gross State Product (1+2+3)				315,000.5
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		188,490.0	170,780.2	
2. Taxes		48,244.6	32,992.7	81,237.3
a. Local		8,919.0	1,900.8	10,819.8
b. State		13,160.6	4,769.7	17,930.3
c. Federal		26,165.0	26,322.2	52,487.2
General		7,854.7	26,322.2	34,176.9
Social Security		18,310.3	0.0	18,310.3
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				27.3
Income				595,365
State/Local Taxes				80,533
Gross State Product				882,354
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>357,000,000</b>

## EXHIBIT 7.5

**Total In-State Economic & Tax Impacts of Annual Oklahoma Historic Preservation Activity:  
 Historic Rehabilitation, Heritage Tourism, and Main Street Program (\$357 million, 2007)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	1,921.5	13	97.5	349.2
2. Agri. Serv., Forestry, & Fish	1,320.8	39	560.3	1,138.9
3. Mining	5,860.5	39	1,267.7	2,215.5
4. Construction	74,233.7	1,566	42,995.6	58,685.7
5. Manufacturing	87,222.1	550	19,485.8	31,118.0
6. Transport. & Public Utilities	22,004.4	148	5,366.6	8,291.2
7. Wholesale	21,274.7	233	8,651.4	10,131.7
8. Retail Trade	118,581.1	3,394	42,727.9	66,494.9
9. Finance, Ins., & Real Estate	28,754.0	276	7,814.7	17,489.3
10. Services	95,902.5	1,784	35,771.7	45,939.2
11. Government	2,695.3	29	812.8	1,256.9
<b>Total Effects (Private and Public)</b>	<b>459,770.8</b>	<b>8,071</b>	<b>165,552.2</b>	<b>243,110.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	296,301.4	5,979	117,297.7	167,433.6
2. Indirect and Induced Effects	163,469.4	2,092	48,254.5	75,677.1
3. Total Effects	459,770.8	8,071	165,552.2	243,110.6
4. Multipliers (3/1)	1.552	1.350	1.411	1.452
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				148,667.9
2. Taxes				42,447.3
a. Local				6,834.1
b. State				11,584.7
c. Federal				24,028.4
General				6,278.6
Social Security				17,749.8
3. Profits, dividends, rents, and other				51,995.5
4. Total Gross State Product (1+2+3)				243,110.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		148,667.9	165,552.2	
2. Taxes		42,447.3	31,982.7	74,429.9
a. Local		6,834.1	1,842.6	8,676.7
b. State		11,584.7	4,623.7	16,208.4
c. Federal		24,028.4	25,516.4	49,544.8
General		6,278.6	25,516.4	31,795.0
Social Security		17,749.8	0.0	17,749.8
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				22.6
Income				463,732
State/Local Taxes				69,706
Gross State Product				680,982
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>357,000,000</b>

**EXHIBIT 7.6**  
**National Industrial Impacts of Annual Oklahoma Historic Preservation Activity**  
**(\$357 million, 2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>7,970.3</b>	<b>108</b>	<b>510.0</b>	<b>1,668.3</b>
Dairy Farm Products	1,535.1	5	91.7	182.1
Eggs	32.0	0	1.5	4.0
Meat Animals	3,516.6	20	157.6	439.9
Misc. Livestock	36.9	0	3.1	8.3
Wool	11.6	0	1.0	2.6
Cotton	211.6	4	20.9	70.2
Tobacco	19.1	0	1.2	6.7
Grains & Misc. Crops	250.1	1	6.2	94.2
Feed Crops	866.7	1	18.8	301.6
Fruits & Nuts	915.1	52	153.6	306.3
Vegetables	108.8	20	13.1	42.6
Greenhouse/Nursery Products	144.7	2	27.0	82.9
Sugar Beets & Cane	87.9	0	2.0	42.4
Flaxseed, Peanuts, Soybean	234.2	1	12.3	84.4
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>2,001.6</b>	<b>48</b>	<b>723.5</b>	<b>1,681.4</b>
Agri. Services (07)	1,213.9	45	638.9	1,086.2
Forestry (08)	702.3	2	62.2	518.4
Fishing, Hunting, Trapping (09)	85.4	1	22.4	76.9
<b>Mining</b>	<b>9,648.0</b>	<b>58</b>	<b>2,077.0</b>	<b>3,604.2</b>
Coal Mining (12)	992.2	7	308.4	458.4
Oil & Gas Extraction (13)	5,736.8	13	769.1	1,306.8
Nonmetal Min.-Ex. Fuels (14)	2,817.9	37	973.4	1,748.0
Metal Mining (10)	101.1	1	26.0	91.0
<b>Construction</b>	<b>78,292.9</b>	<b>1,618</b>	<b>44,452.0</b>	<b>60,973.1</b>
General Bldg. Contractors (15)	46,542.1	892	26,018.9	35,989.4
Heavy Const. Contractors (16)	12,227.9	337	8,039.6	10,555.4
Special Trade Contractors (17)	19,522.9	389	10,393.5	14,428.3
<b>Manufacturing</b>	<b>177,080.4</b>	<b>1,134</b>	<b>40,062.9</b>	<b>63,583.2</b>
Food & Kindred Prod. (20)	24,048.6	101	3,313.2	6,417.5
Tobacco Manufactures (21)	1,145.9	1	99.8	471.4
Textile Mill Prod. (22)	8,990.3	86	1,692.2	1,771.8
Apparel & Other Prod. (23)	4,926.0	71	1,391.5	1,462.4
Limber & Wood Prod. (24)	14,397.0	129	3,242.2	4,092.6
Furniture & Fixtures (25)	1,477.5	20	456.1	545.8
Paper & Allied Prod. (26)	3,941.0	20	867.4	1,604.3
Chemicals & Allied Prod. (28)	16,507.6	12	3,108.0	2,671.8
Petroleum & Coal Prod. (29)	17,000.9	34	1,768.6	3,970.4
Rubber & Misc. Plastics (30)	7,351.3	62	2,018.0	3,477.0
Leather & Leather Prod. (31)	809.6	11	215.6	424.4
Stone, Clay, & Glass (32)	12,817.5	120	3,931.4	7,112.3
Primary Metal Prod. (33)	4,823.1	25	1,051.7	1,794.8
Fabricated Metal Prod. (34)	19,360.2	169	5,782.0	10,896.2
Machinery, Except Elec. (35)	5,351.1	39	1,717.6	2,158.0
Electric & Elec. Equip. (36)	7,984.7	49	2,023.0	4,976.8
Transportation Equipment (37)	8,072.5	23	1,343.2	2,204.9
Instruments & Rel. Prod. (38)	2,809.3	22	728.1	1,356.9
Misc. Manufacturing Inds. (39)	9,335.4	80	3,460.3	4,104.2

Printing & Publishing (27)	5,930.9	60	1,853.1	2,069.6
<b>Transport. &amp; Public Utilities</b>	<b>39,563.2</b>	<b>335</b>	<b>10,448.6</b>	<b>16,311.2</b>
Railroad Transportation (40)	2,088.5	14	865.9	1,879.7
Local Pass. Transit (41)	3,354.6	98	1,447.9	1,961.5
Trucking & Warehousing (42)	8,411.8	126	3,633.3	4,543.1
Water Transportation (44)	1,203.9	19	341.0	715.2
Transportation by Air (45)	1,546.3	12	538.1	664.9
Pipe Lines-Ex. Nat. Gas (46)	370.8	1	40.2	103.1
Transportation Services (47)	679.7	5	255.6	227.2
Communication (48)	8,702.0	37	1,777.4	3,581.6
Elec., Gas, & Sanitary Serv. (49)	13,205.4	22	1,549.2	2,634.9
<b>Wholesale</b>	<b>28,228.9</b>	<b>309</b>	<b>11,479.3</b>	<b>13,443.5</b>
Wholesale-Nondurable Goods (51)	13,969.8	158	5,680.8	6,652.9
Wholesale-Durable Goods (50)	14,259.1	150	5,798.5	6,790.6
<b>Retail Trade</b>	<b>122,229.2</b>	<b>3,492</b>	<b>44,043.4</b>	<b>68,630.8</b>
Bldg. Mat.-Garden Supply (52)	1,711.1	40	743.2	1,162.6
General Merch. Stores (53)	11,409.6	316	4,114.1	7,752.4
Food Stores (54)	9,370.0	286	3,653.0	6,366.6
Auto. Dealers-Serv. Stat. (55)	6,458.7	90	1,700.4	4,388.5
Apparel & Access. Stores (56)	7,695.9	308	3,614.5	5,229.1
Furniture & Home Furnish. (57)	833.0	21	389.1	566.0
Eating & Drinking Places (58)	76,065.0	2,183	25,857.0	37,263.8
Miscellaneous Retail (59)	8,685.8	248	3,972.0	5,901.7
<b>Finance, Ins., &amp; Real Estate</b>	<b>46,228.3</b>	<b>472</b>	<b>14,712.0</b>	<b>28,929.1</b>
Banking (60)	5,721.3	48	1,510.1	3,304.7
Nondep. Credit Institutions (61)	10,420.2	171	5,458.1	5,081.0
Security, Comm. Brokers (62)	1,408.0	9	692.1	691.7
Insurance Carriers (63)	8,810.6	88	3,545.3	7,626.1
Ins. Agents, Brokers (64)	1,901.2	29	732.1	824.3
Real Estate (65)	15,579.2	103	1,523.7	9,583.6
Holding and Invest. Off. (67)	2,387.8	23	1,250.7	1,817.8
<b>Services</b>	<b>114,023.9</b>	<b>2,129</b>	<b>43,014.9</b>	<b>54,582.4</b>
Hotels & Other Lodging (70)	30,898.1	600	8,637.3	15,728.4
Personal Services (72)	7,084.2	243	2,579.5	3,005.7
Business Services (73)	11,717.3	200	4,795.8	5,788.3
Auto Repair, Serv., Garages (75)	9,009.6	69	1,912.0	3,837.8
Misc. Repair Services (76)	3,059.2	54	1,158.4	1,336.7
Motion Pictures (78)	4,987.0	82	1,322.2	1,944.2
Amusement & Recreation (79)	6,576.3	224	2,496.1	4,548.3
Health Services (80)	5,245.1	88	2,771.5	2,735.2
Legal Services (81)	5,239.2	45	2,423.0	2,547.0
Educational Services (82)	1,447.2	44	739.6	720.5
Social Services (83)	867.0	27	431.1	443.0
Museums & Gardens (84, 86)	3,885.4	90	1,968.9	1,875.7
Engineer. & Manage. Serv. (87)	21,612.6	307	10,730.2	9,058.7
Private Households (88)	120.6	9	120.6	120.6
Miscellaneous Services (89)	2,275.0	47	928.6	892.2
<b>Government</b>	<b>3,375.4</b>	<b>36</b>	<b>1,021.5</b>	<b>1,593.2</b>
<b>Total</b>	<b>628,642.1</b>	<b>9,740</b>	<b>212,545.3</b>	<b>315,000.5</b>

**EXHIBIT 7.7**  
**In-State Industrial Impacts of Annual Oklahoma Historic Preservation Activity**  
**(\$357 million, 2007)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>1,921.5</b>	<b>13</b>	<b>97.5</b>	<b>349.2</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	1,535.5	9	68.3	190.5
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	37.9	1	3.8	12.6
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	60.0	0	1.5	22.6
Feed Crops	168.3	0	3.6	59.0
Fruits & Nuts	5.9	0	1.0	2.4
Vegetables	1.7	1	0.2	0.6
Greenhouse/Nursery Products	99.3	1	18.5	56.9
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean	12.8	0	0.7	4.6
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>1,320.8</b>	<b>39</b>	<b>560.3</b>	<b>1,138.9</b>
Agri. Services (07)	979.2	37	523.1	880.3
Forestry (08)	301.4	1	26.7	222.5
Fishing, Hunting, Trapping (09)	40.2	0	10.5	36.2
<b>Mining</b>	<b>5,860.5</b>	<b>39</b>	<b>1,267.7</b>	<b>2,215.5</b>
Coal Mining (12)	9.2	0	2.9	4.2
Oil & Gas Extraction (13)	3,618.9	8	485.2	824.4
Nonmetal Min.-Ex. Fuels (14)	2,229.4	30	778.8	1,384.2
Metal Mining (10)	3.0	0	0.9	2.7
<b>Construction</b>	<b>74,233.7</b>	<b>1,566</b>	<b>42,995.6</b>	<b>58,685.7</b>
General Bldg. Contractors (15)	45,285.2	872	25,414.8	35,112.4
Heavy Const. Contractors (16)	11,779.8	328	7,809.4	10,240.5
Special Trade Contractors (17)	17,168.7	366	9,771.4	13,332.8
<b>Manufacturing</b>	<b>87,222.1</b>	<b>550</b>	<b>19,485.8</b>	<b>31,118.0</b>
Food & Kindred Prod. (20)	8,198.1	41	1,256.1	1,883.7
Tobacco Manufactures (21)	0.0	0	0.0	0.0
Textile Mill Prod. (22)	3,228.5	20	496.3	610.4
Apparel & Other Prod. (23)	1,361.6	19	384.0	407.0
Limber & Wood Prod. (24)	10,288.2	94	2,352.9	2,863.4
Furniture & Fixtures (25)	493.2	7	158.7	185.7
Paper & Allied Prod. (26)	1,130.8	5	231.4	479.9
Chemicals & Allied Prod. (28)	7,833.6	4	1,424.0	1,288.3
Petroleum & Coal Prod. (29)	13,477.1	30	1,543.3	3,215.2
Rubber & Misc. Plastics (30)	1,364.8	11	379.3	655.9
Leather & Leather Prod. (31)	37.1	1	10.9	22.8
Stone, Clay, & Glass (32)	10,764.7	103	3,270.5	5,871.9
Primary Metal Prod. (33)	1,305.5	7	296.4	500.6
Fabricated Metal Prod. (34)	13,498.4	117	3,985.1	7,565.2
Machinery, Except Elec. (35)	3,142.1	24	1,024.2	1,276.8
Electric & Elec. Equip. (36)	1,830.3	12	520.7	1,256.6
Transportation Equipment (37)	3,791.4	10	610.0	1,004.6
Instruments & Rel. Prod. (38)	938.7	6	224.3	459.1
Misc. Manufacturing Inds. (39)	1,877.9	11	486.2	637.2
Printing & Publishing (27)	2,660.3	27	831.4	933.7

<b>Transport. &amp; Public Utilities</b>	<b>22,004.4</b>	<b>148</b>	<b>5,366.6</b>	<b>8,291.2</b>
Railroad Transportation (40)	675.1	4	279.9	607.6
Local Pass. Transit (41)	960.1	28	414.4	561.4
Trucking & Warehousing (42)	4,228.1	64	1,960.1	2,324.4
Water Transportation (44)	39.3	1	15.0	28.2
Transportation by Air (45)	853.0	7	296.8	366.8
Pipe Lines-Ex. Nat. Gas (46)	189.0	0	20.5	52.6
Transportation Services (47)	305.1	2	115.5	107.3
Communication (48)	6,052.8	26	1,236.7	2,513.1
Elec., Gas, & Sanitary Serv. (49)	8,702.0	15	1,027.7	1,729.9
<b>Wholesale</b>	<b>21,274.7</b>	<b>233</b>	<b>8,651.4</b>	<b>10,131.7</b>
Wholesale-Nondurable Goods (51)	11,383.7	129	4,629.2	5,421.3
Wholesale-Durable Goods (50)	9,891.1	104	4,022.2	4,710.4
<b>Retail Trade</b>	<b>118,581.1</b>	<b>3,394</b>	<b>42,727.9</b>	<b>66,494.9</b>
Bldg. Mat.-Garden Supply (52)	1,559.3	37	677.3	1,059.5
General Merch. Stores (53)	11,097.4	307	4,001.5	7,540.3
Food Stores (54)	9,096.2	278	3,546.2	6,180.5
Auto. Dealers-Serv. Stat. (55)	5,984.7	83	1,574.7	4,066.4
Apparel & Access. Stores (56)	7,541.4	301	3,541.9	5,124.1
Furniture & Home Furnish. (57)	752.6	19	351.5	511.4
Eating & Drinking Places (58)	74,256.5	2,131	25,242.3	36,377.8
Miscellaneous Retail (59)	8,293.1	237	3,792.5	5,634.9
<b>Finance, Ins., &amp; Real Estate</b>	<b>28,754.0</b>	<b>276</b>	<b>7,814.7</b>	<b>17,489.3</b>
Banking (60)	4,296.4	36	1,134.0	2,481.6
Nondep. Credit Institutions (61)	5,121.0	84	2,682.4	2,497.1
Security, Comm. Brokers (62)	754.6	5	370.9	370.7
Insurance Carriers (63)	3,568.6	36	1,436.0	3,088.8
Ins. Agents, Brokers (64)	1,543.9	24	594.5	669.4
Real Estate (65)	12,813.1	85	1,253.2	7,882.0
Holding and Invest. Off. (67)	656.4	6	343.8	499.7
<b>Services</b>	<b>95,902.5</b>	<b>1,784</b>	<b>35,771.7</b>	<b>45,939.2</b>
Hotels & Other Lodging (70)	28,950.3	556	8,011.4	14,630.4
Personal Services (72)	5,607.0	192	2,036.0	2,376.4
Business Services (73)	8,236.3	143	3,352.5	4,096.9
Auto Repair, Serv., Garages (75)	8,262.3	62	1,709.9	3,510.1
Misc. Repair Services (76)	2,380.8	41	890.3	1,043.9
Motion Pictures (78)	3,083.1	53	805.7	1,219.5
Amusement & Recreation (79)	5,367.7	185	2,035.8	3,606.2
Health Services (80)	4,817.2	80	2,551.9	2,518.4
Legal Services (81)	4,336.0	37	2,005.3	2,107.9
Educational Services (82)	1,245.1	38	634.4	620.9
Social Services (83)	729.1	22	355.4	370.2
Museums & Gardens (84, 86)	2,867.6	74	1,510.6	1,427.5
Engineer. & Manage. Serv. (87)	18,314.9	259	9,111.6	7,675.5
Private Households (88)	109.9	9	109.9	109.9
Miscellaneous Services (89)	1,595.3	33	651.1	625.6
<b>Government</b>	<b>2,695.3</b>	<b>29</b>	<b>812.8</b>	<b>1,256.9</b>
<b>Total</b>	<b>459,770.8</b>	<b>8,071</b>	<b>165,552.2</b>	<b>243,110.6</b>



## EXHIBIT 7.8

**National Occupational Employment Impacts of Annual Oklahoma Historic Preservation Activity (\$357 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>9,740</b>
<b>Executive, administrative, and managerial occupations</b>	<b>914</b>
Managerial and administrative occupations	685
Management support occupations	228
<b>Professional specialty occupations</b>	<b>430</b>
Engineers	99
Architects and surveyors	29
Life scientists	3
Computer, mathematical, and operations research occupations	49
Physical scientists	8
Religious workers	12
Social scientists	3
Social and recreation workers	16
Lawyers and judicial workers	17
Teachers, librarians, and counselors	53
Health diagnosing occupations	6
Health assessment and treating occupations	26
Writers, artists, and entertainers	83
All other professional workers	26
<b>Technicians and related support occupations</b>	<b>184</b>
Health technicians and technologists	51
Engineering and science technicians and technologists	101
Technicians, except health and engineering and science	32
<b>Marketing and sales occupations</b>	<b>1,248</b>
Cashiers	378
Counter and rental clerks	81
Insurance sales agents	14
Marketing and sales worker supervisors	148
Models, demonstrators, and product promoters	4
Parts salespersons	11
Real estate agents and brokers	17
Retail salespersons	416
Sales engineers	3
Securities, commodities, and financial services sales agents	8
Travel agents	1
All other sales and related workers	168
<b>Administrative support occupations, including clerical</b>	<b>1,245</b>
Adjusters, investigators, and collectors	62
Communications equipment operators	12
Computer operators	8
Information clerks	112
Mail clerks and messengers	8
Postal clerks and mail carriers	17

Material recording, scheduling, dispatching, and distributing occupations	280
Records processing occupations	210
Secretaries, stenographers, and typists	165
Other clerical and administrative support workers	370
<b>Service occupations</b>	<b>2,487</b>
Cleaning and building service occupations, except private household	290
Food preparation and service occupations	2,014
Health service occupations	29
Personal service occupations	75
Private household workers	8
Protective service occupations	65
All other protective service workers	5
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>224</b>
Farm operators and managers	15
Farm workers	67
Fishers and fishing vessel operators	2
Forestry, conservation, and logging occupations	8
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	92
Supervisors, farming, forestry, and agricultural related occupations	6
Veterinary assistants and nonfarm animal caretakers	10
All other agricultural, forestry, fishing, and related workers	25
<b>Precision production, craft, and repair occupations</b>	<b>1,463</b>
Blue-collar worker supervisors	193
Construction trades	665
Extractive and related workers, including blasters	12
Mechanics, installers, and repairers	307
Machinery mechanics, installers, and repairers	136
Vehicle and mobile equipment mechanics and repairers	63
Other mechanics, installers, and repairers	88
<b>Production occupations, precision</b>	<b>185</b>
Assemblers, precision	10
Food workers, precision	23
Inspectors, testers, and graders, precision	37
Metal workers, precision	45
Printing workers, precision	5
Textile, apparel, and furnishings workers, precision	29
Woodworkers, precision	22
Other precision workers	14
<b>Plant and system occupations</b>	<b>6</b>
Chemical plant and system operators	1
Electric power generating plant operators, distributors, and dispatchers	1
Gas and petroleum plant and system occupations	3
Stationary engineers	1
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>1,354</b>
Machine setters, set-up operators, operators, and tenders	335
Hand workers, including assemblers and fabricators	184
Transportation and material moving machine and vehicle operators	354
Helpers, laborers, and material movers, hand	481

**EXHIBIT 7.9**  
**In-State Occupational Employment Impacts of Annual Oklahoma Historic Preservation Activity (\$357 million, 2007)**

<b>TOTAL NUMBER OF JOBS</b>	<b>8,071</b>
<b>Executive, administrative, and managerial occupations</b>	<b>729</b>
Managerial and administrative occupations	570
Management support occupations	160
<b>Professional specialty occupations</b>	<b>338</b>
Engineers	80
Architects and surveyors	25
Life scientists	2
Computer, mathematical, and operations research occupations	32
Physical scientists	6
Religious workers	10
Social scientists	3
Social and recreation workers	14
Lawyers and judicial workers	13
Teachers, librarians, and counselors	46
Health diagnosing occupations	5
Health assessment and treating occupations	24
Writers, artists, and entertainers	59
All other professional workers	18
<b>Technicians and related support occupations</b>	<b>140</b>
Health technicians and technologists	36
Engineering and science technicians and technologists	82
Technicians, except health and engineering and science	22
<b>Marketing and sales occupations</b>	<b>1,123</b>
Cashiers	360
Counter and rental clerks	65
Insurance sales agents	8
Marketing and sales worker supervisors	132
Models, demonstrators, and product promoters	3
Parts salespersons	9
Real estate agents and brokers	15
Retail salespersons	399
Sales engineers	3
Securities, commodities, and financial services sales agents	4
Travel agents	1
All other sales and related workers	124
<b>Administrative support occupations, including clerical</b>	<b>963</b>
Adjusters, investigators, and collectors	39
Communications equipment operators	10
Computer operators	5
Information clerks	93
Mail clerks and messengers	5
Postal clerks and mail carriers	11
Material recording, scheduling, dispatching, and distributing occupations	230
Records processing occupations	165

Secretaries, stenographers, and typists	132
Other clerical and administrative support workers	274
<b>Service occupations</b>	<b>2,364</b>
Cleaning and building service occupations, except private household	257
Food preparation and service occupations	1,949
Health service occupations	26
Personal service occupations	66
Private household workers	8
Protective service occupations	53
All other protective service workers	5
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>121</b>
Farm operators and managers	2
Farm workers	16
Fishers and fishing vessel operators	0
Forestry, conservation, and logging occupations	4
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	80
Supervisors, farming, forestry, and agricultural related occupations	2
Veterinary assistants and nonfarm animal caretakers	8
All other agricultural, forestry, fishing, and related workers	8
<b>Precision production, craft, and repair occupations</b>	<b>1,264</b>
Blue-collar worker supervisors	154
Construction trades	630
Extractive and related workers, including blasters	8
Mechanics, installers, and repairers	242
Machinery mechanics, installers, and repairers	105
Vehicle and mobile equipment mechanics and repairers	50
Other mechanics, installers, and repairers	75
<b>Production occupations, precision</b>	<b>111</b>
Assemblers, precision	6
Food workers, precision	17
Inspectors, testers, and graders, precision	19
Metal workers, precision	20
Printing workers, precision	2
Textile, apparel, and furnishings workers, precision	20
Woodworkers, precision	17
Other precision workers	10
<b>Plant and system occupations</b>	<b>4</b>
Chemical plant and system operators	1
Electric power generating plant operators, distributors, and dispatchers	1
Gas and petroleum plant and system occupations	2
Stationary engineers	1
Water and liquid waste treatment plant and system operators	0
<b>Operators, fabricators, and laborers</b>	<b>914</b>
Machine setters, set-up operators, operators, and tenders	166
Hand workers, including assemblers and fabricators	109
Transportation and material moving machine and vehicle operators	243
Helpers, laborers, and material movers, hand	396

**EXHIBIT 7.10**  
**Cumulative National Economic & Tax Impacts of Oklahoma Historic Preservation Programs: Federal ITC and Main Street (\$1,392 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	21,857.0	338	1,512.1	4,874.3
2. Agri. Serv., Forestry, & Fish	7,493.0	171	2,565.3	6,228.3
3. Mining	38,083.1	257	8,805.3	15,361.6
4. Construction	487,802.0	10,823	294,577.6	397,460.3
5. Manufacturing	793,733.0	5,457	189,800.2	310,273.1
6. Transport. & Public Utilities	153,299.7	1,110	38,716.6	61,399.4
7. Wholesale	111,750.6	1,211	45,443.6	53,219.2
8. Retail Trade	481,532.2	14,542	184,621.8	301,881.4
9. Finance, Ins., & Real Estate	183,049.7	1,974	64,498.3	115,123.1
10. Services	312,236.4	5,433	139,673.4	144,102.3
11. Government	11,844.0	126	3,588.3	5,609.7
<b>Total Effects (Private and Public)</b>	<b>2,602,680.7</b>	<b>41,442</b>	<b>973,802.5</b>	<b>1,415,532.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	1,391,843.3	26,931	615,386.1	867,438.6
2. Indirect and Induced Effects	1,210,837.4	14,511	358,416.4	548,094.0
3. Total Effects	2,602,680.7	41,442	973,802.5	1,415,532.6
4. Multipliers (3/1)	1.870	1.539	1.582	1.632
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				832,897.2
2. Taxes				205,093.8
a. Local				30,823.6
b. State				54,917.8
c. Federal				119,352.4
General				33,301.9
Social Security				86,050.5
3. Profits, dividends, rents, and other				377,541.5
4. Total Gross State Product (1+2+3)				1,415,532.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		832,897.2	802,592.5	
2. Taxes		205,093.8	155,051.2	360,145.1
a. Local		30,823.6	8,932.9	39,756.5
b. State		54,917.8	22,415.5	77,333.3
c. Federal		119,352.4	123,702.9	243,055.3
General		33,301.9	123,702.9	157,004.8
Social Security		86,050.5	0.0	86,050.5
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				29.8
Income				699,571
State/Local Taxes				84,116
Gross State Product				1,016,906
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>1,392,000,000</b>

**EXHIBIT 7.11**  
**Cumulative In-State Economic & Tax Impacts of Oklahoma Historic**  
**Preservation Programs: Federal ITC and Main Street (\$1,392 million)**

	Economic Component			
	Output (000 \$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
1. Agriculture	4,804.2	36	271.7	986.7
2. Agri. Serv., Forestry, & Fish	4,835.3	137	1,981.6	4,136.3
3. Mining	22,922.5	174	5,376.6	9,386.2
4. Construction	472,130.8	10,623	289,025.3	388,697.4
5. Manufacturing	439,963.9	3,067	107,516.8	175,730.9
6. Transport. & Public Utilities	87,268.7	526	20,633.4	32,139.3
7. Wholesale	83,404.5	904	33,916.7	39,719.9
8. Retail Trade	465,363.3	14,106	178,783.1	292,388.1
9. Finance, Ins., & Real Estate	106,108.7	1,096	33,249.1	64,490.8
10. Services	235,452.5	3,992	108,309.4	107,830.7
11. Government	9,137.3	98	2,755.4	4,261.1
<b>Total Effects (Private and Public)</b>	<b>1,931,391.9</b>	<b>34,760</b>	<b>781,819.1</b>	<b>1,119,767.6</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	1,248,419.8	25,685	572,759.1	800,203.0
2. Indirect and Induced Effects	682,972.0	9,075	209,060.0	319,564.6
3. Total Effects	1,931,391.9	34,760	781,819.1	1,119,767.6
4. Multipliers (3/1)	1.547	1.353	1.365	1.399
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages--Net of Taxes				670,114.6
2. Taxes				181,868.7
a. Local				22,454.5
b. State				48,485.1
c. Federal				110,929.1
General				27,105.9
Social Security				83,823.3
3. Profits, dividends, rents, and other				267,784.3
4. Total Gross State Product (1+2+3)				1,119,767.6
<b>IV. TAX ACCOUNTS</b>				
		<b>Business</b>	<b>Household</b>	<b>Total</b>
1. Income --Net of Taxes		670,114.6	781,819.1	
2. Taxes		181,868.7	151,038.1	332,906.8
a. Local		22,454.5	8,701.7	31,156.2
b. State		48,485.1	21,835.3	70,320.4
c. Federal		110,929.1	120,501.1	231,430.2
General		27,105.9	120,501.1	147,606.9
Social Security		83,823.3	0.0	83,823.3
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				25.0
Income				561,652
State/Local Taxes				72,900
Gross State Product				804,431
<b>INITIAL EXPENDITURE IN DOLLARS</b>				<b>1,392,000,000</b>

**EXHIBIT 7.12**  
**In-State Industrial Impacts of Cumulative Oklahoma Historic Preservation Programs:**  
**Federal ITC and Main Street (\$1,392 million)**

<b>SECTOR/INDUSTRY</b>	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross State Prod.</b>
<b>Agriculture</b>	<b>4,804.2</b>	<b>36</b>	<b>271.7</b>	<b>986.7</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	3,507.6	20	155.6	434.7
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	175.2	3	17.3	58.1
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	196.0	1	4.9	73.8
Feed Crops	440.8	1	9.5	154.7
Fruits & Nuts	18.1	1	3.1	7.4
Vegetables	4.9	4	0.4	1.6
Greenhouse/Nursery Products	423.6	5	78.9	242.7
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean	38.0	0	2.0	13.7
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>4,835.3</b>	<b>137</b>	<b>1,981.6</b>	<b>4,136.3</b>
Agri. Services (07)	3,459.7	132	1,848.1	3,110.0
Forestry (08)	1,308.8	4	115.9	966.1
Fishing, Hunting, Trapping (09)	66.9	1	17.6	60.2
<b>Mining</b>	<b>22,922.5</b>	<b>174</b>	<b>5,376.6</b>	<b>9,386.2</b>
Coal Mining (12)	39.0	0	12.1	18.0
Oil & Gas Extraction (13)	12,379.6	29	1,659.8	2,820.0
Nonmetal Min.-Ex. Fuels (14)	10,482.6	145	3,698.5	6,529.1
Metal Mining (10)	21.2	0	6.2	19.1
<b>Construction</b>	<b>472,130.8</b>	<b>10,623</b>	<b>289,025.3</b>	<b>388,697.4</b>
General Bldg. Contractors (15)	224,405.7	4,342	126,611.2	174,641.8
Heavy Const. Contractors (16)	77,544.2	2,147	51,471.8	67,529.8
Special Trade Contractors (17)	170,180.9	4,134	110,942.3	146,525.8
<b>Manufacturing</b>	<b>439,963.9</b>	<b>3,067</b>	<b>107,516.8</b>	<b>175,730.9</b>
Food & Kindred Prod. (20)	21,371.5	102	3,176.2	4,934.1
Tobacco Manufactures (21)	0.1	0	0.0	0.0
Textile Mill Prod. (22)	15,598.1	96	2,395.1	2,948.6
Apparel & Other Prod. (23)	4,590.7	66	1,306.8	1,388.8
Limber & Wood Prod. (24)	50,967.9	480	11,878.1	14,280.0
Furniture & Fixtures (25)	4,192.4	63	1,422.0	1,624.2
Paper & Allied Prod. (26)	4,272.3	22	903.3	1,807.6
Chemicals & Allied Prod. (28)	25,393.0	12	4,810.8	4,029.3
Petroleum & Coal Prod. (29)	56,288.6	157	7,732.3	13,938.8
Rubber & Misc. Plastics (30)	7,067.4	57	1,957.2	3,389.4
Leather & Leather Prod. (31)	125.5	2	36.5	76.6
Stone, Clay, & Glass (32)	68,192.2	638	20,452.4	36,958.1
Primary Metal Prod. (33)	11,824.2	66	2,714.8	4,592.9
Fabricated Metal Prod. (34)	101,784.1	872	30,239.6	56,992.3
Machinery, Except Elec. (35)	23,837.1	175	7,764.0	9,575.9
Electric & Elec. Equip. (36)	13,451.1	95	3,995.6	9,393.9
Transportation Equipment (37)	16,582.0	38	2,456.4	4,410.9
Instruments & Rel. Prod. (38)	2,382.9	19	713.5	1,124.3
Misc. Manufacturing Inds. (39)	3,977.1	20	966.6	1,423.3

Printing & Publishing (27)	8,065.8	87	2,595.4	2,841.9
<b>Transport. &amp; Public Utilities</b>	<b>87,268.7</b>	<b>526</b>	<b>20,633.4</b>	<b>32,139.3</b>
Railroad Transportation (40)	2,636.3	18	1,093.1	2,372.7
Local Pass. Transit (41)	1,028.7	30	444.0	601.5
Trucking & Warehousing (42)	18,498.5	275	8,268.2	9,989.0
Water Transportation (44)	175.5	5	67.1	126.2
Transportation by Air (45)	3,901.6	31	1,357.7	1,677.6
Pipe Lines-Ex. Nat. Gas (46)	685.9	1	74.4	190.8
Transportation Services (47)	933.0	8	350.4	309.1
Communication (48)	23,370.6	99	4,771.3	9,720.4
Elec., Gas, & Sanitary Serv. (49)	36,038.5	61	4,207.3	7,152.0
<b>Wholesale</b>	<b>83,404.5</b>	<b>904</b>	<b>33,916.7</b>	<b>39,719.9</b>
Wholesale-Nondurable Goods (51)	31,684.8	359	12,884.7	15,089.3
Wholesale-Durable Goods (50)	51,719.8	546	21,032.0	24,630.6
<b>Retail Trade</b>	<b>465,363.3</b>	<b>14,106</b>	<b>178,783.1</b>	<b>292,388.1</b>
Bldg. Mat.-Garden Supply (52)	7,139.0	169	3,100.8	4,850.7
General Merch. Stores (53)	99,678.8	2,761	35,942.5	67,728.3
Food Stores (54)	97,444.6	2,973	37,989.5	66,210.2
Auto. Dealers-Serv. Stat. (55)	21,039.5	293	5,542.6	14,295.6
Apparel & Access. Stores (56)	91,915.9	3,673	43,169.5	62,453.6
Furniture & Home Furnish. (57)	3,540.3	90	1,653.6	2,405.5
Eating & Drinking Places (58)	125,599.0	3,605	42,695.3	61,530.2
Miscellaneous Retail (59)	19,006.0	542	8,689.4	12,913.9
<b>Finance, Ins., &amp; Real Estate</b>	<b>106,108.7</b>	<b>1,096</b>	<b>33,249.1</b>	<b>64,490.8</b>
Banking (60)	18,232.4	154	4,812.3	10,531.0
Nondep. Credit Institutions (61)	23,531.8	385	12,325.9	11,474.4
Security, Comm. Brokers (62)	3,360.0	22	1,651.5	1,650.6
Insurance Carriers (63)	16,772.1	168	6,748.9	14,517.2
Ins. Agents, Brokers (64)	7,287.8	112	2,806.3	3,159.8
Real Estate (65)	33,889.6	225	3,314.5	20,847.2
Holding and Invest. Off. (67)	3,035.0	30	1,589.7	2,310.5
<b>Services</b>	<b>235,452.5</b>	<b>3,992</b>	<b>108,309.4</b>	<b>107,830.7</b>
Hotels & Other Lodging (70)	1,441.2	36	509.2	872.7
Personal Services (72)	9,810.2	325	3,433.2	4,240.5
Business Services (73)	34,217.1	547	13,236.0	16,926.8
Auto Repair, Serv., Garages (75)	10,254.5	103	2,691.1	4,496.6
Misc. Repair Services (76)	5,073.4	90	1,947.6	2,207.9
Motion Pictures (78)	2,684.2	51	676.4	1,098.8
Amusement & Recreation (79)	3,034.7	107	1,056.2	2,478.0
Health Services (80)	14,362.9	266	7,826.3	7,544.6
Legal Services (81)	17,230.6	147	7,968.8	8,376.4
Educational Services (82)	5,850.5	177	2,981.4	2,917.7
Social Services (83)	3,350.3	98	1,621.6	1,697.2
Museums & Gardens (84, 86)	11,972.4	333	6,564.6	6,190.9
Engineer. & Manage. Serv. (87)	108,690.0	1,528	54,436.6	45,533.6
Private Households (88)	519.1	40	519.1	519.1
Miscellaneous Services (89)	6,961.4	143	2,841.4	2,730.0
<b>Government</b>	<b>9,137.3</b>	<b>98</b>	<b>2,755.4</b>	<b>4,261.1</b>
<b>Total</b>	<b>1,931,391.9</b>	<b>34,760</b>	<b>781,819.1</b>	<b>1,119,767.6</b>



**EXHIBIT 7.13**  
**In-State Occupational Employment Impacts of Cumulative Oklahoma Historic**  
**Preservation Programs: Federal ITC and Main Street (\$1,392 million)**

<b>TOTAL NUMBER OF JOBS</b>	<b>34,760</b>
<b>Executive, administrative, and managerial occupations</b>	<b>3,216</b>
Managerial and administrative occupations	2,436
Management support occupations	780
<b>Professional specialty occupations</b>	<b>1,460</b>
Engineers	459
Architects and surveyors	154
Life scientists	8
Computer, mathematical, and operations research occupations	151
Physical scientists	33
Religious workers	48
Social scientists	12
Social and recreation workers	32
Lawyers and judicial workers	54
Teachers, librarians, and counselors	158
Health diagnosing occupations	15
Health assessment and treating occupations	82
Writers, artists, and entertainers	191
All other professional workers	64
<b>Technicians and related support occupations</b>	<b>688</b>
Health technicians and technologists	109
Engineering and science technicians and technologists	484
Technicians, except health and engineering and science	95
<b>Marketing and sales occupations</b>	<b>7,270</b>
Cashiers	1,913
Counter and rental clerks	147
Insurance sales agents	36
Marketing and sales worker supervisors	937
Models, demonstrators, and product promoters	19
Parts salespersons	35
Real estate agents and brokers	66
Retail salespersons	3,533
Sales engineers	17
Securities, commodities, and financial services sales agents	18
Travel agents	2
All other sales and related workers	548
<b>Administrative support occupations, including clerical</b>	<b>4,833</b>
Adjusters, investigators, and collectors	195
Communications equipment operators	29
Computer operators	24
Information clerks	163
Mail clerks and messengers	24
Postal clerks and mail carriers	40
Material recording, scheduling, dispatching, and distributing occupations	1,719
Records processing occupations	775
Secretaries, stenographers, and typists	620
Other clerical and administrative support workers	1,244

<b>Service occupations</b>	<b>4,224</b>
Cleaning and building service occupations, except private household	369
Food preparation and service occupations	3,445
Health service occupations	105
Personal service occupations	97
Private household workers	36
Protective service occupations	167
All other protective service workers	6
<b>Agriculture, forestry, fishing, and related occupations</b>	<b>458</b>
Farm operators and managers	6
Farm workers	48
Fishers and fishing vessel operators	1
Forestry, conservation, and logging occupations	16
Landscaping, grounds-keeping, nursery, greenhouse, and lawn service occupations	335
Supervisors, farming, forestry, and agricultural related occupations	8
Veterinary assistants and non-farm animal caretakers	17
All other agricultural, forestry, fishing, and related workers	28
<b>Precision production, craft, and repair occupations</b>	<b>7,297</b>
Blue-collar worker supervisors	846
Construction trades	4,365
Extractive and related workers, including blasters	44
Mechanics, installers, and repairers	1,049
Machinery mechanics, installers, and repairers	373
Vehicle and mobile equipment mechanics and repairers	195
Other mechanics, installers, and repairers	425
<b>Production occupations, precision</b>	<b>568</b>
Assemblers, precision	40
Food workers, precision	125
Inspectors, testers, and graders, precision	90
Metal workers, precision	85
Printing workers, precision	7
Textile, apparel, and furnishings workers, precision	91
Woodworkers, precision	83
Other precision workers	48
<b>Plant and system occupations</b>	<b>15</b>
Chemical plant and system operators	3
Electric power generating plant operators, distributors, and dispatchers	2
Gas and petroleum plant and system occupations	8
Stationary engineers	1
Water and liquid waste treatment plant and system operators	1
<b>Operators, fabricators, and laborers</b>	<b>4,730</b>
Machine setters, set-up operators, operators, and tenders	808
Hand workers, including assemblers and fabricators	569
Transportation and material moving machine and vehicle operators	1,002
Helpers, laborers, and material movers, hand	2,350

## RELATIVE ECONOMIC EFFECTS OF HISTORIC PRESERVATION

Another relative issue to be considered—one that transcends the in-state/out-of-state effects of the prior section—is how preservation fares as an economic pump-primer vis-à-vis other non-preservation investments. Exhibit 7.14 shows, in side-by-side fashion, the relative economic effects of the historic rehabilitation of different types of buildings (e.g., single and multifamily) vis-à-vis new construction of the same types of buildings. It further shows, for comparative purposes, the economic effects of new highway construction. The economic impacts include total (direct and indirect/induced) income, wealth, and tax consequences per standard increment of investment (\$1 million) at both the national and in-state levels.

The side-by-side comparisons in Exhibit 7.14 reveal that across building and investment types, historic preservation – in the form of historic rehabilitation – is a reasonably comparable, if not superior, economic pump-primer vis-à-vis new construction. It is clear that rehabilitation is a better job creator than almost all of the other options listed. While income and GDP lag behind somewhat (the latter due simply to the way the measure is computed), a dramatically higher level of state and local tax revenue is generated and other impacts suffer less from leakages of benefits to those in other portions of the country.

One other consideration of what comprises a “good investment” is the relative comparison of historic preservation investment versus investment in such sectors of the economy as manufacturing, transportation, and so on. On this basis, historic preservation typically has economic advantages, as illustrated in Exhibit 7.15., which contains business activities important in Oklahoma, such as data processing, insurance, and meat packing. Investment in historic preservation typically has a bigger “economic bang” relative to these other activities.

## APPLICATIONS OF THE FINDINGS OF THIS STUDY

As noted earlier, this one of the more comprehensive state-level study of the economic effects of historic preservation’s economic effects ever conducted in the United States. It also develops, in multiple instances, preservation-specific data, including various “recipes” for preservation construction. The “bang for the buck” comparisons noted above are also a contribution to this field of study.

Others who wish to estimate the economic benefits of historic preservation can readily use the data and systems developed in this study. For instance, assume that a local Oklahoma historic commission wanted to project the economic benefits of \$10 million of historic rehabilitation occurring in a historic district. This projection can easily be made by referring to the base data contained in this study. Exhibit 7.14 shows the employment, income, output, and GDP effects per \$1 million of investment in historic rehabilitation. By a tenfold scaling up of the figures shown in this Exhibit, the local historic commission could easily calculate that the \$10 million in historic rehabilitation would generate 217 jobs, \$4.2 million in income, \$5.9 million in GSP, and \$430,000 in state-local taxes.

**EXHIBIT 7.14**  
**Relative Economic Effects of Historic Rehabilitation versus New Construction per Million Dollars Spent**

Geographic Level/ Economic Effect	Construction Activity—Historic Rehabilitation and New Construction					
	Historic Rehabilitation	New Construction				
	Various Types	Single- Family	Multifamily	Nonresidential	Highway	Civic/ Institutional
	<i>Effects Per Million Dollars of Initial Expenditure</i>					
<i>National</i>						
Employment (jobs)	26.5	25.9	25.8	26.4	23.1	27.4
Income (\$000)	\$561	\$778	\$782	\$799	\$737	\$811
GDP (\$000)	\$844	\$1,129	\$1,134	\$1,139	\$1,056	\$1,158
State-Local Taxes (\$000)	\$342	\$76	\$77	\$74	\$67	\$75
<i>In-State</i>						
Employment (jobs)	21.7	17	16.6	17.1	14.8	18.3
Income (\$000)	\$423	\$479	\$471	\$487	\$461	\$509
GSP (\$000)	\$587	\$677	\$665	\$671	\$643	\$704
State-Local Taxes (\$000)	\$43	\$15	\$15	\$12	\$11	\$12

Source: Rutgers University, Center for Urban Policy Research, 2008.

Notes: GDP = Gross Domestic Product, GSP = Gross State Product

**EXHIBIT 7.15**  
**Economic Impacts per Million Dollars of Initial Expenditure**

<i>Economic Effect</i>	<i>Commercial Historic Rehabilitation</i>	<i>Meat Packing</i>	<i>Data Processing</i>	<i>Insurance Carriers</i>	<i>Truck Transportation</i>
<i>National</i>					
Employment (jobs)	25.5	19.1	21.8	19.4	21
Income (\$000)	\$696	\$521	\$747	\$522	\$656
GDP	\$1,038	\$755	\$992	\$864	\$937
State-local taxes (\$000)	\$56	\$60	\$66	\$50	\$64
<i>In-State</i>					
Employment (jobs)	20.6	11.8	13.6	12.4	10.7
Income (\$000)	\$547	\$291	\$469	\$272	\$319
GDP	\$797	\$398	\$570	\$490	\$440
State-local taxes (\$000)	\$44	\$11	\$9	\$8	\$9

The point of providing these data (see also Exhibit 7.3), which can readily be produced, is to inform the public and government officials that preservation makes an economic contribution. Besides improving the quality of life, preservation contributes to economic well-being. This information can allow historic preservation to be viewed as an economic “producer.”

## **POLICY IMPLICATIONS**

Given that historic preservation investment in Oklahoma has important economic benefits—besides the significant aesthetic and quality of life advantages afforded by preservation—, consideration should be paid to how enhanced preservation can be encouraged by this state. It is important to acknowledge that the state already has a strong preservation program in place, including attractive subsidies. Yet, Oklahoma, as every other state, could do more to foster preservation.

### **Bolster the State Tax Credit**

An example is to bolster the existing Oklahoma 20 percent state tax credit (enacted in 2006) that “pickbacks” the federal ITC for historic preservation. To give context to this thought, we present the following brief background on state historic preservation tax credits in the United States.

In brief, for decades, a number of states have had historic preservation income tax credits of their own, following the lead of the federal government. In the wake of the 1986 Reform Act’s reduction of federal tax credit benefits at the national level, even more states stepped into the breach and adopted historic preservation tax credits of their own to encourage rehabilitation especially historic renovation. As of July 2007, 29 of the 42 states that have a broad-based income tax had such provisions.

Provisions vary widely across the jurisdictions (see Exhibit 7.16). The magnitude of the state credits range from 5 percent to 50 percent; states have many different targets for their programs, both in terms of type of building and geographic location. Many states tie their credits to the federal government, either by using the National Register as a filter for what sites are historic or tying the state credit to approval for a federal credit (and in some cases automatically supplementing the federal credit). Some states require projects to be explicitly approved, while others will grant credits widely. Most states mandate a minimum level of investment and restrict the ways in which the tax credit can be distributed

**EXHIBIT 7.16**  
**Summary of State Income Tax Credits for Historic Preservation**

State	Credit Level	Applicability	Requirements and Limitations	Other Information
Colorado	20%	Any properties designated historic by national, state, or local government	For rehab expenses up to \$50,000 Minimum investment: \$5,000 within two years Cap: \$50,000 per property or 20% of the qualified costs of the rehab (the lesser)	Secretary of the Interior (SOI) Rehabilitation Standards apply Carry forward: 10 years Sunset provision in 2009
Connecticut	25% (conv.) 30% (O-O)	Com./Ind. converted to residential Owner-occupied residential	Minimum investment: \$25,000 Cap: \$30,000/dwelling unit, \$2.7 million/project, \$15 million statewide annually	Carry forward: 4 years for owner-occupied structure, 5 years otherwise Transferable developer to buyer Recapture period: 5 years for owner-occupied structure
Delaware	20% (I-P) 30% (O-O)	Income-producing Owner-occupied residential	Cap: \$20,000 for owner-occupied residential, \$5 million statewide annually	10% bonus credit for projects that create low-income housing Carry forward: 10 years Credits transferable
Georgia	20% (I-P) 10% (O-O)	Income-producing Owner-occupied residential	Limit of \$5,000 in credits over 10 years	5% bonus credit for owner-occupied projects in targeted areas
Indiana	20%	Commercial and agricultural structures on State Historic Register Owner-occupied residential	Minimum investment: \$10,000 within two years (no time limit for owner-occupied) Cap: \$100,000 (no cap for owner-occupied)	SOI Standards apply Carry forward: 15 years Pre-approval of work
Iowa	25%	Commercial Mixed-Use Residential Barns (pre-1937)	Minimum investment: 50% of the structure's value (commercial), \$100,000/housing unit (mixed-use), \$25,000 or 25% of the structure's value (residential) Cap: \$10 million statewide in FY 2008, \$15 million in FY 2009, \$20 million thereafter	SOI Standards apply Credit freely transferable
Kansas	25%	Any property on the National or State Historic Register	Minimum investment: \$5,000	SOI Standards apply Carry forward: 10 years Credit freely transferable
Kentucky	20% (I-P) 30% (O-O)	Income-producing Owner-occupied residential	Minimum investment: \$20,000 Cap: \$400,000 per project (\$60,000 owner-occ.), \$3 million statewide	Credit freely transferable
Louisiana	25%	Owner-occupied residential/mixed-use Income-producing properties in downtown districts	Minimum investment: \$10,000 (\$20,000 owner-occ.) Cap: \$25,000 for a single owner-occupied project, \$5 million statewide	Carry forward: 5 years Credits transferable
Maine	20%	Income-producing properties eligible for the federal tax credit	Minimum investment: \$5,000 Cap: \$100,000	SOI Standards apply Carry forward: 5 years

State	Credit Level	Applicability	Requirements and Limitations	Other Information
Maryland	20%	Commercial Owner-occupied residential	Minimum investment: \$5,000 for owner-occupied residential, higher for commercial/rental housing Cap: \$3 million credit cap per project for income-producing, \$30 million statewide (no more than 50% of credits can be applied to a single county)	SOI Standards apply Carry forward: 10 years Credit transferable to new owners
Massachusetts	20%	Income-producing	Cap: \$50 million statewide	SOI Standards apply Carry forward: 5 years Sunset provision in 2009
Michigan	25%	Owner-occ. residential or commercial with national, state, or local designation	Minimum investment: 10% of equalized value Commercial credits offset by federal credit	SOI Standards apply Five year recapture provision Carry forward: 10 years
Mississippi	25%	Commercial Owner-occupied residential	Minimum investment: 50% of total basis, \$5,000 for owner-occupied residential	Carry forward: 10 years
Missouri	25%	Commercial properties on National Register and Owner Occupied	Minimum investment: 50% of total basis	SOI Standards apply Carry back: 3 years Carry forward: 10 years
Montana	5%	Income-producing	Automatic if federal tax credit is received	Carry forward: 7 years
New Mexico	50%	Properties listed on State Register of Cultural Properties	Cap: \$25,000 (\$50,000 if in Arts/Cultural Dist.)	SOI Standards apply Carry forward: 4 years
New York	6% (Com.) 20% (O-O)	Commercial Owner-occupied residential on State or National Register in distressed tracts	Com. credit automatic if federal credit is received Minimum investment: \$5,000 for residential projects Cap: \$25,000/project (res.), \$100,000/project (com.)	Residential credits must be certified by local government to verify distress Pre-approval & work certification req'd Other credits available for barn rehab
North Carolina	20% (I-P) 30% (Res.) 30-40% (Ind.)	Income-producing Residential Industrial	Minimum investment: \$25,000 for projects	Allows redistribution of credits
North Dakota	25%	Properties in a Renaissance Zone	Cap: \$250,000/project	Carry forward: 5 years
Ohio	25%	Any approved project	Cap: 100 projects per two-year biennium All applications subject to cost-benefit analysis by Dept. of Development; tax credit must be central to private agent's decision to invest	SOI Standards apply Sunset on June 30, 2009
Oklahoma	20%	Income-producing properties eligible for the federal tax credit		Freely transferable within 5 years Carry forward: 10 years
Rhode Island	20% (O-O) 30% (I-P)	Owner-occupied residential Income-producing	Minimum investment: 50% of adjusted basis for structure or \$2,000 for owner-occupied residential	Freely transferable Carry forward: 10 years



State	Credit Level	Applicability	Requirements and Limitations	Other Information
			Cap: \$2,000/project for owner-occupied residential	Interior work ineligible
South Carolina	10% (I-P) 25% (O-O)	Income-producing Owner-occupied residential	10% credit automatic if federal tax credit is received Minimum investment: \$15,000 over 36 months	One credit per 10 years per taxpayer, credit must be taken in five installments
Utah	20%	Residential	Minimum investment: \$10,000 over three years	SOI Standards apply
Vermont	10%	Income-producing in a designated “downtown” or “village center”	Minimum investment: \$5,000 Cap: \$50,000/project, \$1.5 million statewide (no more than 30% of credits can be applied to a single municipality)	Carry forward: 10 years (in the form of a bank credit certificate) Other credits available for façade improvements and expenses toward ADA or building code compliance
Virginia	25%	Owner-occupied residential Income-producing	Minimum investment: 25% of building value in owner-occupied structures, 50% otherwise	SOI Standards apply Carry forward: 10 years
West Virginia	10% (I-P) 20% (Res.)	Income-producing properties eligible for the federal tax credit Residential structures listed on the National Register	Minimum investment: 20% of the property’s basis for residential credits only	SOI Standards apply Carry forward: 5 years
Wisconsin	5% (Com.) 25% (O-O)	Commercial properties eligible for the federal tax credit Owner-occupied residential	Minimum investment: \$10,000 over two years for owner-occupied residential, otherwise amount equal to the building’s adjusted basis Cap: \$10,000/project	
District of Columbia	35%	Owner-occupied residential in one of twelve pre-specified historic districts	Minimum investment: \$5,000 over 24 months Cap: \$25,000/project	15% bonus for properties located in the Anacostia Historic District Must meet household income limits Structural repairs & exterior work only

Source: National Trust for Historic Preservation, July 2007 ([http://www.nationaltrust.org/help/downloads/State\\_Rehab\\_Tax\\_Credits\\_07-2007.pdf](http://www.nationaltrust.org/help/downloads/State_Rehab_Tax_Credits_07-2007.pdf)).

The important Oklahoma state tax credit is shown in Exhibit 7.16. It is essentially a state mirror and “pickback” onto the federal historic ITC. That is important—but the current Oklahoma state tax credit can be bolstered—and the actions of other states potentially point the way. We respectfully present the following for consideration.

1. Extend the State Tax Credit to Owner-Occupied Historic Properties. As the current federal ITC, Oklahoma restricts its state ITC to income-producing properties; rehabilitation on historic owner-occupied properties (that are not income-generating) does *not* qualify. However, numerous states permit their state ITC to be used for owner-occupied historic rehabilitation. These include, as examples, Connecticut, Georgia, Maryland, Missouri, Rhode Island, and Wisconsin (also the District of Columbia). Perhaps Oklahoma should follow suit and extend its historic tax credit to owner-occupied historic buildings.
2. Credit Percentage. As noted, Oklahoma has the same credit percentage—20%—for investment in historic properties as the federal ITC. But other states allow higher percentages (at least in some instances) to prompt investment, such as Connecticut (30%), Delaware (30%), Iowa (25%), Kansas (25%), Kentucky (30%), Missouri (25%), and Rhode Island (30%).
3. Other Changes. Other states have instituted greater flexibility in their state tax credits for historic rehabilitation investment relative to the federal ITC and perhaps this should be considered by Oklahoma. An example is the Missouri state tax credit summarized in Exhibit 7.17.

#### EXHIBIT 7.17

#### Comparison of Federal and Missouri and Historic Rehabilitation Tax Credits

Characteristic	Federal Credit	Missouri Credit
Credit Percentage	20%	25%
Per-Program Maximum	None	None
Annual Credit Limitations	None	None
Commercial Buildings	Qualify	Qualify
Residences	Do Not Qualify	Qualify
Restoration Period	24 Months or 60 Months	24 Months
Holding Period	5 Years	None
Reduction of Basis by Amount of Credit	Yes	No
Recapture	Yes	No
Carry-Back Period	1 Year	3 Years
Carry-Forward Period	20 Years	10 Years
Partnership Allocations	Pro-Rata	Pro-Rata or Based on Agreement
Transferable	No	Yes
Subject to Post-Issuance Audit	Yes	No
Requires Audit of Expenses <\$500,000	No	Yes

Lohman et al. 2000. *The Missouri Business Law Quarterly* 5:4 (fall).

In sum, the Oklahoma state ITC for historic rehabilitation, an important existing tool, can be bolstered through the above changes. Other states have allowed state ITCs for historic

investment that have exceeded federal ITC guidelines and have reaped the benefit of tremendous investment. An example is Oklahoma's neighbor, Missouri.

The Missouri program (enacted January 1998) allows all Missouri taxpayers (except not for profit entities) a 25 percent state tax credit for costs associated with the rehabilitation of certified historic structures located in this state. As is evident in Exhibit 7.17, the Missouri Historic Tax Credit (MHTC) is, in many respects, more generous than the historic tax credits offered by the federal government. In practice, the state and federal tax credits are combined to create a powerful incentive that has prompted historic rehabilitation in Missouri, especially in this state's urban areas.

From its inception (1998) through fiscal year 2007, more than \$2.7 billion (\$2,732 million) of historic rehabilitation has cumulatively been effected under MHTC auspices. The rehab was often supplemented by new construction so total investment over the program's duration amounted to \$3.4 billion (\$3,445 million). A 25 percent state tax credit applied to the rehab, amounting to about \$682 million, encouraged the MHTC investment. Completed MHTC projects are concentrated in the City of St. Louis and to a lesser extent Kansas City, Lexington, and Jefferson City. Projects outside of these cities are located in dozens of other towns, dispersed throughout the state. MHTC projects are concentrated in areas with higher population densities, significant minority presence, and lower household incomes. MHTC recipient areas tend to have an older housing stock, higher vacancy rates, and lower owner occupancy than the state of Missouri as a whole. Many MHTC locations are classified by the Missouri Department of Economic Development as "distressed." Credit-inspired historic preservation investment in these areas was thus quite welcome.

### **Property Tax Historic Preservation Incentives**

Many state governments, in addition to (or in lieu of) income tax credits, for historic preservation, have enabled local governments to offer property tax incentives to encourage historic rehabilitation. Three types of programs are made available.

#### *Property Tax Exemption/Reduction*

Property taxes are exempted (no property taxes are paid) or reduced on historic properties. These provisions do not require investment (e.g. rehabilitation) but are extended solely on the basis that preserving a landmark is socially desirable and a property tax break is one means to realize such preservation. To illustrate, Connecticut allows tax exemption or reduction where tax relief is necessary to permit continued operation or maintenance. Alabama's Constitutional Amendment No. 373 classifies historic buildings as Class III structures, a category assessed at 10 percent of fair-market value. Without this special provision, certain types of Alabama landmarks, such as nonresidential structures or residential buildings that are not owner-occupied, would be assessed at 20 percent of fair-market value. Amendment No. 373 thus reduces the assessment and therefore the property taxes of affected historic structures by one-half.

### *Property Tax Rehabilitation Incentives*

These programs accord favorable property-tax treatment to historic buildings in particular or any buildings undergoing renovation. Their provisions range from reducing the existing property taxes (*rehabilitation refund*), to not reassessing (*rehabilitation assessment*), or only partially increasing the assessment, of the rehabilitated landmark (*rehabilitation abatement*). All of these treatments convey property-tax relief, for rehabilitating the historic property improves its value and therefore should result in an increased, rather than a decreased/frozen, property assessment/tax obligation.

About 15 states provide for various types of rehabilitation incentives. Five permit refunds. New Mexico Statue 18-6-13, for example, provides that “local, city, county and school property taxes assessed against the property shall be reduced by the amount expended for restoration preservation and maintenance.” The amount of the refund varies across jurisdictions. New York allows a credit against taxes equal to almost the full amount expended on rehabilitation. In contrast, Maryland limits the refund to 10 percent of rehabilitation expenditures. There are also variations in the time span over which the refund is in effect, with a range from 5 years in South Dakota and Maryland to a generous 12 years in New York.

Rehabilitation refunds are quite expensive since the taxing jurisdiction is not only precluded from any gain in assessment/taxation due to rehabilitation but suffers an absolute loss in its tax base for varying periods of time. It is perhaps for this reason that rehabilitation incentive and abatement programs are more popular—they have been adopted in a total of about 10 states. These statutes typically allow a 5-to-10 year period during which the rehabilitated historic building either will not be revalued or else is reassessed by only a fraction of the true value added by the renovation. Some states combine rehabilitation assessment/abatement provisions. Maryland provides a two-year period after renovation of a landmark when there is no increase in assessed value. Afterwards, the following schedule is maintained: in year three, the upward reassessment is limited to 20 percent of the improvement; in year four, 40 percent; in year five, 60 percent; in year six, full upward reassessment is permitted. Other combinations are also found. New York, for example, combines a rehabilitation assessment and refund.

### *Slotting Property Taxes for Preservation Purposes--Tax Increment Financing (TIF)*

The objective of this third group of strategies is to turn the “lemon” of property taxes, especially high taxes that can discourage investment, into the “lemonade” of a resource that can support investment, whether preservation or for other purposes. A prime example is tax increment financing (TIF). A TIF is a popular tool to finance new development or redevelopment (rehabilitation and new construction) by capturing the property appreciation and associated nominal higher property tax payments ensuing from the development or redevelopment. The mechanism works as follows.

1. The area within where the development/redevelopment is to occur is designated as a TIF district

2. Property values for standard property taxation purposes are then frozen in the TIF district for a given period of time (e.g., 10 to 20 years).
3. As property values from the frozen levels increase over time, the appreciation (or “increment”) is applied for development or redevelopment purposes. The amount captured is equal to the increment in property value multiplied by the property tax rate (the full rate or a portion, such as the municipal but not the school property tax rate).

To illustrate, say a city with an effective (or “equalized”) property tax rate (EPTR) of 2 percent created a TIF to help preservation. If the TIF district appreciated \$10 million in value from the frozen base, then \$200,000 ( $\$10 \text{ million} \times 2 \text{ percent}$ ) in preservation assistance would be made available annually.

There are many TIF variations, such as “bond TIF” (city issues bonds to raise money for up-front project purposes with the bonds to be repaid from projected TIF revenues) versus a “pay-as-you-go TIF” (annual TIF revenue is made available as per the district’s valuation increment). Since developers often need assistance up front to launch a project, a bond TIF is more desirable, albeit riskier (if the value increment is not secured). Because all TIFs involve some risk, this mechanism typically requires state enabling authority for the effecting local entity. Further, the type of area eligible for a TIF may be limited to “blighted,” “redevelopment” or other financially challenged locations. Relatedly, a TIF may require a report showing that “but for” this finance mechanism the proposed project could not proceed. In practice, however, “blight” and “redevelopment” are themselves broadly applied as is the satisfaction of a “but for” requirement.

Almost all states (almost 45) authorize TIFs. California has the most TIFs--about 500 aggregating about \$1.5 billion in property value and comprising almost 10 percent of all this state’s property wealth. Besides California, other heavy users of TIFs include Illinois, Minnesota and Pennsylvania.

TIFs can be used to finance almost anything deemed desirable. California TIFs have financed affordable housing as well as a new baseball stadium for the San Diego Padres. Cleveland, Ohio helped finance the Rock & Roll Hall of Fame with a TIF. Pedestrian skyways and underground garages, important in the cold Minnesota climate, have been financed in the Twin Cities with the TIF mechanism. Not surprisingly then, historic preservation has also been included in the activities funded by a TIF.

To understand TIFs better, we shall discuss this program and its application to historic preservation in Chicago, Illinois. Chicago and other Illinois cities are allowed to use a TIF to generate property tax dollars for economic development purposes in specifically designated areas. The TIF allows the city to invest all new property tax dollars generated from the designated TIF district (property value appreciation from the frozen tax base multiplied by the property tax rate) for as long as 23 years.

Illustrative is Chicago’s North/Central Loop TIF—the first and largest (both in terms of land area and value of property) TIF project in Chicago and one of the largest in the United States. In

order to revitalize the declining downtown area, the City of Chicago initiated the North Loop Tax Increment Financing (TIF) project in the mid 1980s. The original project, the North Loop covering about 32 acres of total property valued at about \$53 million, was undertaken in 1984. Subsequently, in 1997, a considerably larger Central Loop extension was added to this project. Today, the entire project is generally referred to as the Central Loop. The Central Loop TIF district currently covers 171 acres of land and incorporates 22 redevelopment agreements where TIF subsidies were paid. Since the inception, the total dollar amount of TIF allocations has been about \$273 million, of which \$183 million were developer subsidies and \$91 million were public works or infrastructure expenditures. The total amount of private investment in the North/Central Loop TIF has been \$1.153 billion. Some of this area's major projects included renovation of the historic Blackstone Hotel and Palace Theater (\$65 million private investment was aided by a \$17 million TIF) and the historic rehab of the Chicago Theater (\$42 million private investment aided by a \$16 million TIF). The Chicago North/Central loop is not alone but is joined by almost 130 other TIF locations in this city--comprising 30 percent of Chicago's land area.

The Chicago Loop contains some of the priciest real estate in the United States. The TIF in Chicago has also been used in a very different context. Hilliard Homes, a deteriorated public housing complex with historic significance that is located on Chicago's South Side, is slated to be rehabilitated at a cost of about \$80 million. Major funding sources include about \$30 million from the Chicago Housing Authority, \$25 million-\$30 million in tax-exempt bonds, \$10 million in equity from the Federal HTC, and a TIF contributing \$6 million.

Many other preservation projects nationally have used a TIF. The successful renovation of the historic Gateway/Statler hotel in St. Louis, a \$200 million project, which used Missouri's state historic tax credit (HTC), also utilized \$34 million secured by TIF. This TIF resource matched the combined equity obtained from the Federal HTC (\$26 million) and state HTC (\$12 million). The \$0.7 million rehabilitation of the 1870s Summer Street apartments in Houston, Texas was largely funded by a \$0.3 million TIF. In other instances, the TIF is proportionally smaller yet nonetheless is part of the preservation financing. The \$5.2 million adaptive reuse of the 1893 Belvidere, Illinois High School into 57 housing units benefited from a \$0.3 million TIF and a \$0.2 million TIF assisted a \$3.4 million investment in the 1909 St. Luke's school in Two Rivers, Wisconsin.

The property tax exemption/reduction, property tax rehabilitation incentives, and TIF and other programs have all aided preservation. There is much subsidy that can be afforded by tapping into the property tax resource as this levy nationally amounted to \$308 billion in 2004. Property tax aids are especially powerful in regions with a greater reliance on the property tax and higher EPTRs (e.g., Northeast and Midwest versus the South and West) as well as generally higher tax cities and older suburbs.

While property taxes are relatively low in Oklahoma, perhaps the state should consider following the lead of other jurisdictions and allow reduced property taxes for investment in historic preservation or other property-based preservation incentives.

An example is the Nebraska “Valuation Incentive Program” (VIP), which was implemented in January 2006. VIP is a property tax incentive that gives owners of historic buildings a temporary “hold” on property tax valuation increases when they substantially rehabilitate a property. Valuation remains at the pre-rehabilitation level for eight years, and then gradually increases to actual level over the next four years. To qualify, the property must be either included on the National Register or be designated by a local authority whose historic preservation ordinance has been certified by the State Historic Preservation Officer. Both private income-producing properties qualify for this program.

To qualify for the credit, an applicant must conduct a rehabilitation that is at least 25 percent of the assessed value of the building within a time period of no greater than two years (barring special permission). Applications are accepted by the state upon confirmation that the property is defined as “historically significant real property” (i.e. the property is listed in the National Register of Historic Places, is located in and contributing to a district listed in the National Register, locally designated as a landmark, or a property contributing to a local landmark district). The proposed work must meet preservation standards. Upon completion, the building is then taxed based on its initial valuation for the next eight years, then rises by one-quarter of the increase in the assessed value for each of the four following years until the property reaches its actual market level.

Although the Nebraska VIP program only began in January of 2006, applications for 15 projects totaling \$25,691,012 in rehabilitation expenses have been processed. Eleven projects are for residential rehabilitation by private property owners. Clearly, the dominant project is the \$22.5 million remodeling of the New York Life Insurance Company building in central Omaha; the expenses for that project constitute all but \$3.2 million of the statewide total. Even when this is excluded, however, half of the rehabilitation projects and a majority of their associated expenses covered by the VIP are located in Omaha. Notably, of the VIP projects that have been initiated to date, the majority are by private homeowners.

What is the TIF situation in Oklahoma? The Oklahoma Local Development Act (OS 62 § 850 *et seq*) authorizes TIFs to capture the increase in tax revenues in designated areas for a specified amount of time to fund public improvements in order to stimulate and enhance reinvestment. We do not have state wide Oklahoma data on TIFs, however, the city of Tulsa (whose leadership helped pass the local Redevelopment Act) has at least six TIFs which were created from the early 1990s onward: Brady Village (1993), Central Park (1994), Technology (1999), North Peoria Avenue (2002), Blue Dome (2003) and Tulsa Hills (2006). (Tulsa Hills is administered by the Tulsa Development Authority.) Some of these Tulsa TIFs involve historic and related cultural resources. For example, Brady Village (Tulsa’s first TIF) is located within the city’s original town and is designed to support an active Arts and Entertainment District in part due to the Historic Brady Theater and Cain’s Ballroom being situated in Brady Village. Incremental tax revenues amount to about \$1.3 million and that and other funds has enabled public improvements, such as on-street parking, identity lighting and street landscaping. These investments have, in turn, spurred the renovations of the Tribune Building and Cain’s Ballroom and construction of Williams Communications building. The TIF has also aided historic adaptive reuse, such as the conversion of a former 60,000 square foot grocery warehouse to the corporate headquarters of Wallace Engineering, employing over 100.

Brady Village is not alone in a TIF encouraging neighborhood and historic revitalization in Tulsa. For instance, Tulsa's Blue Dome TIF district contains eight buildings with a high level of architectural and or historic significance, including the Blue Dome building, a 1920's Gulf oil station, and the original Santa Fe Railroad Depot. Building rehabilitation and historic preservation in Brady Village has been aided by the TIF and sister programs, such as the adaptive reuse of a 1900s hotel to residential lofts.

In summary, the TIF is an important strategy for encouraging preservation. More widespread use of this strategy in Oklahoma, building on the good efforts in Tulsa, is highly recommended.

### **Making the Low-Income Housing Tax More Supportive of Historic Preservation**

Created by the Tax Reform Act of 1986, the LIHTC gives states<sup>1</sup> the authority to issue tax credits to owners or developers who construct, rehabilitate, and acquire rental housing for lower-income households. Since its adoption, the LIHTC has been one of the most significant programs for the production of affordable housing in the United States, in recent years far exceeding that of direct housing subsidies administered by the U.S. Department of Housing and Urban Development (Wallace 1995, 1998). From the beginning of the program in 1987 through 2006, the LIHTC has allocated \$8.1 billion (\$8,113,663,900) for federal tax credits granted for the production of 1,568,883 units of affordable housing (Danter 2008). For 2005, the LIHTC allocation amounted to \$612 million aiding 70,630 housing units (Danter 2007). Over the life of the program, about 40 percent of LIHTC activity has involved rehabilitation (Abt Associates 2000). As is shown in Exhibit 7.18, the cumulative LIHTC allocation to Oklahoma has amounted to about \$86 million with about 28,000 housing units aided over time.

The tax credit is equal to a maximum of 9 percent annually over a 10 year period. To receive the 9 percent credit (equal to about 90 percent total over the decade), the low-income units<sup>2</sup> must either be new or "substantially rehabilitated" (at least \$3,000 in improvements per unit or 10 percent of the building's adjusted basis) and the property could not otherwise be subsidized by the federal government. The dollar amount of the tax credits available in any given project is equal to the tax-credit rate (up to 9 percent annually) multiplied by the dollar amount of the project's "qualified basis"-- which is increased in poor locations ("qualified census tracts or QCTs) and difficult to develop areas ("DDAs")<sup>3</sup>.

<sup>1</sup> The LIHTC is jointly administered by the Internal Revenue Service (IRS) and state agencies. The process of securing tax credits is competitive. Awards are based on the project criteria specified in the Qualified Allocation Plan (QAP) prepared by each state, following IRS guidelines. QAPs take into account such factors as proposed project location, cost, amenities, and other characteristics. See later discussion in this chapter.

<sup>2</sup> To qualify for tax credits, project developers successful in the QAP-based selection process must reserve a specified proportion of units for lower-income households for a mandatory compliance period (a minimum of 15 years). The minimum set-aside within a given project must equal or exceed one of two possible targets: at least 20 percent of the units are reserved for households at or below 50 percent of the area median household income (the "20/50 Test"), or at least 40 percent of the units are set aside for households at or below 60 percent of the area median household income (the "40/60 Test"). Rents on the affordable units may not exceed 30 percent of household income. Investors may claim the credits annually against their federal income tax over a 10-year period, as long as the specified minimum number of units in the project are rented to low-income households within the rent limits described above for the compliance period

<sup>3</sup> The amount of tax credit available to a project is equal to the tax-credit rate (up to 9 percent annually) multiplied by the project's "qualified basis". The qualified basis is determined through a series of calculations (Danter 2001).



As the historic tax credits (HTC), the LIHTCs are often sold by syndicators to investors (corporations and individuals) seeking tax shelter. Since the LIHTC tax shelter extends over a decade's time (unlike the immediate one year benefit afforded by the HTC), investors pay less for the LIHTC credit (currently about \$0.80 to \$0.90 cents per every \$1 of LIHTC as opposed to \$0.90 to \$1.00 per every dollar of HTC). Thus, \$1 million in low income tax credit would secure at least \$800,000 in equity from investors in today's market. (Because of the current credit challenges nationally, the LIHTC market is in flux.)

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First, total (project) development costs (TDC) are calculated. Next, the eligible basis is determined by subtracting non-depreciable expenses (e.g., land, permanent financing expenses, rent reserves, and marketing costs) from the TDC. The eligible basis is increased by 130 percent if the project is located in either a Qualified Census Tract (QCT) or a Difficult Development Area (DDA). Finally, to determine the qualified basis, the eligible basis is multiplied by the applicable fraction, which takes into account the share of project units that are low-income (i.e., the percentage of low-income units to total project units). For example, a \$1.2 million project that had \$0.2 million in non-depreciable expenses (producing an eligible basis of \$1.0 million), that was located in a DDA (therefore qualifying for an increase of 130 percent in the eligible basis), and was fully occupied by low-income tenants (producing a 100 percent applicable fraction) would have a qualified basis of \$1.3 million. If the project involved substantial rehabilitation and was not receiving federal subsidies, its tax-credit rate would be 9 percent. Therefore, \$0.117 million ( $\$1.3 \text{ million} \times .09$ ) in tax credits would be available annually; \$1.17 million in total tax credits would be available over the 10-year period.

**Exhibit 7.18**  
**LIHTC Statistics, 1987-2006<sup>4</sup>**

<i>Rank</i>	<i>State Name</i>	<i>Population 2006</i>	<i>Total Allocations, 1987-2006</i>	<i>Total Tax Credit Units Allocated, 1987-2006</i>	<i>Allocation per unit, 1987-2006</i>
1	California	36,249,872	\$1,005,224,102	119688	\$8,398.70
2	Texas	23,407,629	\$548,975,575	166610	\$3,294.97
3	New York	19,281,988	\$591,376,444	76720	\$7,708.24
4	Florida	18,057,508	\$471,714,684	88350	\$5,339.16
5	Illinois	12,777,042	\$341,147,020	59301	\$5,752.80
6	Pennsylvania	12,402,817	\$340,236,065	55882	\$6,088.47
7	Ohio	11,463,513	\$328,992,974	74395	\$4,422.25
8	Michigan	10,102,322	\$297,596,629	60136	\$4,948.73
9	Georgia	9,342,080	\$216,342,104	55560	\$3,893.85
10	North Carolina	8,869,442	\$193,473,878	42102	\$4,595.36
11	New Jersey	8,666,075	\$251,155,328	28883	\$8,695.61
12	Virginia	7,640,249	\$215,719,424	51418	\$4,195.41
13	Massachusetts	6,434,389	\$194,904,477	31794	\$6,130.23
14	Washington	6,374,910	\$167,225,956	28193	\$5,931.47
15	Indiana	6,302,646	\$170,791,121	35259	\$4,843.90
16	Arizona	6,165,689	\$139,754,124	22563	\$6,193.95
17	Tennessee	6,074,913	\$144,542,011	35172	\$4,109.58
18	Missouri	5,837,639	\$149,934,325	33696	\$4,449.62
19	Maryland	5,602,017	\$154,258,811	32746	\$4,710.77
20	Wisconsin	5,572,660	\$155,670,614	34738	\$4,481.28
21	Minnesota	5,154,586	\$135,417,066	28485	\$4,753.98
22	Colorado	4,766,248	\$114,514,784	18745	\$6,109.08
23	Alabama	4,590,240	\$132,453,408	30548	\$4,335.91
24	South Carolina	4,330,108	\$110,843,044	26150	\$4,238.74
25	Louisiana	4,243,288	\$200,434,252	43938	\$4,561.75
26	Kentucky	4,204,444	\$120,521,118	27063	\$4,453.35
27	Oregon	3,691,084	\$94,395,091	18620	\$5,069.55
28	Oklahoma	3,577,536	\$85,915,150	27887	\$3,080.83
29	Connecticut	3,495,753	\$101,321,298	11914	\$8,504.39
30	Iowa	2,972,566	\$80,827,964	18525	\$4,363.18
31	Mississippi	2,899,112	\$105,078,110	27010	\$3,890.34
32	Arkansas	2,809,111	\$66,070,572	18248	\$3,620.70

<sup>4</sup> Data accessed July 15, 2008 from [www.danter.com](http://www.danter.com)

33	Kansas	2,755,817	\$83,167,179	21516	\$3,865.36
34	Utah	2,579,535	\$65,323,133	13553	\$4,819.83
35	Nevada	2,492,427	\$50,890,462	9469	\$5,374.43
36	New Mexico	1,942,302	\$51,938,983	10825	\$4,798.06
37	West Virginia	1,808,699	\$42,625,526	10547	\$4,041.48
38	Nebraska	1,763,765	\$50,173,424	10713	\$4,683.41
39	Idaho	1,463,878	\$35,426,452	7443	\$4,759.70
40	Maine	1,314,910	\$35,456,934	6039	\$5,871.33
41	New Hampshire	1,311,821	\$29,039,025	4079	\$7,119.15
42	Hawaii	1,278,635	\$33,436,243	3933	\$8,501.46
43	Rhode Island	1,061,641	\$36,499,388	6591	\$5,537.76
44	Montana	946,795	\$24,883,267	4301	\$5,785.46
45	Delaware	852,747	\$27,923,324	6380	\$4,376.70
46	South Dakota	788,467	\$24,942,055	6713	\$3,715.49
47	Alaska	677,450	\$21,197,778	2512	\$8,438.61
48	North Dakota	637,460	\$26,501,392	5439	\$4,872.48
49	Vermont	620,778	\$24,358,635	4629	\$5,262.18
50	Wyoming	512,757	\$23,053,177	3872	\$5,953.82

There are numerous advantages in combining the LIHTC and federal HTC as is described by one Chicago developer (Listokin and Listokin 2001, 115):

1. More equity can be made available to the project when the two tax credits are combined. This makes for a less risky investment. In addition, the LIHTC provides subsidized rents with a lower likelihood of foreclosure.
2. The federal HTC will help cover risks of change orders and other increased costs over fixed price contracts during construction.
3. Hopefully, the incremental costs of a certified rehab, if any, are more than offset by the federal HTC.
4. Blending of the tax credits offer larger investment to a single investor.

The gain in equity yielded from combining the LIHTC with the HTC is shown in Exhibit 7.19 for an example, \$2.5 million mixed-use (\$2 million housing, \$0.5 million nonresidential) rehabilitation project. With the LIHTC alone, \$1,147,550 in equity is created from the \$2 million in housing rehabilitation; combining the LIHTC and HTC yields \$1,368,000 in equity for the mixed-use project, or \$220,500 more. Although the federal tax code requires that the credit from the HTC be subtracted from the housing expenditures in calculating the LIHTC, this is more than offset by two features of the HTC unavailable with the LIHTC: (1) the HTC is applicable to the nonhousing portion of the project; and (2) the HTC's credit allowance—20 percent—as noted can be taken in the first year after project completion, whereas the LIHTC's maximum annual credit allowance—9 percent—is taken over 10 years.

Exhibit 7.19 is a hypothetical example illustrating the benefit of combining the HTC with the LIHTC. In fact, such layering has been powerfully combined in thousands of projects throughout the United States. To illustrate, we shall refer to the rehabilitation of the historic Pacific Hotel in Seattle, Washington by a non-profit entity (Plymouth Housing Group ( PHG)).

Built in 1916, the Pacific Hotel traditionally had provided transient housing; it had closed by the 1980s. PHG, a homeless-advocacy group, acquired the abandoned hotel and rehabilitated it to provide 112 units. All of the units served low-income residents; there were 75 single-room-occupancy (SRO) units in one wing and 37 studio and one-bedroom apartments in another (Sullivan 1998).

The Pacific Hotel's total project cost was \$8,534,694 (\$2,113,092 acquisition and \$6,421,602 rehab), or about \$76,000 per unit. PHG's clientele could not afford the rents to amortize a \$76,000 unit, but rents were brought down to an affordable level through multiple sources. The \$8,534,694 project expense was met through \$3,656,085 in equity—raised from combining the LIHTC and HTC—and \$4,878,609 in debt financing. The debt's cost and project operating expenses were reduced from subsidies received from the Federal Home Loan Bank, the Washington State Housing Trust Fund, the City of Seattle, and other sources (Sullivan 1998).

Given the national experience, it behooves Oklahoma to consider how to best foster the application of the LIHTC in a historic preservation context. One way of doing this is to evaluate the Qualified Allocation Plan criteria (QAP). All states allocating the LIHTC are required to adopt a QAP—which adhere to IRS requirements as well as reflect individual state housing priorities. In brief, QAPs take into account such factors as proposed project location, cost, amenities, and other characteristics. Since competition for the LIHTC is so fierce, the QAPs are important in guiding which projects are funded.

The QAP criteria for Oklahoma's LIHTC allocation are as follows. Oklahoma requires projects to satisfy all the elements in the "threshold criteria" before they will be ranked based on "selection criteria."

**EXHIBIT 7.19**  
**Example of Applying the Historic Rehabilitation**  
**and Low-Income Housing Tax Credits**

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ITEM	AMOUNT EQUITY
<b>Historic Rehabilitation Tax Credit (HTC)</b>	
Commercial basis	\$500,000
Rehabilitation credit %	20%
HTC for commercial rehab	\$100,000
Housing basis	\$2,000,000
HTC %	20%
HTC for housing	\$400,000
Total HTC	\$500,000
Equity yield for HTC	90¢
Equity from HTC	\$450,000
<b>Low-Income Housing Tax Credit (LIHTC)</b>	
<b>combined with the HTC</b>	
Housing expenditures	\$2,000,000
Less HTC	<\$400,000>
Eligible basis	\$1,600,000
Low-income set-aside	75%
Qualified basis	\$1,200,000
Annual LIHTC %	9%
Annual LIHTC amount	\$108,000
Total LIHTC	\$1,080,000
Equity Yield for LIHTC	85¢
Equity from LIHTC	\$918,000
Combined equality	\$1,368,000
<b>LIHTC alone</b>	
Housing expenditures	\$2,000,000
Eligible basis	\$2,000,000
Low-income set-aside	75%
Qualified basis	\$1,500,000
Annual LIHTC %	9%
Annual LIHTC amount	\$135,000
Total LIHTC	\$1,350,000
Equity yield for LIHTC	85¢
Equity from LIHTC alone	\$1,147,000
Additional equity from combined credit	\$220,500

*Source:* Delvac, Escherich, and Hartman (1996) as updated. The equity yield from the HTC has been increased from \$.85 on the dollar (1996 study) to \$.90 on the dollar. The equity yield from the LIHTC has been increased from \$.50 to \$.85 on the dollar.

### **Threshold Criteria**

The 11 threshold criteria in Oklahoma are:

1. Notice Requirements
2. Market Analysis
3. Nonprofit Owners
4. Resolution of Local Support
5. Capacity and Prior Performance
6. Acquisition Credits
7. Environmental Review
8. Financial Feasibility and Viability
9. Readiness to Proceed
10. Public Housing Wait Lists
11. Capital Needs Assessment

### **Selection Criteria**

Oklahoma LIHTC applications that meet all threshold criteria will then be scored using the selection criteria. A higher score allows the applicant to be more competitive and more likely to receive LIHTC awards.

1. *Income Targeting* – points will be awarded based on percentage of total AHTC units targeted to persons at or below 50% AMI.
2. *Term of Affordability* – there is a programmatic requirement to maintain the housing as affordable for 30 years. If an additional 10 year term of affordability is added points are awarded.
3. *Development Location and Housing Characteristics* – development’s geographic location and prevailing market conditions at the time of application can strengthen an application.
4. *Development Leverage* – if a project is able to attract tangible, cost beneficial investments or contributions it is awarded points. Examples of leverage include, but are not limited to: CDBG, HOME, AHP Program of the FHLB, among others.
5. *Community Support* – points are awarded if the project is able to acquire financial commitments from local organizations and community partners.
6. *Development Amenities*<sup>5</sup> – only amenities that exceed the minimum required by applicable laws or building codes will be eligible for points.
7. *Development Services* – applicants must demonstrate commitments for the provision of appropriate services.
8. *Applicant/Owner Experience* – applications will be evaluated on the experience of the team in owning and successfully operating LIHTC programs.
9. *Management Experience* – applicants must demonstrate experience with providing management services for the LIHTC program.

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<sup>5</sup> The eligible amenities list includes: 1). building facades are a minimum 40% brick, 2).building facades are a minimum 40% brick and 60% cement type boards, 3). building facades are any combination of brick and cement type boards that total 100%, 4). building facades are 100% brick, 5). ceiling fans in each bedroom and living room, 6). shower heads have a maximum of 2.5 gallons per minute flow rate, 7). fluorescent light fixtures are in kitchens, 8). bathrooms and utility rooms, 9). ½ inch insulation is on exposed hot water pipes, 10). Energy Star appliances are installed, 11). Low E glass in all windows, Energy Star HVAC

10. *Tenant Special Needs Populations* – points will be awarded if the development commits to serving people with special needs
11. *Tenant populations of individuals with children* – to be awarded points for this criterion the development must provide amenities targeting children and at least 50% of the units must have 2 or more bedrooms.
12. *Tenant Ownership* – applications will receive points if single-family home ownership after the compliance period is proposed.
13. *Preservation of affordable housing units from pre-1990* – points will be awarded to the applications proposing the acquisition and substantial rehabilitation of affordable housing units originally constructed prior to 1990.

Does the Oklahoma QAP encourage or discourage projects that involve rehabilitation (as opposed to new construction) and specifically for rehabilitation projects, does the Oklahoma QAP encourage or discourage historic preservation projects. The answer is not that clear.

Two Oklahoma QAP threshold criteria: the “Financial Feasibility and Viability” and the “Readiness to Proceed,” as well as one selection criterion: “Development Amenities” *may* favor new construction because: 1. rehabilitation/preservation projects may cost more (hence score lower on the financial yardstick), 2. may require additional layers of approval (hence score lower on “readiness to proceed”), and 3. may confront additional challenges on such project amenities as handicap accessibility, higher energy efficiency, central air-conditioning, and larger (2- and 3-bedroom) units. On the other hand, one Oklahoma QAP selection consideration “Preservation of affordable housing units from pre-1990” *may* very well favor LIHTC applications involving rehabilitation and historic preservation.

Oklahoma might also consider adding QAP criteria that either directly or indirectly foster rehabilitation applications in general and historic preservation in particular. An example is adding points for historic rehabilitation. At least 17 states give points for historic rehabilitation housing applications for LIHTC assistance or more generally have set aside preferences for rehabilitation applications (not specifically historic). These 17 states include: Arizona, Arkansas, Colorado, Delaware, Georgia, Illinois, Indiana, Iowa, Louisiana, Nevada, New Jersey, Ohio, Pennsylvania, Tennessee, Vermont, Virginia and Wisconsin. Two examples of states giving added points in their QAPs for LIHTC applications involving historic preservation follow.

#### ARIZONA 2008

Historic Preservation (up to 40/331 points) (12%)

15 points—Fifteen points are available for the following projects: (1) consisting of one or more structures individually listed in the National Register of Historic Places as evidenced by a letter from the National Parks Service, State Historic Preservation Office (“SHPO”), or tribal equivalent thereof, or (ii) consisting of one or more structures certified by the National Parks Service, SHPO Office or certified Local Government as contributing to a Register District (a Register District is a designated area listed in the National Register, or listed under state statute or local ordinance as substantially meeting the requirements for listing of districts in the National Register); or (iii) a project located

within an area that has been zoned as an historic area as evidenced by a copy of the municipal zoning ordinance that was adopted on or before the deadline date and a letter from the local municipality indicating that the design will meet the requirements outlined in the zoning ordinance. Applications for historic preservation of existing rental housing shall be supported by a relocation plan.

25 points—Twenty-five points are available for projects that have received a certification signed by the National Park Service for Historic tax credits. Applications for historic preservation of existing rental housing shall be supported by a relocation plan.

### COLORADO 2008

#### Development Characteristics

(5 points) Rehabilitation of blighted buildings or locally or federally designated historic structures. Blighted buildings are buildings that are in severe disrepair, including, but not limited to, boarded up, abandoned, or uninhabitable buildings, all of which have serious building code violations. Rehabilitation expenditures must be at least \$7,400 in hard costs per unit to be eligible for rehabilitation credits. Substantial rehabilitation developments that are changing the buildings use to residential but do not fit the above description of a blighted building do not qualify for points under this category.

In short, Oklahoma has a most successful LIHTC program and it warrants consideration how its LIHTC effort can be better synthesized with the goal of fostering historic preservation. An evaluation of the Oklahoma QAP and how the selection criteria may directly or indirectly influence the selection of rehabilitation/historic preservation applications is a start.

In addition, a recent federal law—Housing and Economic Recovery Act (HERA) signed July 30<sup>th</sup> 2008—*requires* state housing finance agencies to include “the historical nature of the project” as part of their required selection criteria for LIHTC Qualified Allocation Plans (QAPs). To that end, the following model language has been suggested by the National Conference of State Historic Preservation Officers.

#### **MODEL LANGUAGE**

\_\_\_\_\_ points are available for projects of historic character “Historic Character”

“Historic Character” means any project consisting of one or more structures (1) (a) individually listed in the National Register of Historic Places; (b) located in a registered historic district and certified by the Secretary of the Interior to the Secretary of the Treasury as being of historic significance to the district; (c) that have received local landmark designation through a local historic preservation commission through an ordinance; or (d) located within an area that has been zoned as a historic area; and (2) the rehabilitation of which will be completed in such a manner as to be eligible for (federal and/or state) historic rehabilitation tax credits.



**Required Documentation:** (1) (a) A letter from the Department of the Interior’s National Park Service (NPS) verifying that the structure(s) are listed in the National Register of Historic Places or verification of the listing through the NPS website at [www.cr.nps.gov/nr](http://www.cr.nps.gov/nr); (b) an Evaluation of Significance in the form of a Historic Preservation Certification Application Part 1-Evaluation of Significance (Form 10-168) from the NPS; (c) a letter from the local historic preservation commission evidencing the local landmark designation; or (d) a copy of the municipal zoning ordinance and a letter from the local municipality verifying that the project is located in an area zoned as historic and that the project will meet the requirements outlined in the applicable zoning ordinance(s); and (2) a letter from the State Historic Preservation Office evidencing that the rehabilitation is a certified rehabilitation which will be completed in a manner consistent with the historic character of the structure or the district in which the structure is located and is eligible for (federal and/or state) historic rehabilitation tax credits.

In conclusion, HERA and the practice of other states suggest that Oklahoma can make its successful LIHTC program yet stronger by linking its LIHTC activity yet closer to historic preservation.

### **Transportation-Preservation Connection**

In a similar vein, Oklahoma, as all states, should review that it is maximizing historic preservation assistance from federal assistance for transportation. To understand this connection, some brief background is in order.

Federal transportation actions have historically been antithetical to preservation. Begun in 1956, the Interstate Highway System, spawned a ribbon of concrete that doomed many a historical neighborhood (and such historic highways as Route 66) in the United States. In contrast, public transportation, important to historic centers, received modest federal support.

This paradigm and funding emphasis changed through the enactment of a series of linked federal legislation over the last 15 years. These included the Intermodal Service Transportation Act (ISTEA) of 1991, its successor (1998), the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), and the latest (2005) Safe, Accountable, Flexible and Efficient Transportation Equity Act--A Legacy for Users (SAFETEA-LU).

All of the above were transportation funding behemoths (ISTEA, about \$155 billion; TEA-21, about \$220 billion; and SAFETEA-LU, about \$280 billion). More important for our purposes, was their underlying change in transportation philosophy. They broke from the federal government’s near sole transportation focus on the automobile, to encouraging “intermodalism” (i.e. many forms of getting about, including auto, mass transit, bicycle and walking). As the history, location and complex density of activities that characterize historic locations tended to imbue them with intermodalism as opposed to auto-dependency, this shift in transportation funding orientation was important.

The largest and most flexible component of the above troika of transportation legislation was the Surface Transportation Program (STP)-- federal block grants to states for non-national highway purposes (Costello and Schamess 2006, 13). In turn, 10 percent of the STP was dedicated to what are referred to as Transportation Enhancement Activities (TEAs), which we will see in a moment are both directly and indirectly supportive of preservation. The TEA resources are very significant (ISTEA, \$2.6 billion; TEA-21, \$3.8 billion; and SAFTEA-LU, \$4.2 billion), so monies going from this pool to preservation are large sums, especially relative to the paltry amounts available from other federal programmatic supports (e.g., the Historic Preservation Fund).

To receive TEA funding, a project must (1) be related to surface transportation *and* (2) must include an eligible enhancement activity. There are currently 12 eligible activities. There are listed and illustrated in Exhibit 7.20 and total and average annual funding by activity is shown for the period fiscal year 1992 through fiscal year 2006<sup>6</sup>.

In brief, of the \$7.9 billion distributed nationally in TEA support over this 15 year span, the activities which have received the most funds are pedestrian and bicycle facilities, (\$3,755 million or 48 percent), landscaping and other scenic beautification (\$1,391 million or 18 percent), and rehabilitation and operation of older historic transportation infrastructure (\$804 million or 10 percent).

Of the 12 eligible activities, numerous investments are directly supportive of historic preservation. The include acquisition of scenic or historic sites, historic preservation, rehabilitation and operation of historic transportation infrastructure, and archaeological planning. The other activities are indirectly helpful to preservation or historic or older areas. For instance, an historic downtown would surely benefit from such TEA activities as enhanced pedestrian and

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<sup>6</sup> Note: Not all of the twelve listed activities were eligible for funding throughout the FY 1992-2006 period. For instance, ISTEA had 10 eligible activities.

## EXHIBIT 7.20

## Transportation Enhancement Activities: Eligible Activities and Funding (FY 1992-2006)

<i>List and Examples</i> <i>The term Transportation Enhancement Activity means any of the following as they relate to surface transportation.</i>		<i>FY 1992-2006 Funding (\$millions)</i>		
		<i>Total</i>	<i>Annual</i>	<i>%</i>
1	<b>Pedestrian and bicycle facilities:</b> New or reconstructed sidewalks, walkways, curb ramps, bike lane striping, paved shoulders, bike parking, bus racks, off-road trails, bike and pedestrian bridges and underpasses.	3,755	250.3	47.6
2	<b>Safety and educational activities for pedestrians and bicyclists:</b> Programs designed to encourage walking and bicycling by providing potential users with education and safety instruction through classes, pamphlets, and signs.	29	1.9	0.4
3	<b>Acquisition of scenic easements and scenic or historic sites, including historic battlefields:</b> Acquisition of scenic land easements, vistas and landscapes, including historic battlefields; purchase of building in historic districts or historic properties.	218	14.5	2.8
4	<b>Scenic or historic highway program including tourist and welcome center facilities:</b> Construction of turnouts, overlooks, visitor centers, and viewing areas, designation signs, and markers.	504	33.6	6.4
5	<b>Landscaping and other scenic beautification:</b> Street furniture, lighting, public art, and landscaping along street, highways, trails, waterfronts, and gateways.	1,391	92.7	17.6
6	<b>Historic preservation:</b> Preservation of buildings and facades in historic districts; restoration and reuse of historic buildings for transportation-related purposes; access improvements to historic sites and buildings.	347	23.1	4.4
7	<b>Rehabilitation and operation of historic transportation buildings, structures, or facilities:</b> Restoration of historic railroad depots, bus stations, canals, canal towpaths, historic canal bridges, and lighthouses; rehabilitation of rail trestles, tunnels and bridges.	804	39.7	7.5
8	<b>Preservation of abandoned railway corridors and the conversion and use of the corridors for pedestrian or bicycle trails:</b> Acquiring railroad rights-of-way; planning, designing and constructing multi-use trails; developing rail-with-rail projects; purchasing unused railroad property for reuse as trails.	595	39.7	7.5
9	<b>Inventory, control, and removal of outdoor advertising:</b> Billboard inventories or removal of nonconforming billboards.	21	1.4	0.3
10	<b>Archaeological planning and research:</b> Research, preservation planning and interpretation; developing interpretive signs, exhibits, guides, inventories, and surveys.	37	2.5	0.5
11	<b>Environmental mitigation to address water pollution due to highway runoff or to reduce vehicle-caused wildlife mortality while maintaining habitat connectivity:</b> Runoff pollution mitigation, soil erosion controls, detention and sediment basins, river cleanups, and wildlife crossings.	80	5.3	1.0
12	<b>Establishment of transportation museums:</b> Construction of transportation museums, including the conversion of railroad stations or historic properties to museums with transportation themes and exhibits, or the purchase of transportation related artifacts.	101	6.7	1.3

facilities and removing unsightly billboards. Further, the requirement that TEA funding must be “related to surface transportation (RST)” can at least technically be easily accommodated by most preservation projects because the RST mandate itself is flexible and includes environmental protection, community preservation, and livability (Costello and Schames 2006,22).

In practice, states (who decide on the ultimate TEA investments) have varied to the degree to which the TEA program in their jurisdiction has been used for preservation. Some traditional engineers are simply not comfortable with the integration of transportation with preservation and/or narrowly interpret the TEA program (e.g., will fund preservation as a transportation activity but only if it involves an historic bridge, tunnel and similar transportation infrastructure). Yet this conservatism is changing over time (albeit unevenly), in part through education and in fact there are many preservation projects that have benefited handsomely from ISTEAs, TEA-21, and SAFETEA-LU as are illustrated below (Costello and Schames 2006):

<i>Project (State)</i>	<i>Description</i>	<i>TEA Activities (see Exhibit 7.20)</i>	<i>Funding</i>
San Francisco Ferry Terminal (CA)	Rehab of 1898 Beaux Arts building listed on National Register and National Historic Civil Engineering Landmark	Historic preservation, rehab of historic transportation facility, and other TEA activities	\$17.5 million project funded by \$8.5 million state funds, \$2 million in TEAs, and other supports
St. James Hotel (AL)	Rehab of only remaining antebellum hotel in southeastern United States	Historic preservation (Besides its age and history, hotel is a key element in Selma to Montgomery voting rights trail)	\$6 million project funded by \$1.2 million in TEAs and the remainder from state, federal and private sources
Paducah Main Street (KY)	National Register district was revitalized through rehab and adaptive reuse (e.g., commercial buildings converted into theatre and apartments)	Historic preservation	\$980,000 project aided by TEA grant of \$490,000
Journal Square (NJ)	Revitalization of historic downtown Jersey City commercial and transportation hub, including new pedestrian plaza, sidewalks, and landscaping	Pedestrian and bicycle facilities; landscaping and scenic beautification, and other eligible activities	\$7.6 million project funded by \$0.8 million TEA, \$3.2 million city support, and other aids

The state of Oklahoma has proudly and productively used TEA monies for historic preservation as well as other important purposes. From 1992-20006, Oklahoma allocated almost \$9 million (\$8,615,237) in TEA funds for historic preservation and almost \$14 million (\$13,603,266) in TEA funds for historic transportation facilities rehabilitation (TEA activities 6 and 7). All TEA spending in Oklahoma is shown in Exhibit 7.21. The state of Oklahoma may wish to further review how its TEA monies are spent relative to the national distribution of TEA outlays (Exhibits 7.20 and 7.21) and more specifically, that the maximum benefit of TEA for historic preservation is being realized. This would suggest a favoring of projects furthering such TEA activities (listed in Exhibit 7.20) as number 6 (“historic preservation”), number 7 (“rehab and operation of historic transportation buildings”), and numbers 3, 4 and so on (“acquisition of historic sites and battlefields” and “historic highway program”). In fact, a preliminary such comparison (Exhibit 7.21) shows that Oklahoma is *surpassing* the nation in allocating TEA investment for historic preservation purposes.

## A FINAL WORD

Historic preservation has come into its own in the United States only in recent decades, and clearly much remains to be done. One area is to better understand preservation’s economic benefits. Work has begun to inform us nationally and the current investigation adds to our body of knowledge for Oklahomans.

This study has intertwined streams. It is a statewide investigation of the many ways that preservation influences state economies; at the same time, the data and analytic tools developed here have important implications far beyond Oklahoma. The “recipes” of the labor and material components of historic rehabilitation allow for a more refined projection of the economic effects of such construction. The analysis of the heritage traveler gives the field a glimpse of how many such travelers there are, as well as of their socioeconomic profile and spending patterns. Insight is also afforded by knowing more about the state’s Main Street Program. By bringing these different components together, their interconnectedness can be better appreciated. The current study also begin to consider how the effectiveness of historic preservation policies can be improved.

The present investigation also brings forth a powerful economic tool in the form of the Preservation Economic Impact Model (PEIM) input–output model. Preservationists should be more aware of input–output analysis, and the RSRC’s model is one of the better applications in this regard, especially when calibrated with the preservation-specific data developed herein.

It is hoped that this study will contribute to continued study of, and dialogue on, the economic effects of historic preservation in Oklahoma and the nation.

**EXHIBIT 7.21**  
**Transportation Enhancement Activity Spending in Oklahoma: (Fiscal Year 1992-2006)**

	<b>TE Category</b>	<b>Spending (1992-2006)</b>	<b>Percent of Spending</b>	<b>National Percent of Spending (Exhibit 7.20)</b>
1	Pedestrian and bicycle facilities	\$52,857,534	44.8%	47.6%
2	Safety and educational activities for pedestrians and bicyclists	\$689,826	0.6%	0.4%
3	Acquisition of scenic or historic easements and sites	\$2,565,376	2.2%	2.8%
4	Scenic or historic highway programs including tourist and welcome center facilities	\$9,993,946	8.5%	6.4%
5	Landscaping and scenic beautification	\$20,009,853	17.0%	17.6%
6	Historic preservation	\$8,615,237	7.3%	4.4%
7	Rehabilitation and operation of historic transportation buildings, structures, or facilities	\$13,603,266	11.5%	7.5%
8	Conversion of abandoned railway corridors to trails	\$1,518,060	1.3%	7.5%
9	Inventory, control, and removal of outdoor advertising	\$4,845,000	4.1%	0.3%
10	Archaeological planning and research	\$200,000	0.2%	0.5%
11	Environmental mitigation of runoff pollution and provision of wildlife connectivity	\$0	0.0%	1.0%
12	Establishment of transportation museums	\$3,151,031	2.7%	1.3%

<b>Additional Oklahoma Data (1992-2006)</b>	
Oklahoma Project Count	313
Federal Awards	\$118,049,129
Average Federal Award	\$377,154
Matching Funds	\$29,715,131
Match Rate	20.1%

Source: National Transportation Enhancement Clearinghouse

**APPENDIX A**

**Input-Output Analysis:  
Technical Notes**

This appendix discusses the history and application of input-output analysis and details the input-output model, called the R/Econ™ I-O model, developed by Rutgers University. This model offers significant advantages in detailing the total economic effects of an activity (such as historic rehabilitation and heritage tourism), including multiplier effects.

## ESTIMATING MULTIPLIERS

The fundamental issue determining the size of the multiplier effect is the “openness” of regional economies. Regions that are more “open” are those that import their required inputs from other regions. Imports can be thought of as substitutes for local production. Thus, the more a region depends on imported goods and services instead of its own production, the more economic activity leaks away from the local economy. Businessmen noted this phenomenon and formed local chambers of commerce with the explicit goal of stopping such leakage by instituting a “buy local” policy among their membership. In addition, during the 1970s, as an import invasion was under way, businessmen and union leaders announced a “buy American” policy in the hope of regaining ground lost to international economic competition. Therefore, one of the main goals of regional economic multiplier research has been to discover better ways to estimate the leakage of purchases out of a region, a measure of the region’s self-sufficiency.

The earliest attempts to systematize the procedure for estimating multiplier effects used the economic base model, still in use in many econometric models today. This approach assumes that all economic activities in a region can be divided into two categories: “basic” activities that produce exclusively for export, and region-serving or “local” activities that produce strictly for internal regional consumption. Since this approach is simpler but similar to the approach used by regional input-output analysis, a brief explanation of how multiplier effects are estimated using the economic base approach is provided below. If we let  $x$  be export employment,  $l$  be local employment, and  $t$  be total employment, then

$$t = x + l$$

For simplification, we create the ratio  $a$  as

$$a = l/t$$

so that  $l = at$

then substituting into the first equation, we obtain

$$t = x + at$$

By bringing all of the terms with  $t$  to one side of the equation, we get

$$t - at = x \text{ or } t(1-a) = x$$

Solving for  $t$ , we get  $t = x/(1-a)$



Thus, if we know the amount of export-oriented employment,  $\mathbf{x}$ , and the ratio of local to total employment,  $\mathbf{a}$ , we can readily calculate total employment by applying the economic base multiplier,  $1/(1-\mathbf{a})$ , which is embedded in the above formula. Thus, if 40 percent of all regional employment is used to produce exports, the regional multiplier would be 2.5. The assumption behind this multiplier is that all remaining regional employment is required to support the export employment. Thus, the 2.5 can be decomposed into two parts the direct effect of the exports, which is always 1.0, and the indirect and induced effects, which is the remainder—in this case 1.5. Hence, the multiplier can be read as telling us that for each export-oriented job another 1.5 jobs are needed to support it.

This notion of the multiplier has been extended so that  $\mathbf{x}$  is understood to represent an economic change demanded by an organization or institution outside of an economy—so-called final demand. Such changes can be those affected by government, households, or even by an outside firm. Changes in the economy can therefore be calculated by a minor alteration in the multiplier formula:

$$\Delta \mathbf{t} = \Delta \mathbf{x} / (1 - \mathbf{a})$$

The high level of industry aggregation and the rigidity of the economic assumptions that permit the application of the economic base multiplier have caused this approach to be subject to extensive criticism. Most of the discussion has focused on the estimation of the parameter  $\mathbf{a}$ . Estimating this parameter requires that one be able to distinguish those parts of the economy that produce for local consumption from those that do not. Indeed, virtually all industries, even services, sell to customers both inside and outside the region. As a result, regional economists devised an approach by which to measure the *degree* to which each industry is involved in the nonbase activities of the region, better known as the industry's *regional purchase coefficient*. Thus, they expanded the above formulations by calculating for each  $i$  industry

$$\mathbf{l}_i = \mathbf{r}_i \mathbf{d}_i$$

and

$$\mathbf{x}_i = \mathbf{t}_i - \mathbf{r}_i \mathbf{d}_i$$

given that  $\mathbf{d}_i$  is the total regional demand for industry  $i$ 's product. Given the above formulae and data on regional demands by industry, one can calculate an accurate traditional aggregate economic base parameter by the following:

$$\mathbf{a} = \mathbf{l} / \mathbf{t} = \Sigma \mathbf{l}_i / \Sigma \mathbf{t}_i$$

Although accurate, this approach only facilitates the calculation of an aggregate multiplier for the entire region. That is, we cannot determine from this approach what the effects are on the various sectors of an economy. This is despite the fact that one must painstakingly calculate the regional demand as well as the degree to which they each industry is involved in nonbase activity in the region.

As a result, a different approach to multiplier estimation that takes advantage of the detailed demand and trade data was developed. This approach is called input-output analysis.

## A BRIEF HISTORY OF INPUT-OUTPUT ANALYSIS

The basic framework for input-output analysis originated nearly 250 years ago when François Quesenay published *Tableau Economique* in 1758. Quesenay's "tableau" graphically and numerically portrayed the relationships between sales and purchases of the various industries of an economy. More than a century later, his description was adapted by a fellow Frenchman, Léon Walras, who advanced input-output modeling by providing a concise theoretical formulation of an economic system (including consumer purchases and the economic representation of "technology").

It was not until the twentieth century, however, that economists advanced and tested Walras's work. Wassily Leontief greatly simplified Walras's theoretical formulation by applying the Nobel prize-winning assumptions that both technology and trading patterns were fixed over time. These two assumptions meant that the pattern of flows among industries in an area could be considered stable. These assumptions permitted Walras's formulation to use data from a single time period, which generated a great reduction in data requirements.

Although Leontief won the Nobel Prize in 1973, he first used his approach in 1936 when he developed a model of the 1919 and 1929 U.S. economies to estimate the effects of the end of World War I on national employment. Recognition of his work in terms of its wider acceptance and use meant development of a standardized procedure for compiling the requisite data (today's national economic census of industries) and enhanced capability for calculations (i.e., the computer).

The federal government immediately recognized the importance of Leontief's development and has been publishing input-output tables of the U.S. economy since 1939. The most recently published tables are those for 1987. Other nations followed suit. Indeed, the United Nations maintains a bank of tables from most member nations with a uniform accounting scheme.

## FRAMEWORK OF ANALYSIS

Input-output modeling focuses on the interrelationships of sales and purchases among sectors of the economy. Input-output is best understood through its most basic form, the *interindustry transactions table* or matrix. In this table (see Exhibit A.1 for an example), the column industries are consuming sectors (or markets) and the row industries are producing sectors. The content of a matrix cell is the value of shipments that the row industry delivers to the column industry. Conversely, it is the value of shipments that the column industry receives from the row industry. Hence, the interindustry transactions table is a detailed accounting of the disposition of the value of shipments in an economy. Indeed, the detailed accounting of the interindustry transactions at the national level is performed not so much to facilitate calculation of national economic impacts as it is to back out an estimate of the nation's gross domestic product.

**EXHIBIT A.1**  
**Interindustry Transactions Matrix (Values)**

	Agriculture	Manufacturing	Services	Other	Final Demand	Total Output
Agriculture	10	65	10	5	10	\$100
Manufacturing	40	25	35	75	25	\$200
Services	15	5	5	5	90	\$120
Other	15	10	50	50	100	\$225
Value Added	20	95	20	90		
Total Input	100	200	120	225		

For example, in Exhibit A.1, agriculture, as a producing industry sector, is depicted as selling \$65 million of goods to manufacturing. Conversely, the table depicts that the manufacturing industry purchased \$65 million of agricultural production. The sum across columns of the interindustry transaction matrix is called the *intermediate outputs vector*. The sum across rows is called the *intermediate inputs vector*.

A single *final demand* column is also included in Exhibit A.1. Final demand, which is outside the square interindustry matrix, includes imports, exports, government purchases, changes in inventory, private investment, and sometimes household purchases.

The *value added* row, which is also outside the square interindustry matrix, includes wages and salaries, profit-type income, interest, dividends, rents, royalties, capital consumption allowances, and taxes. It is called value added because it is the difference between the total value of the industry's production and the value of the goods and nonlabor services that it requires to produce. Thus, it is the *value* that an industry *adds* to the goods and services it uses as inputs in order to produce output.

The value added row measures each industry's contribution to wealth accumulation. In a national model, therefore, its sum is better known as the gross domestic product (GDP). At the state level, this is known as the gross state product—a series produced by the U.S. Bureau of Economic Analysis and published in the Regional Economic Information System. Below the state level, it is known simply as the regional equivalent of the GDP—the gross regional product.

Input-output economic impact modelers now tend to include the household industry within the square interindustry matrix. In this case, the “consuming industry” is the household itself. Its spending is extracted from the final demand column and is appended as a separate column in the interindustry matrix. To maintain a balance, the income of households must be appended as a row. The main income of households is labor income, which is extracted from the value-added row. Modelers tend not to include other sources of household income in the household industry's row. This is not because such income is not attributed to households but rather because much of this other income derives from sources outside of the economy that is being modeled.

The next step in producing input-output multipliers is to calculate the *direct requirements matrix*, which is also called the technology matrix. The calculations are based entirely on data from

Exhibit A.1. As shown in Exhibit A.2, the values of the cells in the direct requirements matrix are derived by dividing each cell in a column of Exhibit A.1, the interindustry transactions matrix, by its column total. For example, the cell for manufacturing's purchases from agriculture is  $65/200 = .33$ . Each cell in a column of the direct requirements matrix shows how many cents of each producing industry's goods and/or services are required to produce one dollar of the consuming industry's production and are called *technical coefficients*. The use of the terms "technology" and "technical" derive from the fact that a column of this matrix represents a recipe for a unit of an industry's production. It, therefore, shows the needs of each industry's production process or "technology."

**EXHIBIT A.2**  
**Direct Requirements Matrix**

	Agriculture	Manufacturing	Services	Other
Agriculture	.10	.33	.08	.02
Manufacturing	.40	.13	.29	.33
Services	.15	.03	.04	.02
Other	.15	.05	.42	.22

Next in the process of producing input-output multipliers, the *Leontief Inverse* is calculated. To explain what the Leontief Inverse is, let us temporarily turn to equations. Now, from Exhibit A.1 we know that the sum across both the rows of the square interindustry transactions matrix ( $\mathbf{Z}$ ) and the final demand vector ( $\mathbf{y}$ ) is equal to vector of production by industry ( $\mathbf{x}$ ). That is,

$$\mathbf{x} = \mathbf{Z}\mathbf{i} + \mathbf{y}$$

where  $\mathbf{i}$  is a summation vector of ones. Now, we calculate the direct requirements matrix ( $\mathbf{A}$ ) by dividing the interindustry transactions matrix by the production vector or

$$\mathbf{A} = \mathbf{Z}\mathbf{X}^{-1}$$

where  $\mathbf{X}^{-1}$  is a square matrix with inverse of each element in the vector  $\mathbf{x}$  on the diagonal and the rest of the elements equal to zero. Rearranging the above equation yields

$$\mathbf{Z} = \mathbf{A}\mathbf{X}$$

where  $\mathbf{X}$  is a square matrix with the elements of the vector  $\mathbf{x}$  on the diagonal and zeros elsewhere. Thus,

$$\mathbf{x} = (\mathbf{A}\mathbf{X})\mathbf{i} + \mathbf{y}$$

or, alternatively,

$$\mathbf{x} = \mathbf{A}\mathbf{x} + \mathbf{y}$$

solving this equation for  $x$  yields

$$x = (I-A)^{-1} y$$

Total = Total \* Final  
Output Requirements Demand

The Leontief Inverse is the matrix  $(I-A)^{-1}$ . It portrays the relationships between final demand and production. This set of relationships is exactly what is needed to identify the economic impacts of an event external to an economy.

Because it does translate the direct economic effects of an event into the total economic effects on the modeled economy, the Leontief Inverse is also called the *total requirements matrix*. The total requirements matrix resulting from the direct requirements matrix in the example is shown in Exhibit A.3.

**EXHIBIT A.3**  
**Total Requirements Matrix**

	Agriculture	Manufacturing	Services	Other
Agriculture	1.5	.6	.4	.3
Manufacturing	1.0	1.6	.9	.7
Services	.3	.1	1.2	.1
Other	.5	.3	.8	1.4
Industry Multipliers	.33	2.6	3.3	2.5

In the direct or technical requirements matrix in Exhibit A.2, the technical coefficient for the manufacturing sector's purchase from the agricultural sector was .33, indicating the 33 cents of agricultural products must be directly purchased to produce a dollar's worth of manufacturing products. The same "cell" in Exhibit A.3 has a value of .6. This indicates that for every dollar's worth of product that manufacturing ships out of the economy (i.e., to the government or for export), agriculture will end up increasing its production by 60 cents. The sum of each column in the total requirements matrix is the *output multiplier* for that industry.

## Multipliers

A *multiplier* is defined as the system of economic transactions that follow a disturbance in an economy. Any economic disturbance affects an economy in the same way as does a drop of water in a still pond. It creates a large primary "ripple" by causing a *direct* change in the purchasing patterns of affected firms and institutions. The suppliers of the affected firms and institutions must change their purchasing patterns to meet the demands placed upon them by the firms originally affected by the economic disturbance, thereby creating a smaller secondary "ripple." In turn, those who meet the needs of the suppliers must change their purchasing patterns to meet the demands placed upon them by the suppliers of the original firms, and so on; thus, a number of subsequent "ripples" are created in the economy.

The multiplier effect has three components—direct, indirect, and induced effects. Because of the pond analogy, it is also sometimes referred to as the *ripple effect*.

- A *direct effect* (the initial drop causing the ripple effects) is the change in purchases due to a change in economic activity.
- An *indirect effect* is the change in the purchases of suppliers to those economic activities directly experiencing change.
- An *induced effect* is the change in consumer spending that is generated by changes in labor income within the region as a result of the direct and indirect effects of the economic activity. Including households as a column and row in the interindustry matrix allows this effect to be captured.

Extending the Leontief Inverse to pertain not only to relationships between *total* production and final demand of the economy but also to *changes* in each permits its multipliers to be applied to many types of economic impacts. Indeed, in impact analysis the Leontief Inverse lends itself to the drop-in-a-pond analogy discussed earlier. This is because the Leontief Inverse multiplied by a change in final demand can be estimated by a power series. That is,

$$(\mathbf{I}-\mathbf{A})^{-1} \Delta \mathbf{y} = \Delta \mathbf{y} + \mathbf{A} \Delta \mathbf{y} + \mathbf{A}(\mathbf{A} \Delta \mathbf{y}) + \mathbf{A}(\mathbf{A}(\mathbf{A} \Delta \mathbf{y})) + \mathbf{A}(\mathbf{A}(\mathbf{A}(\mathbf{A} \Delta \mathbf{y}))) + \dots$$

Assuming that  $\Delta \mathbf{y}$ —the change in final demand—is the “drop in the pond,” then succeeding terms are the ripples. Each “ripple” term is calculated as the previous “pond disturbance” multiplied by the direct requirements matrix. Thus, since each element in the direct requirements matrix is less than one, each ripple term is smaller than its predecessor. Indeed, it has been shown that after calculating about seven of these ripple terms that the power series approximation of impacts very closely estimates those produced by the Leontief Inverse directly.

In impacts analysis practice,  $\Delta \mathbf{y}$  is a single column of expenditures with the same number of elements as there are rows or columns in the direct or technical requirements matrix. This set of elements is called an *impact vector*. This term is used because it is the *vector* of numbers that is used to estimate the *economic impacts* of the investment.

There are two types of changes in investments, and consequently economic impacts, generally associated with projects—*one-time impacts* and *recurring impacts*. One-time impacts are impacts that are attributable to an expenditure that occurs once over a limited period of time. For example, the impacts resulting from the construction of a project are one-time impacts. Recurring impacts are impacts that continue permanently as a result of new or expanded ongoing expenditures. The ongoing operation of a new train station, for example, generates recurring impacts to the economy. Examples of changes in economic activity are investments in the preservation of old homes, tourist expenditures, or the expenditures required to run a historical site. Such activities are considered changes in final demand and can be either positive or negative. When the activity is not made in an industry, it is generally not well represented by the input-output model. Nonetheless, the activity can be represented by a special set of elements that are similar to a column of the transactions matrix. This set of elements is called an economic

disturbance or impact vector. The latter term is used because it is the vector of numbers that is used to estimate the impacts. In this study, the impact vector is estimated by multiplying one or more economic *translators* by a dollar figure that represents an investment in one or more projects. The term translator is derived from the fact that such a vector *translates* a dollar amount of an activity into its constituent purchases by industry.

One example of an industry multiplier is shown in Exhibit A.4. In this example, the activity is the preservation of a historic home. The *direct impact* component consists of purchases made specifically for the construction project from the producing industries. The *indirect impact* component consists of expenditures made by producing industries to support the purchases made for this project. Finally, the *induced impact* component focuses on the expenditures made by workers involved in the activity on-site and in the supplying industries.

**EXHIBIT A.4**  
**Components of the Multiplier for the**  
**Historic Rehabilitation of a Single-Family Residence**

DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT
Excavation/Construction Labor Concrete Wood Bricks Equipment Finance and Insurance	Production Labor Steel Fabrication Concrete Mixing Factory and Office Expenses Equipment Components	Expenditures by wage earners on-site and in the supplying industries for food, clothing, durable goods, entertainment

## REGIONAL INPUT-OUTPUT ANALYSIS

Because of data limitations, regional input-output analysis has some considerations beyond those for the nation. The main considerations concern the depiction of regional technology and the adjustment of the technology to account for interregional trade by industry.

In the regional setting, local technology matrices are not readily available. An accurate region-specific technology matrix requires a survey of a representative sample of organizations for each industry to be depicted in the model. Such surveys are extremely expensive.<sup>7</sup> Because of the expense, regional analysts have tended to use national technology as a surrogate for regional technology. This substitution does not affect the accuracy of the model as long as local industry technology does not vary widely from the nation's average.<sup>8</sup>

<sup>7</sup>The most recent statewide survey-based model was developed for the State of Kansas in 1986 and cost on the order of \$60,000 (in 1990 dollars). The development of this model, however, leaned heavily on work done in 1965 for the same state. In addition the model was aggregated to the 35-sector level, making it inappropriate for many possible applications since the industries in the model do not represent the very detailed sectors that are generally analyzed.

<sup>8</sup>Only recently have researchers studied the validity of this assumption. They have found that large urban areas may have technology in some manufacturing industries that differs in a statistically significant way from the national average. As will be discussed in a subsequent paragraph, such differences may be unimportant after accounting for trade patterns.

Even when local technology varies widely from the nation's average for one or more industries, model accuracy may not be affected much. This is because interregional trade may mitigate the error that would be induced by the technology. That is, in estimating economic impacts via a regional input-output model, national technology must be regionalized by a vector of regional purchase coefficients,<sup>9</sup>  $\mathbf{r}$ , in the following manner:

$$(\mathbf{I}-\mathbf{rA})^{-1} \mathbf{r} \cdot \Delta \mathbf{y}$$

or

$$\mathbf{r} \cdot \Delta \mathbf{y} + \mathbf{rA} (\mathbf{r} \cdot \Delta \mathbf{y}) + \mathbf{rA}(\mathbf{rA} (\mathbf{r} \cdot \Delta \mathbf{y})) + \mathbf{rA}(\mathbf{rA}(\mathbf{rA} (\mathbf{r} \cdot \Delta \mathbf{y}))) + \dots$$

where the vector-matrix product  $\mathbf{rA}$  is an estimate of the region's direct requirements matrix. Thus, if national technology coefficients—which vary widely from their local equivalents—are multiplied by small RPCs, the error transferred to the direct requirements matrices will be relatively small. Indeed, since most manufacturing industries have small RPCs and since technology differences tend to arise due to substitution in the use of manufactured goods, technology differences have generally been found to be minor source error in economic impact measurement. Instead, RPCs and their measurement error due to industry aggregation have been the focus of research on regional input-output model accuracy.

## COMPARING REGIONAL ECONOMIC IMPACT MODELS

In the United States there are three major vendors of regional input-output models. They are U.S. Bureau of Economic Analysis's (BEA) RIMS II multipliers, Minnesota IMPLAN Group Inc.'s (MIG) IMPLAN Pro model, and CUPR's own R/Econ<sup>TM</sup> I-O model. CUPR has had the privilege of using them all. (R/Econ<sup>TM</sup> I-O builds from the PC I-O model produced by the Regional Science Research Corporation's (RSRC).)

Although the three systems have important similarities, there are also significant differences that should be considered before deciding which system to use in a particular study. This document compares the features of the three systems. Further discussion can be found in Brucker, Hastings, and Latham's article in the Summer 1987 issue of *The Review of Regional Studies* entitled "Regional Input-Output Analysis: A Comparison of Five Ready-Made Model Systems." Since that date, CUPR and MIG have added a significant number of new features to PC I-O (now, R/Econ<sup>TM</sup> I-O) and IMPLAN, respectively.

### Model Accuracy

RIMS II, IMPLAN, and RECON<sup>TM</sup> I-O all employ input-output (I-O) models for estimating impacts. All three regionalized the U.S. national I-O technology coefficients table at the highest levels of disaggregation (more than 500 industries). Since aggregation of sectors has been shown to be an important source of error in the calculation of impact multipliers, the retention of maximum industrial detail in these regional systems is a positive feature that they share. The

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<sup>9</sup>A regional purchase coefficient (RPC) for an industry is the proportion of the region's demand for a good or service that is fulfilled by local production. Thus, each industry's RPC varies between zero (0) and one (1), with one implying that all local demand is fulfilled by local suppliers. As a general rule, agriculture, mining, and manufacturing industries tend to have low RPCs, and both service and construction industries tend to have high RPCs.



systems diverge in their regionalization approaches, however. The difference is in the manner that they estimate regional purchase coefficients (RPCs), which are used to regionalize the technology matrix. An RPC is the proportion of the region's demand for a good or service that is fulfilled by the region's own producers rather than by imports from producers in other areas. Thus, it expresses the proportion of the purchases of the good or service that do not leak out of the region, but rather feed back to its economy, with corresponding multiplier effects. Thus, the accuracy of the RPC is crucial to the accuracy of a regional I-O model, since the regional multiplier effects of a sector vary directly with its RPC.

The techniques for estimating the RPCs used by CUPR and MIG in their models are theoretically more appealing than the location quotient (LQ) approach used in RIMS II. This is because the former two allow for crosshauling of a good or service among regions and the latter does not. Since crosshauling of the same general class of goods or services among regions is quite common, the CUPR-MIG approach should provide better estimates of regional imports and exports. Statistical results reported in Stevens, Treyz, and Lahr (1989) confirm that LQ methods tend to overestimate RPCs. By extension, inaccurate RPCs may lead to inaccurately estimated impact estimates.

Further, the estimating equation used by CUPR to produce RPCs should be more accurate than that used by MIG. The difference between the two approaches is that MIG estimates RPCs at a more aggregated level (two-digit SICs, or about 86 industries) and applies them at a desegregate level (over 500 industries). CUPR both estimates and applies the RPCs at the most detailed industry level. The application of aggregate RPCs can induce as much as 50 percent error in impact estimates (Lahr and Stevens, 2002).

Although both RECON™ I-O and IMPLAN use an RPC-estimating technique that is theoretically sound and update it using the most recent economic data, some practitioners question their accuracy. The reasons for doing so are three-fold. First, the observations currently used to estimate their implemented RPCs are based on 20-years old trade relationships—the Commodity Transportation Survey (CTS) from the 1977 Census of Transportation. Second, the CTS observations are at the state level. Therefore, RPC's estimated for sub-state areas are extrapolated. Hence, there is the potential that RPCs for counties and metropolitan areas are not as accurate as might be expected. Third, the observed CTS RPCs are only for shipments of goods. The interstate provision of services is unmeasured by the CTS. IMPLAN relies on relationships from the 1977 U.S. Multiregional Input-Output Model that are not clearly documented. RECON™ I-O relies on the same econometric relationships that it does for manufacturing industries but employs expert judgment to construct weight/value ratios (a critical variable in the RPC-estimating equation) for the nonmanufacturing industries.

The fact that BEA creates the RIMS II multipliers gives it the advantage of being constructed from the full set of the most recent regional earnings data available. BEA is the main federal government purveyor of employment and earnings data by detailed industry. It therefore has access to the fully disclosed and disaggregated versions of these data. The other two model systems rely on older data from *County Business Patterns* and Bureau of Labor Statistic's ES202 forms, which have been "improved" by filling-in for any industries that have disclosure problems (this occurs when three or fewer firms exist in an industry or a region).

## Model Flexibility

For the typical user, the most apparent differences among the three modeling systems are the level of flexibility they enable and the type of results that they yield. R/Econ™ I–O allows the user to make changes in individual cells of the 515-by-515 technology matrix as well as in the 11 515-sector vectors of region-specific data that are used to produce the regionalized model. The 11 sectors are: output, demand, employment per unit output, labor income per unit output, total value added per unit of output, taxes per unit of output (state and local), nontax value added per unit output, administrative and auxiliary output per unit output, household consumption per unit of labor income, and the RPCs. The PC I–O model tends to be simple to use. Its User's Guide is straightforward and concise, providing instruction about the proper implementation of the model as well as the interpretation of the model's results.

The software for IMPLAN Pro is Windows-based, and its User's Guide is more formalized. Of the three modeling systems, it is the most user-friendly. The Windows orientation has enabled MIG to provide many more options in IMPLAN without increasing the complexity of use. Like R/Econ™ I–O, IMPLAN's regional data on RPCs, output, labor compensation, industry average margins, and employment can be revised. It does not have complete information on tax revenues other than those from indirect business taxes (excise and sales taxes), and those cannot be altered. Also like R/Econ™, IMPLAN allows users to modify the cells of the 538-by-538 technology matrix. It also permits the user to change and apply price deflators so that dollar figures can be updated from the default year, which may be as many as four years prior to the current year. The plethora of options, which are advantageous to the advanced user, can be extremely confusing to the novice. Although default values are provided for most of the options, the accompanying documentation does not clearly point out which items should get the most attention. Further, the calculations needed to make any requisite changes can be more complex than those needed for the R/Econ™ I–O model. Much of the documentation for the model dwells on technical issues regarding the guts of the model. For example, while one can aggregate the 538-sector impacts to the one- and two-digit SIC level, the current documentation does not discuss that possibility. Instead, the user is advised by the Users Guide to produce an aggregate model to achieve this end. Such a model, as was discussed earlier, is likely to be error ridden.

For a region, RIMS II typically delivers a set of 38-by-471 tables of multipliers for output, earnings, and employment; supplementary multipliers for taxes are available at additional cost. Although the model's documentation is generally excellent, use of RIMS II alone will not provide proper estimates of a region's economic impacts from a change in regional demand. This is because no RPC estimates are supplied with the model. For example, in order to estimate the impacts of rehabilitation, one not only needs to be able to convert the engineering cost estimates into demands for labor as well as for materials and services by industry, but must also be able to estimate the percentage of the labor income, materials, and services which will be provided by the region's households and industries (the RPCs for the demanded goods and services). In most cases, such percentages are difficult to ascertain; however, they are provided in the R/Econ™ I–O and IMPLAN models with simple triggering of an option. This model ought not to be used for evaluating any project or event where superior data are available or where the evaluation is for a change in regional demand (a construction project or an event) as opposed to a change in regional supply (the operation of a new establishment).

## Model Results

Detailed total economic impacts for about 500 industries can be calculated for jobs, labor income, and output from R/Econ™ I–O and IMPLAN only. These two modeling systems can also provide total impacts as well as impacts at the one- and two-digit industry levels. RIMS II provides total impacts and impacts on only 38 industries for these same three measures. Only the manual for R/Econ™ I–O warns about the problems of interpreting and comparing multipliers and any measures of output, also known as the value of shipments.

As an alternative to the conventional measures and their multipliers, R/Econ™ I–O and IMPLAN provide results on a measure known as “value added.” It is the region’s contribution to the nation’s gross domestic product (GDP) and consists of labor income, nonmonetary labor compensation, proprietors’ income, profit-type income, dividends, interest, rents, capital consumption allowances, and taxes paid. It is, thus, the region’s production of wealth and is the single best economic measure of the total economic impacts of an economic disturbance.

In addition to impacts in terms of jobs, employee compensation, output, and value added, IMPLAN provides information on impacts in terms of personal income, proprietor income, other property-type income, and indirect business taxes. R/Econ™ I–O breaks out impacts into taxes collected by the local, state, and federal governments. It also provides the jobs impacts in terms of either about 90 or 400 occupations at the request of the user. It goes a step further by also providing a return-on-investment-type multiplier measure, which compares the total impacts on all of the main measures to the total original expenditure that caused the impacts. Although these latter can be readily calculated by the user using results of the other two modeling systems, they are rarely used in impact analysis despite their obvious value.

In terms of the format of the results, both R/Econ™ I–O and IMPLAN are flexible. On request, they print the results directly or into a file (Excel® 4.0, Lotus 123®, Word® 6.0, tab delimited, or ASCII text). It can also permit previewing of the results on the computer’s monitor. Both now offer the option of printing out the job impacts in either or both levels of occupational detail.

## RSRC Equation

The equation currently used by RSRC in estimating RPCs is reported in Treyz and Stevens (1985). In this paper, the authors show that they estimated the RPC from the 1977 CTS data by estimating the demands for an industry’s production of goods or services that are fulfilled by local suppliers (*LS*) as

$$LS = D e^{-1/x}$$

and where for a given industry

$$x = k Z_1^{a_1} Z_2^{a_2} P_j Z_j^{a_j} \text{ and } D \text{ is its total local demand.}$$

Since for a given industry  $RPC = LS/D$  then

$$\ln\{-1/[\ln(LS/ D)]\} = \ln k + a_1 \ln Z_1 + a_2 \ln Z_2 + \sum_j a_j \ln Z_j$$

which was the equation that was estimated for each industry.

This odd nonlinear form not only yielded high correlations between the estimated and actual values of the RPCs, it also assured that the RPC value ranges strictly between 0 and 1. The results of the empirical implementation of this equation are shown in Treyz and Stevens (1985, table 1). The table shows that total local industry demand ( $Z_1$ ), the supply/demand ratio ( $Z_2$ ), the weight/value ratio of the good ( $Z_3$ ), the region's size in square miles ( $Z_4$ ), and the region's average establishment size in terms of employees for the industry compared to the nation's ( $Z_5$ ) are the variables that influence the value of the RPC across all regions and industries. The latter of these maintain the least leverage on RPC values.

Because the CTS data are at the state level only, it is important for the purposes of this study that the local industry demand, the supply/demand ratio, and the region's size in square miles are included in the equation. They allow the equation to extrapolate the estimation of RPCs for areas smaller than states. It should also be noted here that the CTS data only cover manufactured goods. Thus, although calculated effectively making them equal to unity via the above equation, RPC estimates for services drop on the weight/value ratios. A very high weight/value ratio like this forces the industry to meet this demand through local production. Hence, it is no surprise that a region's RPC for this sector is often very high (0.89). Similarly, hotels and motels tend to be used by visitors from outside the area. Thus, a weight/value ratio on the order of that for industry production would be expected. Hence, an RPC for this sector is often about 0.25.

The accuracy of CUPR's estimating approach is exemplified best by this last example. Ordinary location quotient approaches would show hotel and motel services serving local residents. Similarly, IMPLAN RPCs are built from data that combine this industry with eating and drinking establishments (among others). The results of such an aggregation process are an RPC that represents neither industry (a value of about 0.50) but which is applied to both. In the end, not only is the CUPR's RPC-estimating approach the most sound, but it is also widely acknowledged by researchers in the field as being state of the art.

## Advantages and Limitations of Input-Output Analysis

Input-output modeling is one of the most accepted means for estimating economic impacts. This is because it provides a concise and accurate means for articulating the interrelationships among industries. The models can be quite detailed. For example, the current U.S. model currently has more than 500 industries representing many six-digit North American Industrial Classification System (NAICS) codes. The CUPR's model used in this study has 517 sectors. Further, the industry detail of input-output models provides not only a consistent and systematic approach but also more accurately assesses multiplier effects of changes in economic activity. Research has shown that results from more aggregated economic models can have as much as 50 percent error inherent in them. Such large errors are generally attributed to poor estimation of regional trade flows resulting from the aggregation process.

Input-output models also can be set up to capture the flows among economic regions. For example, the model used in this study can calculate impacts for a county as well as the total Ohio state economy.

The limitations of input-output modeling should also be recognized. The approach makes several key assumptions. First, the input-output model approach assumes that there are no economies of scale to production in an industry; that is, the proportion of inputs used in an industry's production process does not change regardless of the level of production. This assumption will not work if the technology matrix depicts an economy of a recessionary economy (e.g., 1982) and the analyst is attempting to model activity in a peak economic year (e.g., 1989). In a recession year, the labor-to-output ratio tends to be excessive because firms are generally reluctant to lay off workers when they believe an economic turnaround is about to occur.

A less-restrictive assumption of the input-output approach is that technology is not permitted to change over time. It is less restrictive because the technology matrix in the United States is updated frequently and, in general, production technology does not radically change over short time periods.

Finally, the technical coefficients used in most regional models are based on the assumption that production processes are spatially invariant and are well represented by the nation's average technology. In a region as large as an entire state, this assumption is likely to hold true.

**APPENDIX B**

**BIBLIOGRAPHY: ECONOMIC IMPACTS OF PRESERVATION**

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- U.S. Travel Data Center. 1994. National travel survey. *1994 Travel Market Report*. Washington, DC: U.S. Travel Data Center.
- Virginia (State of), Department of Historic Resources. 1991. *The financial impact of historic designation*. Senate Document No. 23. Richmond, Virginia.
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- Wagner, Richard D. 1993. "Urban downtown revitalization and historic preservation." *Preservation Forum* (September/October).
- Walter, Jackson J. 1987. *Historic preservation and places to live: A natural partnership for healthy American communities*. Speech before the Policy Advisory Board of the Joint Center for Housing Studies of MIT and Harvard University, Pebble Beach, California.

Walters, Jonathan. 1988. "History is hot! Cities and states are cashing in." *Governing* (June).

Wilcoxon, Sandra K. 1991. *Economics of an architectural legacy: the economic impact of the Frank Lloyd Wright home and studio foundation on Oak Park and Chicago*. Chicago, IL: The Frank Lloyd Wright Home and Studio Foundation.

Wonjo, Christopher T. 1991. Historic preservation and economic development. *Journal of Planning Literature* 15, 3 (February): 296–307.

Youngblood, George L., Jerry Bussel, Jesse T. Stackwell III, and Gerald P. Wilson, Jr. 1987. *The economic impacts of tourism generated by the Gettysburg National Military Park on the economy of Gettysburg*. Gettysburg, PA: Gettysburg National Military Park.

## ANNOTATION OF SELECTED STUDIES

### Real Estate Value and Appraisal

Advisory Council on Historic Preservation. 1979. *Contributions of Historic Preservation to Urban Revitalization*. Washington, DC: U.S. Government Printing Office. *American Visions*. 1994 (April/May).

This study investigates the effect of historic preservation activities in Alexandria (Virginia), Galveston (Texas), Savannah (Georgia), and Seattle (Washington). Included in the analysis is an examination of the physical, economic, and social changes occurring within historic neighborhoods in each of these cities. According to the study, historic designation and attendant preservation activities provide many benefits, including saving important properties from demolition, assuring compatible new construction and land uses, and providing a concentrated area of interest to attract tourists and metropolitan-area visitors. Designation also has the beneficial effect of strengthening property values—an impact documented by comparing the selling prices of buildings located inside versus outside the historic districts.

Asabere, Paul K., et. al. 1994. “The Adverse Impact of Local Historic Designation : The Case Study of Small Apartment Buildings in Philadelphia.” *Journal of Real Estate Finance & Economics* 8, 3: 225.

The authors seek to show that local landmark designation lowers the value of small apartments buildings in Philadelphia by using a hedonic regression that considers a number of property and neighborhood variables, including location, time of sale, and the type of buyer (corporate or partnership). Study data was obtained from property sales records maintained by the city of Philadelphia (n=118). They conclude that local designation is associated with a 24 percent discount in the value of apartment buildings containing 1-4 units, which suggests that additional financial incentives for local designation may be warranted. The study is unique for its focus on residential rental property.

Asabere, Paul K., and Forest E. Huffman. 1994. “Historic Designation and Residential Market Values.” *The Appraisal Journal* (July): 396.

This study employs a standard hedonic pricing model to analyze the impact of National Register listing on residential property values in Philadelphia. (N=120; sold b/w Dec. 1986-May 1990; MLS data source.) Standard physical characteristics of properties were controlled for, including age of house and construction materials. Socioeconomic variables were also included from census track data and location within the city was considered. The authors conclude that NR listing is associated with a 26 percent increase in home values; age of house also exerted an unexpected positive influence on value.

Asabere, Paul K. and Forrest E. Huffman. 1991. “Historic Districts and Land Values.” *Journal of Real Estate Research* 6, 1: 1-7.

The study seeks to determine the affect of National Register listing on the value of vacant land within federal historic districts. A hedonic regression is used that considers a number of property and neighborhood characteristics. Data on vacant land transactions was obtained from city records (n=100). The analysis finds that vacant residential lots in federal historic districts sell at a 131 percent premium over vacant lots not located in a federal historic district. A price premium found for non-residential lots was insignificant.

Asabere, Paul K. and Forrest E. Huffman. 1995. "Real Estate Values and Historic Designation." *The Illinois Real Estate Letter* (Winter/Spring): 11-13.

Asabere, Paul K., George Hachey, and Steven Grubaugh. 1989. "Architecture, Historic Zoning, and the Value of Homes." *Journal of Real Estate Finance and Economics* 2: 181-195. [No access online or at Penn; at CU Hotel Sc]

Bauer, Matther. "Use It Or Lose It." NTHP Dollars & Sense of Historic Preservation, #9.

This article presents a very general and brief introduction to the relationship between designation and property values. It is not an empirical study; it does not contain citations or offer firm conclusions.

Benson, Virginia O., and Richard Klein. 1988. "The Impact of Historic Districting on Property Values." *The Appraisal Journal* 56, 2 (April): 223-32.

The impact of historic designation on property values in Cleveland, Ohio is examined in this study. It begins with a historical overview of preservation policy in the United States, including reforms of tax policy and federal urban redevelopment programs. The authors calculate Market Value Ratios (MVR=actual sale price/assessed market value) for properties in two historic Cleveland, OH neighborhoods and then compare these to the MVRs of surrounding, non-historic neighborhoods. They note that listed districts appear to have more volatile MVRs and fewer sales than non-listed districts, which suggest negative consequences of listing. While designation maybe benefit neighborhoods located in cities with expanding population and strong tourist appeal, it may have less utility in rust-belt cities. The article warns that "indiscriminant" over districting may undermine urban redevelopment goals.

Brown, Catherine, et al. 1987. *An Intense Analysis of the Effects of Historic District Designation on Property Values in the Neighborhoods of Winnetka Heights and Munger Place/Swiss Avenue*. Dallas, TX: School of Business, Southern Methodist University.

Clark, D. E. and W. E. Herrin. 1997. "Historical Preservation and Home Sale Prices: Evidence from the Sacramento Housing Market." *The Review of Regional Studies* 27: 29-48.

The authors conduct a hedonic regression analysis to determine if historic district status affects the prices of homes in Sacramento, California. They consider a number of structural variables including the age of the house, number of bedrooms, stories, fireplaces, bathrooms in addition to neighborhood demographic and location characteristics, such as



proximity to noxious land uses like railroads, highways, and Superfund sites. Their model explains 53.9 percent of the variation in the sale price. They find that location in a historic preservation district (HPD) results in a 10-17 percent sale price premium. However, residences adjacent to historic districts receive no positive economic spillover affects; rather, a 20 percent price discount is found for properties adjacent to HPDs. (The authors concur with Coffin's suggestion that "an increase in demand for housing within the HPD may cause a decrease in demand elsewhere" in the market.) Proximity to noxious uses decreased values as expected.

Cloud, Jack M. 1976. "Appraisal of Historic Homes." *The Real Estate Appraiser* (September/October): 44-47.

Difficulties of appraising historic homes are highlighted. To illustrate, appraisal assumes that the improvements on land are depreciating assets. In the historic context, however, the home represents "heritage" and therefore is not assumed to lose value. The article suggests three approaches to ascertaining value, all modifications of the traditional cost, market, and income approaches.

A modified cost methodology is recommended based on the following factors: (1) cost on a unit basis of an equally "historically desirable" dwelling in approximately the same physical condition (including site); (2) the average unit cost of an acceptable renovation and/or restoration; (3) less the estimated incurable physical deterioration; (4) plus the value of land and site improvements.

A second strategy uses a modified market approach. Value is determined by adjusting recent nearby "arm's-length" sales. This approach is commonly used in appraisal, but implementation in the historical context requires a number of special emphases. The temporal definition of "recent" sales has to be extended for the appraiser to obtain enough "comps" of historic homes—required because there are relatively few sales of historic properties. Second, and for similar reasons, the appraiser has to consider "comps" over a larger geographical area. Third, the appraiser must be careful to examine only arm's length transfers—donations of properties to private historical societies would not be included. Fourth, the appraiser must carefully adjust the "comps" for "historical value"—which encompasses such considerations as type of architecture, historical significance of the owner/builder, and so on. Fifth, the "comps" will have to be adjusted by considering required restoration/renovation costs as well as the amount and value of land in each transaction.

A third strategy for determining the value of the historic homes is to use an income approach. The article cautions that utilizing this method is "basically dangerous" since it is often based on hypothetical situations that may or may not be possible or probable.

Coffin, Donald A. 1989. "The Impact of Historic Districts on Residential Property Values." *Eastern Economic Journal* 15: 221-28.

Using hedonic regression Coffin analyzes the relationship between local historic district designation and residential property value in Aurora and Elgin, Illinois. In Aurora, local

designation is accompanied by a preservation ordinance that requires owners to obtain a certificate of appropriateness for alterations and repairs. In Elgin, local designation has no such restrictions. Coffin finds that designation increases property values by 7 percent and 6 percent in Aurora and Elgin, respectively. The differences in the increase in value may be due to the extent of regulation, but Coffin is hesitant to make this hypothesis (because of recent homeowner controversy elsewhere in the state over the added costs of making repairs in historic districts). He also examines the interaction among value, designation, and location in a low income area and concludes that designation may have influenced some buyers to consider housing in an area they might otherwise have overlooked, supporting the policy rationale that districts help revitalize older neighborhoods.

Cohen, Michael. 1980. "Historic Preservation and Public Policy: The Case of Chicago." *The Urban Interest* 2, 2 (Fall): 3-11.

Cohen seeks to test two theories that he thinks explain a renewed interest in historic inner-city neighborhoods. The "architectural theory" posits that upper-middle class historic district homebuyers are attracted to the architectural quality of the neighborhoods, having become disenchanted with modern suburban architecture. The "population theory" suggests that professional, managerial and service industry workers, who tend to be young, well educated and without children, are drawn to inner-city locations because of their cosmopolitan character and nearness to their places of employment.

Using census tract level data, the author tests a number of hypotheses. If the architectural theory is true, Cohen thinks that house value and the socioeconomic status of inhabitants ought to be rising higher over time in historic districts than in adjacent areas. On the other hand, if the population theory is true, then the location of the neighborhoods ought to be the motivating factor. Socioeconomic status should be the same in historic districts and immediately adjacent areas.

Cohen finds evidence to support his architectural theory; property values and SES rise more rapidly in historic districts than in neighboring, undesignated areas. However, he also finds little difference in SES between historic district residents and those who live just outside the districts, with the exception of one variable: district residents are wealthier. Cohen concludes that there are two historic district submarkets: those who buy and restore homes in historic districts and those a little less wealthy who cannot afford buying within the district but settle in adjacent areas to share in the prestige and economic spillover effects. He recommends that cities actively survey and designate historic districts to facilitate middle and upper-middle class resettlement of the inner city, perhaps even encouraging them with tax incentives.

Coulson, N. Edward and Michael L. Lahr. 2005. "Gracing the Land of Elvis and Beale Street: Historic Designation and Property Values in Memphis," *Real Estate Economics*, 33, 487-507.

This study seeks to establish a relationship between historic district designation and residential property values using a hedonic regression of several thousand properties in 11 different Memphis neighborhoods. Appraisal data was obtained from the county assessor's

office (n=5889); the impact of designation is measured in appreciation rates over a four-year period. Standard property features and neighborhood characteristics were controlled for, in addition to other less common variables including exterior building material and architectural style. The authors find that local designation adds between 14-23 percent to the appreciation rate compared to homes in undesignated areas. Appreciation rates are higher in locally designated areas than in federal historic districts, suggesting that buyers value the added preservation restrictions (protections). Newly-constructed properties in local historic districts surprisingly reap the greatest economic benefit from designation.

Coulson, N. E. and R. Leichenko. 2001. "The Internal and External Impacts of Historical Designation on Property Values." *Journal of Real Estate Finance and Economics* 23: 113-124.

Coulson and Leichenko determine the economic impact of historic designation on both properties that are designated (internal impacts), and on properties near those that are designated (external impacts). They conduct their analysis on properties in Abilene, Texas, where historic houses are listed individually, as opposed to in districts. This enables the researchers to more accurately assess the external benefits of historic designation within neighborhoods, rather than between them. Abilene also offers property tax abatements for locally-designated historic properties; a cost/benefit analysis is conducted to determine if revenues lost in the tax breaks are made up by increased tax assessments on historic properties and their surrounding units. A hedonic regression is conducted, taking account of standard structural variables associated with the properties and demographic characteristics of the neighborhoods. The authors determine that local designation adds about 17.6 percent to the value of the house. Furthermore, the value of an undesignated house increases 0.14 percent for every designated house in its census tract. The average house value in the study area is \$40,000, resulting in an average increase in price of about \$560 for each designated house. Multiplying this figure by the number of houses in each census tract, the researchers estimate that local designation adds about \$4.5 million to the value of Abilene real estate; taxed at a 1 percent rate, the internal and external impacts of designation on municipal revenues would be at least \$40,000. The local tax abatement program costs the city only \$23,000 a year, leading Coulson and Leichenko to conclude that the fiscal benefits of designation outweigh its costs.

Dolman, John P. 1980. "Incremental Elements of Market Value Due to Historical Significance." *The Appraisal Journal* (July): 338-53

Dolman attempts to determine if the history of a property yields a value increment above and beyond its highest and best use, particularly in cases of eminent domain disputes. As a case study, he considers the value of Val-Kill, the home of Eleanor Roosevelt, located in Hyde Park, NY. A review of the past relevant literature and an examination of historic property appraisals lead Dolman to conclude that while others have arbitrarily attributed a 100-300 percent increment to the historic value of a property, there is little consistency and certainly no "magic formula" for its calculation. In conclusion, a two-step appraisal process is recommended: first determine the value of the highest and best non-historic use for the property. Second, add to this value a percentage increment to account for the

historic status, which should be based upon a number of factors including: associated people and events; condition and age; architectural design and integrity; cost of restoration and administration (for public use); educational potential; suitability for adaptive reuse; and relationship to other local historic resources.

Engle, Robert F., and John Avault. 1973. *Residential Property Market Values in Boston*. Boston: Boston Redevelopment Authority, Research Department.

Ford, Deborah Ann. 1989. "The Effect of Historic District Designation on Single-Family Home Prices." *Journal of the American Real Estate and Urban Economic Association* 17, 3.

Ford examines the relationship between local historic district designation and residential property values in Baltimore, MD. The prices of homes are compared in neighborhoods before and after historic designation, using MLS and census data. A hedonic analysis is conducted with three housing characteristics and four neighborhood variables. The author finds that designation has a significant positive affect on residential values.

Gale, Dennis E., *The Impacts of Historic District Designation in Washington, D.C.* NTHP Dollars & Sense of Historic Preservation, #7.

This paper examines the impact of historical preservation on property prices and values in order to determine if historic preservation does result in the displacement of the current population. The study compares three neighborhoods both before and after historic designation. It also compares these three neighborhoods with three nondesignated neighborhoods. The study found that there was no increase in rated growth of assessments in the pre- and post-preservation periods. Second, there was not much difference in property value between the districts designated as historic districts and those that were not, out of proportion to the general economic conditions at a city level. The study did, however, recognize two problems: it did not control for the time of designation; and distortions may be caused by the federal income tax code.

Goldstein, M. Robert, and J. Michael. 1979. "Valuation of Historic Property." *New York Law Journal* (December 31): 1 [Only available CU microfilm]

Gordon, Ray L. 1974. "Valuing Historically Significant Properties." *The Appraisal Journal* (April): 200-209.

This article provides general guidelines for the valuation of historic properties in blighted neighborhoods with examples drawn from Savannah, GA. It recommends evaluating neighborhood trends to determine if rehabilitation and redevelopment will be forthcoming. Rehabilitated structures with between 2-6 residential units often show poor cash flow ratios. It concludes that the market approach to valuation is best (assuming an active market), adjusting for variables of size, location, neighborhood, and intact historic fabric.

Haughey, Patrick, and Victoria Basolo. 2000. "The Effect of Dual Local and National Register Historic District Designations on Single-Family Housing Prices in New Orleans." *The Appraisal Journal* (July): 283.

Affects of historic designation on property values are considered for New Orleans between 1992 and 1996. The authors specifically seek to determine if there are differential impacts of dual local and federal listing, as opposed to only federal listing. They conduct a hedonic regression of housing, neighborhood, time of sale, and historic listing variables, in addition to the distance to the central business district measured using GIS Spatial Analyst. Data was obtained from MLS (n=4,376) and census. The findings suggest that housing prices are 33.1 percent higher in federal historic districts, and 23.1 percent higher in dual local and federal listing, compared with unlisted houses. The authors speculate that the higher degree of regulation accounts for lower property values in local districts compared to federal districts. The age of a house is positively significant (those older are more valuable), as is distance to the CBD (those close are more valuable).

Jenkins, Diane, and Jenkins Appraisal Services, Inc. 1997. *A Summary Report Concerning the Impact of Landmarking on Residential Property Values, Palm Beach, Florida*. Palm Beach, FL: Preservation Foundation of Palm Beach.

Leichenko, Robin M., et al. 2001. "Historic Preservation and Residential Property Values: An Analysis of Texas Cities." *Urban Studies* 38, 11: 1973.

The article expands on prior studies by examining a large pool of MLS and appraisal data from nine Texas cities. It begins with a thorough literature review and explanation of the two primary methods for evaluating the affect of designation on property values: difference-in-difference analysis, and hedonic regression. Description of findings and methods are better than any other similar study conducted to date. The authors conclude that local historic designation has a positive effect on house values in all cities, ranging from a 5-20 percent price premium over non-designated residences. National and state designation conferred a greater price premium than did local listing, all other variables held constant. Average increase in property value due to historic designation is calculated in each city. Policy implications of findings—desirability of tax exemptions/abatements—are discussed.

Leimenstall, Jo Ramsay. 1998. "Assessing the Impact of Local Historic Districts on Property Values in Greensboro, North Carolina." Occasional Paper No. 14. *Dollars & Sense of Historic Preservation* (National Trust for Historic Preservation, 1998).

Listokin, David. April 1985. "The Appraisal of Designated Historic Properties." *The Appraisal Journal*.

General rules and considerations for appraising designated properties are discussed at length in the context of the three common real estate valuation techniques. When using cost approach, land and improvement values must be based on current use, not highest and best use. The author does not suggest specific incremental adjustments; rather, he suggests that

factors such as replacement vs. reproduction, and elements of depreciation must be carefully considered. A detailed appraisal case study of Town Hall in Manhattan is included. The article greatly expands upon the prior literature.

Listokin, David, et al. 1982. *Landmark Preservation and the Property Tax: Assessing Landmark Buildings for Real Property Taxation Purposes*. New Brunswick, NJ: Center for Urban Policy Research and New York Landmarks Conservancy.

Lockark, W. E., Jr. and D. S. Hinds. 1983. "Historic Zoning Considerations in Neighborhoods and District Analysis." *Appraisal Journal* 51: 485-497.

The study attempts to determine if historic district zoning and architectural quality influence property restoration using difference-in-difference statistical analysis. Building permit data is evaluated to calculate "rates of restoration" for different districts: i.e. the percentage of structures in area for which permits were granted for restoration activities in a given time period. The author conducts two analyses, cross sectional—rates of restoration in historic district compared to non-historic district—and longitudinal—rates of restoration of before designation and after designation in same district. The longitudinal analysis is inconclusive. Cross sectional analysis finds that restoration activity was positively correlated with districting for residential property, but not commercial; the causality is hard to determine. Architectural quality is even more strongly associated with restoration activity, residential and commercial; owners are more likely to restore higher quality architecture.

Maisenhelder, Howard. 1969. "Historical Value or Hysterical Value." *Valuation* 17, 1.

Maisenhelder warns appraisers against arbitrarily assigning a percentage above normal market value for the historical significance of a property. The article is interesting for the author's circumscribed understanding of historical significance, which is probably an accurate reflection of the dominant way of thinking about preservation at the time. He concludes that "If you can't find substantial answers to WHO lived there, WHAT happened there, WHEN did some Historic event take place there, or WHERE is the significant linkage into history, then forget it "Buster," you just have an old piece of real estate," which presumably does not have much value.

Morton, Elizabeth. 2000. *Historic Districts are Good for Your Pocketbook: The Impact of Local Historic Districts on House Prices in South Carolina*. State Historic Preservation Office, South Carolina Department of Archives and History, 2000. (<http://www.state.sc.us/scdah/propval.pdf>).

Morton summarizes a report prepared by John Kilpatrick of the University of South Carolina's College of Business in which sales data was used to measure the relationship between local landmark district designation and property values in nine South Carolina cities. The sample sizes are small. Difference-in-difference and hedonic regression analysis are used (different methods used in different cities). She concludes that districting resulted in major increases in property values.

New York Landmarks Conservancy. 1997. *The Impacts of Historic District Designation — summary*. Study conducted by Raymond, Parish, Pine and Weiner, Inc.

Noonan, Douglas S. 2007. “Finding an Impact of Preservation Policies: Price Effects of Historic Landmarks on Attached Homes in Chicago, 1990-1999,” *Economic Development Quarterly* 21:1, 17-33.

Rackham, John B. 1977. *Values of Residential Properties in Urban Historic Districts: Georgetown, Washington, D.C., and Other Selected Districts*. Washington, DC: Preservation Press.

This research paper compares property values in a historic district (Georgetown in Washington, D.C.) to those outside this neighborhood. Property values in Society Hill (Philadelphia) and other historic districts are also briefly noted. Side-by-side comparison indicates that historic status increases property value. In the words of the study, “The imposition of historic district controls in an area, complemented by the general recognition that they have been appropriately placed, results in the following pattern of residential property demand and value: available quality housing in reasonable condition within the district is marketed readily at increasing price levels; existing housing in poorer condition is acquired—often by developers—and renovated; and land for building sites, if available, is obtained and improved in conformance with architectural controls.”

Assessment/property-tax implications resulting from the property value appreciation within the historic neighborhoods are also considered. Various assessment strategies to alleviate inequitable landmark property taxation are reviewed, such as assessment at current use. The District of Columbia’s efforts in this regard are highlighted.

Reynolds, Anthony and William D. Waldron. 1969. “Historical Value—How Much is it Worth?” *The Appraisal Journal* (July).

This article represents an early attempt to address the issue of appraisal and historic value. It is of interest mainly as a historic document reflecting appraisers’ growing awareness of historic properties in the pre-bicentennial era. The appraisal profession’s interest in the problem of valuing historic properties was initially drawn by federal condemnation of a number of historic buildings in the 1960s and ‘70s in which disputes often arose over the level of just compensation.

Reynolds, Judith, and Anthony Reynolds. 1976. *Factors Affecting Valuation of Historic Properties*. Information: From the National Trust for Historic Preservation. Washington, DC: Preservation Press.

This paper presents an appraisal process for valuing landmarks. It notes the importance of proceeding in a step-by-step process that includes definition of the appraisal problem; identification of the property’s environment and physical and historical characteristics; examination of alternative uses, including the actual use; collection of data; and estimating value through one or more accepted appraisal approaches.

The paper stresses the importance of considering the “variable characteristics” of the landmark, including site features, improvement level/type, historical significance, as well as the “qualifications” for highest and best use. These characteristics must be examined on a case-by-case basis. In the words of the authors, the “highest and best use of a property with significant historical association or character, if the property is located in a complementary environment and its physical integrity is high, may include preservation or restoration; for historical properties of lesser significance, the highest and best use may be preservation through adaptive use such as conversion of a dwelling to a law office; finally, if the aspects of physical integrity, functional utility and environment are insufficient to warrant preservation, then the highest economic use may be demolition of the structure.”

Reynolds, Judith. 1997. *Historic Properties: Preservation and the Valuation Process*. Chicago: American Institute of Real Estate Appraisers, second edition.

Reynolds provides an eclectic publication combining the history of historic preservation, architectural style guide, property valuation analysis, glossary, and directory of common preservation contacts (SHPOs, NPS, etc—but not appraisal specialists). Chapters 5-8 discuss the three valuation approaches with respect to historic properties; chapter 9 covers issues relating to preservation easements. Analysis of the topic is general and does not make good use of the prior literature. More concise and useful is Listokin’s “The Appraisal of Designated Historic Properties,” 1985.

Rypkema, Donovan D. 1994. “The Economic Effects of National Register Listing.” *Cultural Resource Management* 17, 2.

This is a brief, 2-page discussion of the market value of historic properties. It includes a fascinating chart illustrating the relationship between the aggregate number of National Register listings and tax code revisions over time. His point is that the value of historic properties is often a reflection of preservation incentives and the extent to which the market attaches economic significance to the phrase “listed on the National Register.”

Rypkema, Donovan D. 2002. “The (Economic) Value of National Register Listing.” *Cultural Resource Management* 25, 1.

A concise, 2-page review (w/o citations) of the positive economic benefits of creating historic districts. National Register districts are often stepping stones to local landmark designations; both are an index of the level of local political support for historic preservation. This is largely a restatement of his 1994 CRM article.

Samuels, Marjorie R. 1981. *The Effect of Historic District Designation to the National Register of Historic Places on Residential Property Values in the District of Columbia*. Masters thesis, Department of Urban and Regional Planning, George Washington University, Washington, D.C.



Schaeffer, Peter V., and Cecily Ahern Millerick. 1991. "The Impact of Historic District Designation on Property Values: An Empirical Study." *Economic Development Quarterly* 5: 301.

This study seeks to establish a relationship between historic designation and property values. It uses a hedonic regression analysis that considers a number of property and neighborhood characteristics, as well as interest (cost of capital). Sales data was obtained from one realtor (n=252). National Register listing increased property values in three districts by between 24 percent and 53 percent; however, local landmarks designation lowered the positive effects of the national districting in two of the subject areas, suggesting that buyers considered the restrictions resulting from local designation to be overly burdensome. Study is significant for its analysis of interest rates and purchase behavior (correlations in data suggest that when borrowing becomes more expensive, buyers partially absorb the cost of debt by purchasing smaller and older houses, with fewer amenities) and for the fact that sales prices in the study area as a whole were declining; designation raised values even in a declining real estate market.

Warsawer, Harold. 1976. "Appraising Post-Revolutionary Houses." *The Appraisal Journal* (July).

Like the Reylonds and Waldron article of 1969, this is another early attempt to address the issue of appraisal and historic value. The author reviews the appraisal of nine federal-era houses in lower Manhattan, some of which were moved for urban renewal from the area surrounding the Washington Street food market, and all subsequently sold by the city as building shells. A combination of the market and cost approach was used for appraisal. Photographs of subject properties are included. The article is interesting for its references to urban renewal, condemnation, and urban redevelopment of historic property in the bicentennial era.

## Real Estate and Community Development

Architect Willoughby Marshall, Inc. 1975. *Economic Development through Historic Preservation: Apalachicola Planning Study, Phase One*. Cambridge, Mass.: Architect Willoughby Marshall.

Funded with a grant from HUD's Urban Planning Assistance Program (Section 701 grant), this three-volume study considers the economic potential of historic preservation in Apalachicola, Florida, a small town of 3,100 residents in 1976, located on the Gulf of Mexico in the northwest part of the state. Volume One is a survey of the town's cultural resources, including a breakdown of architectural periods and styles, an archeological assessment, and analysis of the historic town plan; all are illustrated with line drawings and fold-out maps. A basic market analysis of the town's tourism potential is considered; vehicle destination surveys and regional competition in the historic preservation tourism market is assessed. Volume Two includes recommendations for the administration and management of local preservation activities, the use of public funds, and the integration of

preservation planning with comprehensive planning. Volume three is a strategy to include citizen participation in the planning process.

An early example of a preservation planning study funded by HUD, the report is also unique for its time in its emphasis on the economic potential of historic preservation, envisioned as a key to “economic revival.” The analysis considers the potential increase in the valuation of residential properties in historic districts as well as the direct and indirect employment potential generated by preservation and tourism activities.

Bailken, Michael D. 1981. “Development Alternatives for Preservation for Non-Profit Organizations.” Symposium on Historic Preservation. *Pace Law Review* 1, 3: 699-704.

Bailken provides a brief discussion of four economic development programs that were, at the time, just becoming available for historic preservation projects: 1) Community Development Block Grant Program (CDBG); 2) Urban Development Action Grant (UDAG); 3) Title IX program of the Federal Economic Development Administration (EDA); and 4) local tax abatement programs. Highlighted is CDBG use in the rehabilitation of the Loew’s Kings Theater on Flatbush Avenue in Brooklyn, and EDA support of a mill adaptive reuse in Patterson, NJ.

Birch, Eugenie. "The Planner and the Preservationist: An Uneasy Alliance," *Journal of the American Planning Association* 50:2 (Spring, 1984): 194-207.

Since WWII, planners have gradually narrowed the scope of their analysis from the region to the city, which preservationists have slowly expanded their scope of concerns from the single memorial structure to urban and rural districts.

Planners and preservationists began to speak a common language and make use of increasingly similar tools following WWII: local district zoning; Transfers of Development Rights.

Planner and preservationists at greatest odds immediately following WWII. Housing and Slum Clearance Act of 1949 funded the destruction of “blighted” urban renewal areas.

Mid 1960s Demonstration and Metropolitan Development Act of 1966 and the Neighborhood Development Program of 1968 call for small scale physical interventions combined with social service programs. Creation of Urban Development Action Grants in 1977 enabled local municipalities to make flexible use of federal dollars; preservation development projects benefited from its availability.

Read *Breath on the Mirror: Seattle’s Skid Row Community* (1972) Lorrie Olin.

Cheverine, Carolyn, Ells Hayes and Charlotte Mariah. 1990. “Rehabilitation Tax Credit: Does It Still Provide Incentives?” *Virginia Tax Review* 10, 1 (Summer): 167.

An update and expansion on Van Sanders' 1984 article, including an analysis of 1986 ERTA implications for historic property investment. Describes in detail the current tax code provisions (adopted as Tax Reform Act of 1986) for historic buildings such as partnership requirements, passive activity restrictions, three-part tax credit application process, as well as how the credits are allocated among partners and ultimately claimed. Contains section on case law relevant to 1986 revisions. All sources are scrupulously detailed.

*Combining the Tax Credits: Proceedings of a Symposium on Ways to Encourage Investment in Historic Preservation and Low-Income Housing through the Combined Use of the Historic Rehabilitation Tax Credit and the Low-Income Housing Tax Credit.* 1998. Cosponsored by the National Park Service and Historic Preservation Education Foundation (June).

This report summarizes issues discussed at a symposium attended by preservationists, real estate developers, and financial specialists on combining the Historic Rehabilitation Tax Credit (ITC) and the Low Income Housing Tax Credit. It is divided into five major sections that address: 1) State Qualified Allocation Plans; 2) cost per unit limits; 3) financial issues; 4) process/timing/coordination; and 5) education. Each section begins with a statement of goals followed by proposed actions. Overall themes of the report include a need for State Historic Preservation Offices to coordinate reviews and share program implementation concerns with State Housing Finance Agencies; the goal of educating developers on the joint use of the ITC and Low Income Tax Credit, particularly with respect to requirements and project timing; the desirability of amending the tax legislation (particularly the ITC) to make it more compatible with the Low Income Tax Credit and more attractive to affordable housing developers.

Costello, Dan. 1996. "Transportation Enhancements: Historic Preservation and Community Revitalization." *Historic Preservation Forum* 11(1): 33–44.

Costello highlights preservation projects funded by grants authorized by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Unlike past Federal Highway Administration programs, ISTEA gave states and localities flexibility in the use of transportation funding, which enabled investment in preservation projects such as the adaptive reuse of historic transportation buildings, and the installation of landscaping and period lighting in main street historic districts. Briefly profiled are ISTEA-funded projects in West Memphis, Nebraska; Greeneville, Tennessee; and Detroit, Michigan.

Delvac, William F., Christy Johnson McAvoy and Elizabeth Morton, eds. 1992. *A Preservationist's Guide to the Development Process*. Oakland: California Preservation Foundation.

Douthat, Carolyn. 1994. *Economic Incentives for Historic Preservation: Oakland, California*. Oakland, CA: Oakland Heritage Alliance.

This report briefly reviews the economic and environmental benefits of historic preservation and then, based on a survey of programs and incentives offered in fifteen cities, recommends a strategy for promoting preservation activities in Oakland. Included in the recommendations are: survey and expansion of local historic districts; establishment of design guidelines; various façade improvement programs financed by revolving loan funds, tax credits/abatement, and matching grants; technical assistance for design, legal, and businesses services; job training targeted at low-income youth; municipal support for a preservation demonstration project; and solicitation of Mills Act contracts, which assesses local property value based on capitalized income, rather than market value. The survey of economic incentives for 15 cities is included as an appendix.

Douthat, Carolyn, and Elizabeth Morton. 1997. *Preservation and Property Taxes: Capitalizing on Historic Resources with the Mills Act*. 2nd ed. / rev. by Michael Buhler. Oakland, Calif.: California Preservation Foundation.

Escherick, Susan M., Stephen J. Farneth, and Bruce D. Judd. *Affordable Housing through Historic Preservation*. Washington, DC: USGPO, n.d.

Discussed in this publication are strategies for overcoming common problems encountered when creating affordable housing in historic buildings using the Historic Rehabilitation Investment Tax Credit (ITC). The booklet is divided into three sections. The first section addresses general approaches for solving adaptive reuse design problems, such as solutions for accessibility, structural modifications, hazardous materials remediation, and code compliance. Section two is comprised of eleven affordable housing/historic building case studies. The third section includes appendixes on the Section 106 process, lead paint abatement, and building codes. Consultation with the SHPO and NPS early on in the project to identify character-defining historic features and formulate creative design solutions for meeting the Secretary of the Interior's Standards is emphasized throughout. Overall, the publication largely deals with design issues and, with the exception of brief project timelines provided with the case studies, none of the sections tackle the more problematic financial and scheduling difficulties of combining the ITC with the Low Income Housing Tax Credit that were identified in the NPS's 1998 symposium on the topic.

General Assembly, The State of Georgia. 1987. *Economic Development through Historic Preservation*. Report of the Joint Study Committee, General Assembly, State of Georgia.

Larsen, Kristen. 1989. "Revitalizing the Parramore Heritage Renovation Area: Florida's State Housing Initiatives Partnership Program and Orlando's Historic African-American Community." *Housing Policy Debate* 9(3): 595.

State housing trust funds were developed in the late 1970s and '80s in response to cuts in federal funding for low income housing. Florida established a State Housing Initiatives Program (SHIP) in 1992, which within two years became the largest trust fund of its kind in the country; it was designed to allow local government's maximum flexibility to make funding decision and set development priorities. Orlando targeted its SHIP funding to the

Parramore Heritage Renovation Area, a historic African American community. The article is a detailed assessment of Parramore area neighborhood strategic planning, housing funding priorities, and implementation of SHIP resources. Lessons learned in the first three years of SHIP funding in Parramore indicate that to be successful, planners and program administrators must: 1) facilitate public-private partnerships, particularly with for-profit developers; 2) encourage home ownership; 3) increase the number of moderate-income residents; 4) decrease density; 5) and increase flexibility of the SHIP program, extending deadlines and amending other problematic “accountability” provisions. The author also recommends that planners rethink funding guidelines that require new construction if the cost of housing rehabilitation is greater than \$25,000; a sensitivity to the neighborhood’s historic housing stock may be key to drawing middle-income owners into the area.

Leith-Tetrault, John. 1998. “Preserving Rooms with a View on History.” *NeighborWorks Journal* 16, 3:4–7. [Unavailable]

Listokin, David, Barbara Listokin, and Michael Lahr. 1998. “The Contributions of Historic Preservation to Housing and Economic Development.” *Housing Policy Debate* 9(3): 431.

The authors review the past literature on the economic contributions of historic preservation, identify preservation and economic development incentives and initiatives, and, where possible, quantify the magnitude of preservation’s impacts on rehabilitation, housing, heritage tourism, and downtown revitalization. Possible adverse effects of preservation on communities, such as displacement and overzealous application of preservation standards, are considered.

Much of the article’s quantitative data comes from the 1997 study *Economic Impacts of Historic Preservation* by David Listokin and Michael Lahr. Nationally, rehab accounts for nearly 20 percent of total construction activity; it represents 50 percent or more of the total construction activity taking place in cities (where the building stock is generally older.) In FY 1994, there was \$44 billion of permitted rehabilitation in the United States, approximately 5 percent of which (\$2.2 billion) was historic rehabilitation. This historic rehabilitation has a catalytic effect, encouraging rehab of adjacent non-historic structures.

A far greater economic benefit from historic preservation is realized in the form of heritage tourism. The authors estimate that “5 percent of all trips in the United States are heritage related, and it is likely that at least \$20 to \$25 billion is spent each year for heritage travel.” The total economic benefits of rehabilitation and heritage tourism (which include the direct investment plus indirect and induced economic impacts) are calculated using an Input/Output model. Preservation is shown to create more jobs, generate more wealth, and yield greater state and local taxes than other non-preservation investments like, new building construction, highway construction, and book publishing.

Preservation activists and developers have also pioneered the revision of building codes to facilitate the renovation of older and historic buildings. Preservation has made significant contributions to affordable housing. The article reports that “Of the 239,862 total housing units completed under federal historic preservation tax incentive auspices since the late

1970s, 40,050, or almost one-fifth, were affordable to low- and/or moderate income (LMI) families.” This percentage appears to be rising.

Preservation can have negative consequences when it results in displacement, or when historic district design standards conflict with the creation of low income housing. The authors recommend ways to minimize these conflicts by increasing tax incentives for preservation projects that creating low-income housing, and by adopting a tiered system of historic designation that relaxes some preservation restrictions by recognizing multiple levels of historic and architectural significance.

Listokin, David, and Barbara Listokin, eds. 1993. *Preservation and Affordable Housing: Accomplishments, Constraints, and Opportunities*. New Brunswick, NJ: Center for Urban Policy Research. [Cannot locate copy in library system]

MacRostie, William G. 1994. “Combining Historic Rehabilitation and Housing Tax Credits Makes Good Economic Sense, Project Sponsors Explain.” *Tax Credit Advisor* 5(3): 1, 10–11. [Requested ILL]

MacRostie, William G. 1997. “Historic Rehabilitation Tax Credit and Its Combination with the Housing Tax Credit.” *Tax Credit Advisor* 7, 6: 4–6. [Requested ILL]

McCall, Dan. 2005. “Are There Added Preservatives in Section 170(h) of the Tax Code?: The Role of Easements in Historic Preservation.” *Real Property, Probate and Trust Journal* 39, 4 (Winter): 807.

Section 170(h) of the Federal Tax Code allows owners of “Certified Historic Structures” (those listed on the National Register of Historic Places) to donate facade easements, which enable them to take deductions for a charitable donation on their federal and state income taxes. Easements may also lower property taxes. McCall asks: “What do façade easements do that local preservation laws do not already do?” He argues that the value of easements is not as high as is now commonly believed. The fair market value of the easement is calculated by subtracting the value of the house after easement donation from its value before donation. Before and after valuations can be calculated using any of the three appraisal approaches—market, income, or replacement, though the market approach is generally preferred for residential property. Using the market approach, the appraiser must determine the reasonably “highest and best use” before and after the easement donation. A key consideration is whether the façade easement is more burdensome than existing local zoning and preservation restrictions. However, because property owners and easement holding organizations are free to draft the terms of the restrictions, they may elect to go beyond the scope of local preservation ordinances—by including in the easement the side and rear facades, or the interior, all of which are not typically restricted by local landmark commissions—thus increasing the value of their donation. No value can be ascribed to the fact that the easement exists in perpetuity while local zoning is potentially subject to change at some point in the future. Relevant case law (all dealing with commercial properties appraised with the income approach) suggests that the value of an easement is approximately 10 percent of the value of the property, although the courts have made some exceptions, granting easements valued at between 10-30 percent where a greater

diminution of value is supported by compelling market evidence or testimony documenting that the easement imposes a substantial burden on the owners above and beyond existing local controls. Still, McCall notes recent IRS statements warning that there is no 10 percent rule for easement valuations (or any other fixed percentage of the fair market value); appraisals must be based on the “facts and circumstances,” and as more easement-encumbered buildings are sold through arms-length transactions, the value of their easements will be calculated more precisely. While McCall still believes there is preservation value in façade easements, he doubts whether they will prove to have a 10 percent financial value.

Nagy, John. 2002. “Preservation Tax Credits Working Too Well?” [www.stateline.org](http://www.stateline.org).

Nagy reports that some states with historic preservation tax incentive programs are worried that they may be costing the government too much as they contribute to budget shortfalls. While few seem to deny the benefits of preserving historic buildings or the contributions of historic preservation to “Smart Growth” initiatives, lawmakers in Maryland and elsewhere failed to anticipate the popularity of the program. As the amount of credits being claimed skyrockets, Maryland is considering lowering the percentage of the rehab credit that it allows and perhaps capping the yearly amount of credits available, with applicants competing on a first-come, first-serve basis.

Powers, Lonnie A. 1980. “Tax Incentives for Historic Preservation: A Survey, Case Studies and Analysis.” *The Urban Lawyer* 12, 1: 103-33.

The author reviews six different tax law strategies used by the states to promote historic preservation: 1) property tax exemption, full or partial; 2) property tax abatement, including different rates of taxation; 3) property tax credits for rehabilitation; 4) property tax assessment based on current use (as opposed to “highest and best”); 5) property tax assessment to reflect preservation encumbrances, whether private (easements) or imposed by government (local preservation ordinance); and 6) property assessment freezes for a fixed period of time. Variations on each strategy are discussed with reference to state enabling legislations. Next, the preservation provisions of the Tax Reform Act of 1976 are briefly examined. The final section analyzes as case studies the implementation of state preservation incentives in Maryland, Oregon, and Washington, DC. The author concludes that tax incentives for which “the quantity of relief is dependent on the income of the owner or the value of the building” are regressive. As an alternative, Powers suggests creation of a tax incentive that is simple, self administering, and only compensates owners for actual dollars invested in preservation; if financial circumstances prevent the owner from using the deduction (due, for instance, to insufficient tax liability) then the difference should be paid as a reimbursement.

Pruetz, Rick. 1997. *Saved by Development: Preserving Environmental Areas, Farmland and Historic Landmarks with Transfers of Development Rights*. Burbank, Calif.: Arje Press.

Transfers of development rights (TDRs) have evolved in sophistication and extent of use since Costonis published his seminal book on the topic, *Space Adrift*, in 1974. TDRs

enable the unused development potential of a site to be sold and transferred to another location, thereby permitting greater density than would otherwise be permitted under existing zoning. Pruetz explains how TDRs can be used to encourage the development of low income housing and other desirable uses and to preserve historic buildings, farmland and environmentally sensitive areas. Because TDRs preserve historic and natural resources through private market investments, they are an attractive alternative to traditional preservation incentives like tax credits and abatements that result in a loss of municipal revenue. Covered in this book are the reasons for using TDR, the procedure for their establishment, legal precedents, and numerous case studies that document variations on the TDR mechanism. The author conducted a mail survey to identify existing TDR programs and to ascertain reasons why other municipalities do not use them. Historic building TRD programs profiled in this book include the following municipalities: New York, Los Angeles, Seattle, Atlanta, San Francisco, Washington, West Hollywood, Delray Beach, Pittsburgh, New Orleans, San Diego, Scottsdale, Dallas, Denver, Portland, and Charlotte County, Florida.

Ramirez, Constance and Donald R. Horn. 1999. "The Economics of Preserving Historic Federal Buildings." *Forum News* 6, 1 (Sept/Oct.).

Summarizing the findings of a larger study prepared by the U.S. General Services Administration (GSA), the authors report that historic buildings are surprisingly cost effective for the government to own, manage, and maintain. Approximately 450 buildings owned by the GSA, about 25 percent of all its buildings, are considered historic. The cost to own and manage these buildings was compared against industry standards for new office space obtained from the *Building Owners and Managers Association Experience Exchange Report*. The GSA found that their historic buildings had lower operating costs and generated greater revenues and better return on investment than the more modern buildings in its real estate portfolio; buildings constructed in the 1970s received the worst cost ratings for maintenance and operations. Historic buildings often had considerable energy saving advantages over newer buildings. Found to be most vulnerable from an economic perspective, however, were small historic buildings with less than 25,000 square feet. The citation for the full report is: Wolf, Bradley, Donald Horn, and Constance Ramirez. 1999. *Financing Historic Federal Buildings: an Analysis of Current Practice*. Washington: General Services Administration, Public Buildings Service, Office of Business Performance.

Rypkema, Donovan D. 1994. *The Economics of Historic Preservation: A Community Leaders' Guide*. Washington, DC: National Trust for Historic Preservation.

Rypkema, Donovan D. *The Investor Looks at a Historic Building*. NTHP Dollars & Sense of Historic Preservation, #6.

This reprint of a speech, presented by Donovan D. Rypkema at the American Monument Forum in 1991, urges preservationists to understand that developers are rational investors who seek profitable rehabilitation opportunities. Unfortunately, there is often a gap between the cost to rehabilitate a historic building and its economic value to an investor; and it is not the investor who primarily reaps the "values" that preservationists hold so



dear—aesthetic value, cultural value, historic value, etc. Therefore, preservationists must advocate for additional financial incentives to close the gap between cost and value. Instead of always focusing incentives on the supply side, new financial inducements should target the demand side for preservation—for example, a tax credit for companies who rent in historic buildings; rehabilitated historic buildings will follow demand.

Schmalbeck, M. 1985. “The Impact of the ERTA and TERA on Tax Credits for Historic Preservation.” *Law and Contemporary Problems* 48, 4: 259-80.

Silver, Miriam Joels. 1983. “Note, Federal Tax Incentives for Historical Preservation: A Strategy for Conservation and Investment.” *Hofstra Law Review* 10, 3: 887-924.

The author reviews the historic preservation economic incentives in the Tax Reform Act of 1976 (TRA), and the Revenue Act of 1978, the Economic Recover Tax Act (ERTA) of 1981 as well as the use of historic property as a tax shelter, and the 1980 amendments to the National Historic Preservation Act.

Slaughter, Howard B. Jr. 1997. “Integrating Economic Development and Historic Preservation in Pittsburgh, Pennsylvania.” *Forum Journal* 11, 3: 41-44.

This brief article describes the partnerships that the Pittsburgh History & Landmarks Foundation formed with local banks to fund economic development and housing projects in Pittsburgh. Through two incentive programs, PH&LF offers loans to minority businesses and CDCs that operate in listed or eligible historic districts.

Stegman, Michael A. 1991. “The Excessive Costs of Creative Finance: Growing Inefficiencies in the Production of Low-Income Housing.” *Housing Policy Debate*, 2(2): 357–73.

Stegman explains why the Low Income Housing Tax Credit (LIHTC) program created by Congress in the Tax Reform Act of 1986 is inefficient and costly for the government to provide and complicated for low-income housing developers to use. LIHTC program regulation force developers to creatively finance projects by layering multiple funding sources and subsidies. Arrangement of complex financing draws the resources of community-based housing organizations away from more vital tasks, like ensuring their tenants have appropriate social services. The LIHTC’s cost to the government may be twice what it delivers to projects; and “the lower the income group served, the more complicated and costly it is to arrange the financing.” In an appendix, Stegman calculates that the sale of tax credits “results in a tax expenditure that is 37 percent greater than the equity that it raises.” Tax credit syndication and other transaction fees further reduce the amount of money available for bricks and mortar expenses. The author concludes that low-income housing should be funded more generously and efficiently through direct capital grants. The article is relevant to preservation because inefficient application procedures and high transaction costs also characterize the Historic Rehabilitation Investment Tax Credit (ITC), which developers are increasingly using in combining with the LIHTC.

Stenberg, Peter L. 1995. *Urban Places in Nonmetro Areas: Historic Preservation and Economic Development*. Washington, DC: Economic Research Service, Rural Economy Division. ERS staff paper; no. 9512.

Van Saders, William P. 1984-1985. "Current Tax Trends Affecting Historic Rehabilitation: Catalyst of Obstacle to the Preservation of Our Nation's History." *Fordham Urban Law Journal* 13: 231-281.

Van Sanders explains in detail how investors exploited real estate tax shelters (so-called "abusive tax shelters) and limited "at risk" provisions by investing in the rehabilitation of historic properties prior to changes in the tax code implemented in 1984. The footnotes contain examples of how changes in the tax code between 1976 and 1984, such as the Alternative Minimum Tax, affected the financial attractiveness of historic rehab investment. The article is fully footnoted with citations to tax codes, court cases, real estate and tax journal literature.

Weinberg, Nathan. 1979. *Preservation in American Towns and Cities*. Boulder, CO: Westview Press, Inc.

Weinberg's chapter on adaptive reuse offers an interesting assessment of the technique's potential at a time when there were only a handful of successful examples; he briefly profiles Larimer Square in Denver, Ghirardelli Square in San Francisco, and Trolley Square in Salt Lake City. Larimer Square was developed after 1965 with "design ideas derived from suburban shopping areas, such as open courtyards, galleries, and arcades." Ghirardelli Square adaptive reuse began in 1962 and set the stylistic precedent for integration of retail functions and historic preservation; it inspired the 1966 conversion of the nearby Del Monte Fruit Company cannery into the "Cannery," another shopping and restaurant venue. In Boston, Weinberg explains how the adaptively reused Old City Hall was leased to "only tenants compatible with the image of the building, including a French restaurant and the Massachusetts Housing Finance Corporation" (Applications from McDonalds and a pornographic movie theater were turned down.) The Pike Place Market redevelopment pursued a different strategy. "In order to ensure continuity in the character of the market," an attribute that would be sacrificed if the site was sold off to separate developers, City officials and the Historical Commission established a development authority to own and manage Pike Place. In Weinber's words, "both architectural and economic preservation are part of the project." He discusses at length the tensions between the development authority, which want to quickly lease the buildings to high volume, high capacity tenants, and the Historical Commission, which is more concerned with preserving a "traditional mix of market merchants." Residents of Beacon Hill faced a similar problem of preserving retail mix on Chester Street where the "hippie invasion" of the 1960s brought about the displacement of businesses that served the local community by "youth culture" and "trend shops" which could afford to pay higher rents. The Beacon Hill Civic Association, a neighborhood and historic preservation group, sought the help of the Boston Redevelopment Authority. The BRA recommended subsidizing the restoration of commercial facades and reevaluating city tax assessments based on the gross income of commercial tenants.

Wonjo, Christopher T. 1991. "Historic Preservation and Economic Development." *Journal of Planning Literature* 5, 3: 296-307.

Wonjo argues that historic preservation and economic development are two tools that can be used in the revitalization of failing cities. He points out that recent economic developments have often included aspects of historic preservation, and that the two jointly seek to improve city conditions, as well as conditions within communities. Wonjo then examines the history of federal involvement in preservation from the 1906 Antiquities Act until the NHPA of 1966 and the 1986 tax code incentives. He argues that the changes in the 1986 tax code were a response to flaws in the NHPA of 1966 that protected only federally owned sites and lacked an implementation capacity. Wonjo also examines local and state incentives for historic preservation, as well as the question of how planners can contribute to historic preservation efforts.

### **Economic Impacts of Historic Preservation**

Athens-Clarke County Planning Department. *Economic Benefits of Historic Preservation in Georgia, A Study of Three Communities*. NTHP Dollars & Sense of Historic Preservation, #8.

Avault, John, and Jane Van Buren. 1985. *The Economic and Fiscal Aspects of Historic Preservation Development in Boston*. Boston: Boston Redevelopment Authority.

In this brief report the author conducts a basic fiscal impact analysis for the 197 federal rehabilitation tax credit projects completed (or at that time scheduled for completion) in Boston between 1976 and 1986. He calculates that the projects provide an estimated 9,433 jobs with a total payroll of approximately \$251 million. Annual permanent job payroll of the predominantly office positions located in these buildings is estimated at \$334.1 million (acknowledging that perhaps only 1/5 to 1/3 of these permanent jobs can be directly attributed to the tax credit program). The 197 projects represents a \$110, 648,500 federal investment (in the form of forgone taxes), which the author maintains is paid back in "only a few years" through taxes collected on construction and permanent jobs created in by the projects.

Avault's fiscal impact analysis uses the following assumptions in his calculation of permanent employment and income taxes: 200 square feet of space/office worker; 9 percent vacancy rate; \$26,630 average construction wage; \$19,822 average office wage. He also assumes that approximately 50 percent of the projects could have been completed without the tax credit, which is based on the findings of a Report to the Joint Committee on Taxation entitled "Information on Historic Preservation Tax Incentives" (GAO/GDD—84-47, March 29, 1984)

Beasley, Ellen, et al. 1976. *Historic Districts and Neighborhood Conservation: Galveston, Texas*. Galveston, TX: Galveston Historical Foundation.

Center for Business and Economic Studies. 1986. *Economic Benefits from the Rehabilitation of Certified Historic Buildings in Georgia*. Atlanta, GA: Georgia Department of Natural Resources.

This study, based on previous ones conducted in New York by deSeve Economics Associates, and in Illinois and Texas by Shlaes & Company, assess the economic benefits to Georgia derived from the 25 percent federal Historic Rehabilitation Investment Tax Credit (ITC). The ITC resulted in 482 projects completed or planned in Georgia between 1981 and 1986, valued at \$190.5 million. The direct, indirect, and induced economic impacts of this investment are estimated using multipliers obtained from the US Bureau of Economic Analysis. The researchers estimate that the ITC created over 11,830 jobs, \$106.4 million in household earnings, \$9.6 million in state tax revenues, and \$5.4 million in local tax revenues. These benefits are compared to the cost to Georgia to administer the program, which, after subtracting the 50 percent operating subsidy provided by the Department of the Interior, amounts to between only \$35,000 and \$44,000 a year. Also of interest are the results of a survey given to developers who used the ITC. Responses indicated that the majority thought the ITC was crucial to the success of their projects and their decisions to invest in inner-city historic properties, as opposed to new construction. They were also generally satisfied with the service provided by both the Georgia State Historic Preservation Office and the National Park Service, although many remarked that the reviews took too long, were inconsistent, and waiting for approval cost money as interest on loans accrued. The report recommends streamlining the application process and eliminating the redundant state and federal level reviews. A sample completed tax credit application is included as an appendix.

Center for Urban Policy Research. 1997. *Economic Impacts of Historic Preservation*. Trenton, NJ: New Jersey Historic Trust.

\_\_\_\_\_. 1999. *Economic Impacts of Historic Preservation in Texas*. Austin, TX: Texas Historical Commission.

\_\_\_\_\_. 1999. *Historic Preservation at Work for the Texas Economy*. Austin, TX: Texas Historical Commission.

\_\_\_\_\_. 1997. *Partners in Prosperity: The Economic Benefits of Historic Preservation in New Jersey*. Trenton, NJ: New Jersey Historic Trust.

Certec, Inc. June 1997. *Economic Impact of Missouri's Tourism and Travel: 1995 and 1996*. Frankfort, KY.

Through the Certec Model and an input-output model, this report quantifies tourism impacts at state and local levels, and estimates the indirect effects of tourism dollars. The data and methods used are explained in detail. Wages and employment created by travel in MO are catalogued. The various appendices list MO's attractions and attendance figures for 1995 and 1996.

Chen, Kim. 1990. *The Importance of Historic Preservation in Downtown Richmond: Franklin Street, A Case Study*. Richmond, VA: Historic Richmond Foundation. NTHP Dollars & Sense of Historic Preservation, #10.

Chen assembles building assessment data and financial rehabilitation statistics for a historic ten-block section of Franklin Street into a brief study that underscores the economic importance of historic preservation. Rehabilitated historic properties are shown to appreciate more rapidly than new construction, thus proving to be a benefit to the city's tax rolls.

Clarion Associates of Colorado, LLC. 2002. *The Economic Benefits of Historic Preservation in Colorado*. Denver, CO: Colorado Historical Foundation.

*Economic Benefits of Historic Designation, Knoxville, Tennessee*. This study focuses on the effect historic designation has had on property and resale values in Knoxville, Tennessee. NTHP Dollars & Sense of Historic Preservation, #15.

Economics Research Associates. 1980. *Economic Impact of the Multiple Resource Nomination to the National Register of Historic Places of the St. Louis Business District*. Report prepared for St. Louis Community Development Agency. Boston, MA: Economic Research Associates.

The ERA study examines the economic effect of designating the St. Louis central business district by: (1) considering the impact of comparable designation activity in Seattle (Pioneer Square), New Orleans (Vieux Carre), Savannah (Historic District), and other jurisdictions; and (2) evaluating the anticipated effect of historic status on numerous prototypical buildings located in the St. Louis CBD. The consultants conclude that designating the St. Louis CBD would have both positive and negative economic impacts, and that the overall effect would depend on such variables as: (1) the applicability/continuation of federal landmark income tax incentives; (2) the type/extent of designation; and (3) future demand for CBD locations.

Government Finance Officers Association. 1991a. *The Economic Benefits of Preserving Community Character: A Case Study of Fredericksburg, Virginia*. Chicago: Government Finance Research Center.

Utilizing the methodology described in *The Economic Benefits of Preserving Community Character: A Practical Methodology* (Liethe, Muller, Petersen, and Robinson), the report examines the economic rewards gained as a result of efforts made to preserve the historic nature of the city and by providing incentives to merchants and residents to remain there. Currently, downtown Fredericksburg is made up of 350 buildings built prior to 1870 and seven 18th century homes and museums open to the public. In order to thwart the exodus of businesses and residents to suburban areas, city officials implemented several bold initiatives. They moved the visitor's center to the heart of the historic district and publicized a walking tour of significant homes and buildings. They enacted a tax exempt program designed to attract the rehabilitation of historic properties by abating from taxation a portion of the increase value over a six-year period. The city made esthetic improvements

to the downtown area that included burial of overhead utility wires, implementation of historically accurate streetscaping, and improvements in traffic patterns and parking. The city also implemented the Facade Improvement Grant Program to entice shop owners to improve the appearance of their storefronts. Further, re-zoning of the downtown area to allow apartments above commercial establishments encouraged residential living. The study examined the economic benefits realized from these efforts by looking at construction activity, property values, and revenues from tourism. Construction activity provided important short-term benefits via employment of local workers, the purchase of materials from local business, and the spending of wages in the Fredericksburg area. Over an eight-year period, 777 projects totaling \$12.7 million were undertaken in the historic district. These projects created approximately 293 construction jobs and approximately 284 jobs in sales and manufacturing. Area governments reaped \$33,442 in building permit fee revenues, while the city accrued \$243,729 in locally distributed sales tax revenues. Property values, both residential and commercial, experienced a dramatic increase. Between 1971 and 1990, residential property values in the historic district increased an average of 674 percent as compared to a 410 percent average increase in properties located elsewhere in the city. Commercial properties within the district rose an average of 480 percent compared to an increase of an average of 281 percent for other commercial properties. The study conducted a survey of downtown merchants as well as a telephone survey to estimate the amount of money coming into the city as a result of meals, lodging, and shopping. It estimates that in 1989 alone \$11.7 million in tourist purchases were made within the historic district and another \$17.4 million were made outside the district, with secondary impacts resulting in \$13.8 million. The fiscal benefits to the city as a result of tourism and sales are estimated at \$1,128,060 (\$487,200 in meals and lodging, \$582,600 in state sales tax, and \$58,260 from business and occupational license tax).

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. 1991b. *The Economic Benefits of Preserving Community Character: A Case Study of Galveston, Texas*. Chicago: Government Finance Research Center.

In the early 1980s the Galveston Historical Foundation took several measures to assist owners of historic properties, including a revolving fund, design and rehabilitation advice, and a paint partnership program. The city also dedicated one cent of the hotel/motel bed tax to historic preservation by establishing tax reinvestment zones throughout the city. Utilizing the methodology described in *The Economic Benefits of Preserving Community Character: A Practical Methodology* (Liethe, Muller, Petersen, and Robinson), the report estimates the economic benefits to the private sector (property owners and retail merchants) as well as the fiscal benefits gained by the city of Galveston. These assessments were made with respect to construction activity, property values, and commercial activity. Construction activity created jobs in construction labor, retail (the sale of construction supplies), manufacturing, and induced jobs by virtue of the workers spending money in the area. Building permit data indicate that over a 20-year period 1,165 construction jobs, 86 manufacturing/sales jobs, and 874 induced jobs were created. The jobs produced \$44.1 million in salary income, while the fiscal benefits to the city were \$274,943 in sales tax revenues and \$63,727 in building permit fees. Over a 16-year period residential sales prices in the historic district rose by an average of 440 percent and commercial sales prices rose an average of 165 percent. It is estimated that, from July 1989 to June 1990, tourists

visiting the historic district spent approximately \$18 million and that the multiplier effects totaled \$29.1 million in sales and \$2.7 million in wages. The state gained approximately \$1.1 million from sales tax, while the city of Galveston earned about \$0.5 million.

\_\_\_\_\_. 1995. *The Economic Benefits of Preserving Community Character: Case Studies from Fredericksburg, Virginia, and Galveston, Texas*. Chicago, IL: Government Finance Officers Association. NTHP Dollars & Sense of Historic Preservation, #5.

Hammer, Siler and George and Associates. 1990. *Economic Impact of Historic District Designation, Lower Downtown, Denver, Colorado*. Prepared for the Office of Planning and Community Development. Denver, Colorado. NTHP Dollars & Sense of Historic Preservation, #4.

Hendon, William S., et al. 1983. *Economics and Historic Preservation*. Akron, Ohio: Boekman Foundation.

This book offers a collection of essays on the economics of historic preservation written by academics in the fields of economics, urban studies, history, and planning. It is divided into two parts: the first half includes four chapters discussing theoretical and conceptual issues of cultural economics. The second half consists of case studies in preservation economics.

Hendon enumerates the costs and benefits of historic preservation that should be factored into an impact analysis, which range from increased tax revenue to displacement and gentrification. A chapter by F. F. Ridley considers preservation policy and the role of government in the regulation and subsidy of preservation projects, which are often claimed to be “merit goods”—i.e. intrinsically good or valuable. D. R. Vaughan warns that cultural tourism, while often proposed as a rationale for historic preservation subsidy, becomes a “Pandora’s Box” when increased visitation causes building deterioration or otherwise undermines the character and atmosphere of the historic resource.

The four case studies include analyses of: 1) management of house-opening ventures in Britain; 2) competing development proposals for the Albert Dock in Liverpool; 3) setting admission prices at historic house museums; and 4) a proposed for-profit popular culture museum.

The concepts, methods, and theories discussed in the first half of this book are more fully developed by later contributions in the literature, particularly those by Throsby on cultural economics and Listokin on benefit analysis.

Heudorfer, Bonnie Smyth. 1975. *A Quantitative Analysis of the Economic Impact of Historic District Designation*. Masters thesis, Pratt Institute, Brooklyn, NY.

Historic Preservation Section, Georgia Department of Natural Resources. 1991. *Economic Benefits of Historic Preservation: The Impact of Historic Preservation on Local Economies in Georgia*. Georgia Department of Natural Resources, Georgia.

Hutter, Michael and Ilde Rizzo, eds. 1997. *Economic Perspectives on Cultural Heritage*. New York: St. Martin's Press. Papers presented at a conference held in Catania, Sicily from 16-19 Nov. 1995.

Johnson, Daniel G., and Jay Sullivan. 1992. *Economic Impacts of Civil War Battlefield Preservation: An ex ante Evaluation*. Unpublished paper. Virginia Polytechnic Institute and State University. Blacksburg, VA.

The authors attempt to predict the economic impact of war battlefield preservation before it is established. The methodological basis for this evaluation is a cost benefit analysis. The analysis includes foregone and projected benefits in the equation. The authors conclude that battle parks can generate important impacts for local economic development. Further, that battlefield preservation compares well with agricultural production in terms of income and employment. The benefits are, however, concentrated in the service sector.

Kaylen, Michael. March 1999. *Economic Impact of Missouri's Tourism and Travel Industry: Annual Report*. MU-Tourism Research and Development Center. Columbia, MO.

The purpose of this document is to calculate economic impacts of MO travel and tourism for the fiscal years of 1995 through 1998. The analysis is broken into two stages. The first stage estimates economic expenditures from travelers (1) while at destination, (2) while in transit, and (3) oriented with international tourism. The second stage utilizes an input-output model to estimate effects on MO's economy. Direct and multiplier effects of MO's tourism are shown in this report to have a significant impact on the state's economy. This report also describes various economic impacts through extensive charts and graphs.

Kilpatrick, John A. 1995. *The impact of historic designation in Columbia, South Carolina*. Columbia, S.C.: The State Historic Preservation Office.

This study examined actual sales transactions (as opposed to assessments for property tax purposes) in historic neighborhoods (two nationally and locally designated districts) in Columbia, South Carolina from early 1983 to mid-1995. Sales data were collected on all homes within the historic areas that had sold at least twice during the 1983 to 1995 period. Using prices and times between the sales, the study developed an index of house price appreciation within the historic district. A comparable index of price appreciation was developed in parallel for the market as a whole. Comparing these two indices, the study found that "historic properties have an average rate of return higher than [that of] the Columbia market as a whole. The price differential in the historic districts was almost 25 percent greater than the overall community.

Lane, Bob. 1982. *The Cash Value of Civil War Nostalgia: A Statistical Overview of the Fredericksburg Park*.

A report for Virginia County, Virginia argues that national parks based on civil war nostalgia suffer from an inherent contradiction. On the one hand they have been viewed as



‘priceless historic jewels handed down from generation to generation, and to which no value can be assigned’; on the other hand they can be viewed as a continuing stream of cash, alternately contributing to the surrounding economy but also costing ‘something’ in lost taxes. Lane attempts to analyze the second viewpoint through a cost benefit analysis of the Fredericksburg and Spotsylvania National Park. Through his analysis of lost taxes vs. direct and indirect benefits Lane concludes that the historic sites in question contribute more to the surrounding economy than they take away.

Leithe, Joni L., with Thomas Muller, John E. Petersen, and Susan Robinson. 1991. *The Economic Benefits of Preserving Community Character: A Methodology*. Chicago, IL: Government Finance Research Center of the Government Finance Officers Association.

This study examines the consequences of preservation regulations and incentives on a community’s economy and their effects on a local government’s fiscal condition. It provides an easy-to-use workbook, complete with sample tables, worksheets and survey forms, and explains how a community can measure economic activity in three broad areas: construction and rehabilitation activity, real estate activity, and commercial activity.

- *Construction and Rehabilitation Activity*. To the extent that community preservation techniques stimulate the rehabilitation of property, economic benefits associated with rehabilitation construction activity itself can be documented.

- *Real Estate Market Activity*. The effect of community preservation on the overall local real estate market as a result of designation or incentive programs can be measured (whether or not directly related to rehabilitation activity).

- *Commercial Activity*. The stimulation or retention of businesses in areas that have been designated or protected or granted incentives and the resulting impact on local economic activity, such as retail sales and the number of business created, can be measured.

Leithe, Joni and Patricia Tigue of the Government Finance Officers Association. *Profiting from the Past: The Economic Impact of Historic Preservation in Georgia*, 1999. ([http://hpd.dnr.state.ga.us/assets/documents/profitting\\_from\\_the\\_past.pdf](http://hpd.dnr.state.ga.us/assets/documents/profitting_from_the_past.pdf)) NTHP Dollars & Sense of Historic Preservation, #17.

Lichfield, Nathaniel. 1983. *Economics in Urban Conservation*. Cambridge: Cambridge University Press.

Listokin, David and Michael Lahr. 1997. “Analyzing the Economic Impacts of Historic Preservation,” *CRM* 20, 6. (<http://crm.cr.nps.gov/archive/20-6/20-6-12.pdf>)

This one page article briefly outlines the research objectives and methods used in the authors’ 1997 study: *Economic Impacts of Historic Preservation*.

Listokin, David and Michael Lahr. 1997. *Economic Impacts of Historic Preservation*. Rutgers Center for Urban Policy Research. ([http://www.njht.org/ec\\_study.htm](http://www.njht.org/ec_study.htm))

This study documents the total economic contributions of historic preservation to the State of New Jersey. It establishes broadly-applicable methods for calculating the total economic

impacts from preservation activity—which include direct as well as indirect/induced impacts—using an input/output (I/O) model developed specifically for this analysis. The resulting report is the most comprehensive assessment of preservation’s economic contributions ever conducted for the State of New Jersey.

The report considers in detail the economic impacts of historic preservation that stem from three activities: historic rehabilitation, heritage tourism, and the operations of historic sites and organizations. Starting with estimates of the amount of money spent immediately on these three activities the I/O model calculates the economic benefits added by indirect and induced impacts, which can be thought of as the “ripple effects” generated by the initial direct investment. As explained in the report, “the *direct effects* encompass the goods and services immediately involved in the economic activity analyzed, such as historic rehabilitation. This could include, for historic rehabilitation, carpenters hired and steel purchased. *Indirect effects* encompass the value of goods and services needed to support the provision of the direct effects (e.g., materials purchases by the steel plant). *Induced effects* include the goods and services needed by households to provide the direct and indirect labor required to rehabilitate an historic structure (e.g., food purchases by the carpenters’ or steel workers’ households).” The I/O model reports the total economic impacts of historic preservation activity with respect to four data fields: jobs, income, wealth and taxes.

The authors find that in New Jersey, direct spending on historic rehabilitation, heritage tourism, and the operations of historic sites “annually amount to \$123 million, \$432 million, and \$25 million respectively, for a total of \$580 million.” The I/O model calculates that “On an annual basis, historic preservation activities in New Jersey result in 21,575 jobs (i.e., person years of employment), \$572 million in income, \$929 million in total wealth as realized in gross domestic product (GDP), and \$415 million in total tax payments (\$160 million federal, \$94 million state, and \$161 million local). These are the effects realized by the entire nation. The renovation of the New Jersey State House, for instance, would likely include steel purchased from Michigan, lumber from Oregon, and paint from New Jersey. New Jersey garners nearly half of the jobs, income, and wealth benefits, and 70 percent of the taxes. On an annual basis, the in-state effects include 10,140 jobs, \$263 million in income, \$543 million in gross state product (GSP), and \$298 million in taxes (\$83 million federal, \$71 million state, and \$144 million local). The net in-state wealth is \$460 million annually (\$543 million GSP minus \$83 million in federal taxes).” The authors believe for a number of reasons that these figures are conservative estimates.

The methods used in the study are as important as its findings. The report first reviews the past literature on the economic impacts of historic preservation. It then explains in detail the methods used to measure direct impacts in each of the three fields of preservation activity—historic rehabilitation, heritage tourism, and historic sites operation. Discussed next are the total impacts estimated by the I/O model. For those interested in the building and functioning of the model, an appendix considers the relative merits of commercially-available I/O platforms, how the model used in the study was customized, and the way in which it calculates indirect and induced impacts.

Also included in the report is a detailed literature review of studies considering the affect of historic designation on property values. The bibliography for the entire report is extensive and includes some annotations.

Listokin, David. 1997. "Growth Management and Historic Preservation: Best Practices Synthesis." *The Urban Lawyer* 29, 2: 199-213.

The article considers the connection between growth management and historic preservation. In theory, growth management should facilitate historic preservation by: 1) Enhancing the sustainability of historic resources by reorienting the direction and location of development to the urban cores, where most historic resources are found; channeling residential and commercial demand downtown creates economically viable uses for historic buildings. 2) Aiding the identification of historic resources; some state growth management plans, like Oregon's, establish as a goal the identification of historic resources. 3) Incorporating preservation into land use planning; local zoning should consider preservation and, ideally, historic resources should be protected by local landmarks ordinances enforced by local preservation commissions. 4) Mitigating against harmful government actions; growth management plans can function like "mini" section 4(f) and 106 reviews minimizing the damage to historic resources caused by state and local government undertakings.

Unfortunately, despite their potential synergy, historic preservation has played a minor role in state growth management plans. The historic preservation goals have either not been implemented, or, in the case of Oregon, their elimination is being contemplated. To reverse these trends, growth management plans should give greater emphasis to historic preservation, local landmarks regulations and reviews should be made flexible and streamlined, and preservation incentives must be created, such as transfers of development rights (TDRs), tax abatements, and technical assistance programs.

Listokin, David, et. al. 1985. *Housing Receivership and Self-help Neighborhood Revitalization*. New York, NY: Rutgers Center for Urban Policy Research.

Since the 1960s, cities in the United States have used housing receivership to address the problem of abandoned residential buildings. Where enabled by state legislation, receivership allows courts to appoint a third party, or receiver, to make repairs to problem buildings. The intent is to preserve the structure's value in the interests of all affected parties (including the owner, neighbors, building residents, and mortgage and lien holders). This book first considers the advantages of receivership over its more widely-used alternative, foreclosure. Receivership can be implemented quickly and proactively; cities do not have to wait for buildings to become tax delinquent; repair expenses are covered by the appointed receiver, as opposed to the municipality becoming the "owner of last resort;" and most importantly, unlike foreclosure which must be applied uniformly (against all of the tax delinquent property in a city), receivership can be used selectively in response to local citizen involvement.

The requirements and procedures of 16 state receivership statutes are examined with particular emphasis on: 1) receivership triggers; 2) initiation of receivership 3) selection of receivership agent; 4) type and nature of receivership process (court proceeding process); 5) notification requirements; 6) receivership duties and powers; and 6) receivership financing, compensation, and discharge. Also discussed are court challenges to enabling legislation, and the different experiences with receivership in New York, Chicago, and Jersey City. A model receivership statute is proposed in addition to general recommendations for its implementation. The participation of neighborhood groups is recommended to identify problem properties and, in some instances, act as the receiver. An annotated bibliography is included.

Listokin, David, ed. 1983. *Housing Rehabilitation: Economic, Social, and Policy Perspectives*. New Brunswick, NJ: Center for Urban Policy Research.

Listokin, David, et. al. 1998. *Successful Mortgage Lending Strategies for the Underserved*. Prepared for U.S. Department of Housing and Urban Development, Office of Policy Development and Research, by Rutgers, the State University of New Jersey, Center for Urban Policy Research (CUPR). Washington, DC: The Office.

The report presents a qualitative and quantitative assessment of mortgage lending strategies designed to reach low-to-moderate-income (LMI) minorities seeking homeownership financing for the purchase of 1-4 unit residential properties. Qualitative information for the study was gleaned from fifty “exemplary lenders” identified by the researchers as having a successful track record of lending to LMI minorities. The strategies employed by these lenders to find and retain LMI mortgagors were documented through telephone interviews. This data was supplemented by strategies discussed in the lending “Best Practices” literature. The report includes chapters with recommendations on management of LMI lending, and attracting, qualifying, and retaining LMI mortgagors. Topics covered include: the disparity between minority and non-minority homeownership rates; federal banking laws that pertain to fair lending; traditional and non-traditional mortgage programs; underwriting criteria; credit scoring; reasons why LMI applicants may have no credit or bad credit; strategies for successfully underwriting LMI loans; and ways to minimize default and delinquency rates. A final chapter consists of a statistical analysis of Home Mortgage Disclosure Act (HMDA) data to determine if the strategies employed by the exemplary lenders are associated with improvement in lending to LMI minorities. The bibliography includes citations keyed to the following topical codes: 1. Background; 2. Redlining and Racial Discrimination in Lending; 3. Strategies to Foster Minority and Moderate-Income Homeownership Financing; and 4. Other.

Listokin, David. 1985a. *Living Cities*. Report of the Twentieth Century Fund Task Force on Urban Preservation Policies. New York: Priority Press Publications.

Naito, Bill. 1992. *Historic Buildings: A Priceless Asset*. Oregon: Historic Preservation League of Oregon.

National Trust for Historic Preservation. 1982. *Economic Benefits of Preserving Old Buildings*. Washington, DC: Preservation Press.

This publication is the result of a conference held in Seattle to discuss historic preservation and the financial incentives of that process. The aim of the conference was to bring clearly into focus the successful record of the historic preservation process, including the benefits of recycling old buildings. The following topics were covered at the conference. Section one discusses possible municipal actions in the preservation process. The hidden assets of old buildings and continuing and adaptive uses for old buildings form the second and third sections of the publication. Section four discusses the costs of preservation, while section five outlines the types of government grants available for the preservation process. Sections six and seven discuss the advantages of historic preservation from a private financier's viewpoint.

\_\_\_\_\_. 2001. *Maximizing Historic Preservation as a Community Development and Economic Development Strategy for Jacksonville, Florida*. Washington, DC: National Trust for Historic Preservation.

New Jersey Historic Trust. 1990. *Historic Preservation Capital Needs Survey*. New Jersey: New Jersey Historic Trust.

The survey examines the capital needs of historic properties throughout New Jersey. The survey showed a capital need of \$400 million for historic preservation. This, however, is a conservative estimate the study was a survey and was directed only at properties that met the eligibility criteria established by the bond act, i.e., properties owned or operated by public or not for profit agencies. Apart from the findings of the survey, the study also provides some useful information on historic resources in New Jersey, the importance of historic preservation and historic tourism for economic development, and case studies of successful preservation.

Oregon State Historic Preservation Office. 1992. *Economic Impact and Fiscal Analysis of Oregon's Special Tax Assessment of Historic Properties. Findings and Conclusion: Executive Summary*. Portland, OR: Parks and Recreation Department.

Pearson, Roy L., and Donald J. Messmer. 1989. *The Economic Impact of Colonial Williamsburg*. Williamsburg, VA: Mid-Atlantic Research Incorporated.

Petersen, John E., and Susan G Robinson. 1988. *The Effectiveness and Fiscal Impact of Tax Incentives for Historic Preservation: A Reconnaissance for the City of Atlanta*. Chicago: The Government Finance Research Center of the Government Finance Officers Association.

Preservation Alliance of Virginia. 1996. *Virginia's Economy and Historic Preservation: The Impact of Preservation on Jobs, Business, and Community*. Staunton, VA: Preservation Alliance.

As part of a larger study of preservation's economic effects, the analysis cited cases of property values increasing relatively faster in historic versus non-historic areas. Examples cited included:

Fredericksburg. "Properties within Fredericksburg's historic district gained appreciably more in value over the last twenty years than properties located elsewhere in the city."

Richmond. "While assessments in the Shockoe Ship historic area appreciated by 245 percent between 1980 and 1990, the city's overall value of real estate increased by 8.9 percent."

Staunton. "Between 1987 and 1995, residential properties in Staunton's historic neighborhoods appreciated by 52 to 66 percent compared to a city-wide average residential appreciation of 51 percent. For commercial properties the average city-wide appreciation between 1987 and 1995 was 25 percent. By contrast, average rates of appreciation of commercial properties in historic districts ranged from 28 to 256 percent.

*Profiting from Preservation: The Economic Benefits of Historic Preservation in the John Singleton Mosby Heritage Area.* 2003 updated edition. Middleburg, VA: John Singleton Mosby Heritage Area.

This brief report considers the economic benefits of historic preservation, interpreted broadly to include building restoration, heritage tourism, open space preservation, and agriculture. Total direct benefits from rehabilitation activity are reported from three sources: the Virginia Main Street Program, federal and state historic tax credits, and ISTEAs grants. For estimates of indirect and induced impacts the Mosby report quotes *Virginia's Economy and Historic Preservation*, published by the Preservation Alliance of Virginia in 1996; "every one million dollars that is spent rehabilitating historic buildings in Virginia generates 15.6 construction jobs, 14.2 jobs in other sectors of the economy, and \$779,800 in household earnings." The economic impacts from tourism are documented with data from the Travel Industry Association of America, the Virginia Tourism Corporation, and attendance figures aggregated from area historic sites. Open space and agricultural land are shown to be good tax ratables—unlike residential development, they generate more tax dollars than they require in local expenditure. The economic impacts from area wineries and the equine industry are reported along with employment and financial output figures for other agricultural activities.

Renner, Lisanne. *Partners in Prosperity: The Economic Benefits of Historic Preservation in New Jersey.* NTHP Dollars & Sense of Historic Preservation, #13.

Robbins, Anthony W. 1994. *Landmark Preservation and Economic Development in New York City.* New York: Landmarks Preservation Commission.

Robinson, Susan G. 1988/89. "The Effectiveness and Fiscal Impact of Tax Incentives for Historic Preservation." *Preservation Forum* 2, 4 (Winter): 8-13.

The article briefly reviews the objectives and methods of a larger study undertaken by Robison and John E. Peterson for the Government Finance Research Center to analyze the fiscal impacts of four financial incentives commonly used by state and local governments to promote historic preservation: property tax abatements, property tax credits, property tax freezes, and sales tax exemptions (on the purchase of preservation-related materials). Each of these incentives is explained clearly and concisely. The study's primary goal was to "develop methodologies for assessing the effectiveness and fiscal impacts of incentive programs for historic preservation in the city of Atlanta." The authors developed a tax model to study the public costs (forgone revenues) of each incentive; they then apply it to thirty-seven hypothetical historic building rehabilitation projects. The analysis suggests that property tax incentives alone were not enough to induce rehabilitation "but could influence land use decisions in that direction by increasing rates of return." The authors recommend cities use a pro forma analysis technique to assess the impact of preservation incentives on historic property owners' investment decisions.

Successes and shortcomings of preservation tax incentives are explored in case study examples from San Antonio, Texas (tax abatement); Seattle, Washington (tax credit); and the State of Oregon (tax freeze).

The study argues that the success of historic preservation depends on financial considerations; thus, before any program is undertaken, the fiscal impacts of the program should be examined. The study provides a methodology that a local government can use to assess the impacts of preservation. It does so by providing guidance for the evaluation of the effects of certain incentives programs based on the experience of Atlanta. The study examines the following incentives for historic preservation: compensation, protection, land use planning, the impact of federal tax credits, state and local tax incentive programs, property abasement tax, property tax, sales tax exemption, individual tax vs. cost to the city, and public sector benefits vs. costs.

Rypkema, Donovan D. and Katherine M. Wiehagen. 1998. *The Economic Benefits of Preserving Philadelphia's Past*. Philadelphia: Preservation Alliance for Greater Philadelphia.

The authors find that historic preservation has been instrumental in the revitalization of Center City, and residential neighborhoods. Over a twenty year period, more than \$1.5 billion was spent on the rehabilitation of certified historic commercial properties under the federal Historic Rehabilitation Investment Tax Credit Program (ITC program), creating over 55,000 jobs and generating over \$1.3 billion in household income for Philadelphia residents. Historic resources also attract tourists and are an important factor in drawing film companies to locations in the city. Philadelphia's designated historic districts are more racially and economically diverse than other areas of the city; they house a high percentage of the city's college- and graduate-school educated residents.

Rypkema, Donovan D. 1994. *The Economics of Historic Preservation: A Community Leaders' Guide*. Washington, DC: National Trust for Historic Preservation.

Among other economic impacts, Rypkema examines the effects of designation and preservation activity on property values. Rypkema compiles the results from numerous studies. Examples from Rypkema are cited below.

In every heritage district designated in Canada in the last 20 years, property values have risen, despite the fact that development potential has been reduced.  
(Federal Heritage Buildings Review Office Code of Practice, Government of Canada)

Therefore, it would seem reasonable that, at worst, the listing of property on either of the two registers would have no effect on value, but most likely, at least in the City of Norfolk, such listing would enhance value. (Wayne N. Trout, Real Estate Assessor, City of Norfolk, cited in: *The Financial Impact of Historic Designation*)

The virtually unanimous response from local assessors and commissioners of the revenue has been that no loss of assessed value has occurred as a result of historic designation, and that values have risen in general accord with the values of surrounding properties over the years. (*The Financial Impact of Historic Designation*)

Generally, the assessed values have risen at a rate similar to all other properties. As such, we have no evidence that the listing of a property in either the National Register of Historic Places or the Virginia Landmarks Register adversely influences the assessed value relative to surrounding and/or similar properties. (John Cunningham, Manager of Assessments, Prince William County, cited in *The Financial Impact of Historic Designation*)

The appreciation of renovated historic properties is substantially greater than the appreciation rates for new construction and unrestored historic properties...Unrestored historic properties appreciate at almost identical rates to new construction over the same period. (Kim Chen, *The Importance of Historic Preservation in Downtown Richmond: Franklin Street, A Case Study*)

Rypkema, Donovan. 1997. *Historic Preservation and the Economy of the Commonwealth: Kentucky's Past at Work for Kentucky's Future*. Frankfort, KY: Kentucky Heritage Council. NTHP Dollars & Sense of Historic Preservation, #11.

\_\_\_\_\_. 1997. *Profiting from the Past: The Impact of Historic Preservation on the North Carolina Economy*. Raleigh, NC: Preservation North Carolina. NTHP Dollars & Sense of Historic Preservation, #19.

\_\_\_\_\_. 1999. *The Value of Historic Preservation in Maryland*. Baltimore, MD: Preservation Maryland. NTHP Dollars & Sense of Historic Preservation, #18.

Rypkema, Donovan, D. *Virginia's Economy and Historic Preservation: The Impact of Preservation on Jobs, Business, and Community Development*. Staunton, Virginia: Preservation Alliance of Virginia, 1995. NTHP Dollars & Sense of Historic Preservation, #1.



Rypkema, Donovan D., and Katherine M. Wiehagen. 1999. "The Economic Benefits of Preserving Philadelphia's Past." Occasional Paper No. 16. *Dollars & Sense of Historic Preservation* (National Trust for Historic Preservation, 2000). 1.

St. Louis Community Development Agency. 1980. *Economic impact of the multiple resource nomination to the National Register of Historic Places of the St. Louis Central Business District*. Report prepared by Economics Research Associates.

St. Louis Urban Investment Task Force. September 1985. *The Impact of the Historic Rehabilitation Historic rehabilitation tax credit on Neighborhood, Commercial and Downtown Redevelopment and Historic Preservation*. St. Louis, MO: The St. Louis Urban Investment Task Force.

The St. Louis Urban Investment Task Force. *The Impact of the Historic rehabilitation tax credit on Neighborhood, Commercial, and Downtown Development and Historic Preservation in St. Louis*. The St. Louis Urban Investment Task Force. The purpose of this report is to prove the significance of the federal Historic Rehabilitation Investment Tax Credit (ITC), its role as a development tool within the metropolitan region of St. Louis, and more importantly, to highlight St. Louis' rank as the first in the nation in the number of projects qualified for historic rehabilitation tax credits. The document explains the philosophy of the ITC, as well as the significance of the ITC in St. Louis. The concerns over the possible loss of the ITC are discussed in depth, as one example describes an analysis "with" and "without" the ITC in residential rental rates. A map of historic rehabilitation activity for the City of St. Louis, as well as various charts and graphs are attached.

Sanderson, Edward F. 1994. "Economic Effects of Historic Preservation on Rhode Island." *Historic Preservation Forum* 9, 1 (Fall): 22-28.

Sanderson reviews a study completed by the University of Rhode Island Intergovernmental Policy Analysis Program. The purpose of that study was to calculate the direct, indirect, and induced effects of historic preservation programs that were implemented by the Rhode Island Historical Preservation Commission from 1971 to 1993. Sanderson notes that the Preservation Commission showed \$240 million in expenditures since 1971, and projects that qualified for federal tax credits accounted for about 80 percent of this total. Further, he notes that when federal, state, local and private funds are taken into account, it represents a 9:1 leveraging ratio of private investment to all sources of public expenditure. He concludes that the economic impact reported in the study significantly understated the real economic benefits of historic preservation. His supporting evidence is as follows. Of the \$240 million for goods and services expended since 1971, approximately \$186 million (78 percent) went to purchase goods and services in Rhode Island. These historic preservation expenditures resulted in a increase in "value added" in Rhode Island of \$232 million. (Value added measures regional output in the same sense that gross domestic product measures national output). Over a twenty-year period, historic preservation created at least 10,722 person-years of employment. (A person-year is defined as one person employed full time for one year). Each \$10 million in expenditures created 285 jobs in Rhode Island.

These jobs included construction, services, retail, manufacturing, finance, and real estate. Federal tax revenue increased by \$64 million, state coffers received \$13.5 million, and local tax collectors received \$8.1 million. Federal tax credits for rehabilitation of income-producing historic buildings totaled 266 tax credit projects with a cumulative value of \$211.5 million. Of these properties, 111 provide space for economically beneficial offices, manufacturing, and retail.

Scribner, David, Jr. 1976. "Historic Districts as an Economic Asset to Cities." *The Real Estate Appraiser* (May/June): 7-12.

This article examines how historic districts in major urban areas are delineated, and also considers the impact of designation on city revitalization. It notes that the property values of buildings within historic areas are higher than sister structures located outside of such neighborhoods. In the Old Town area of Virginia, landmarks are worth approximately 2.5 times comparable buildings located just beyond the boundaries of this historic district. In Capitol Hill in Washington, D.C., values are four times greater; in the Federal Hill area in Baltimore, values are 7.5 times higher. The author argues that the linkage between property value and historic designation should be recognized by appraisers, and recommends that appraisers rethink some of their rules of thumb that are inapplicable in landmark situations.

Shlaes and Co. 1984. *Economic Benefits from Rehabilitation of Historic Buildings in Illinois: Final Report*. Springfield, Illinois: Preservation Services Section, Illinois Department of Preservation.

\_\_\_\_\_. 1985. *Economic Benefits from Rehabilitation of Certified Historic Structures in Texas: Final Report*. Austin, Texas: Texas Historical Commission.

Spencer, Brenda R. "An Analysis of the Economic Impact of Physical Improvements on Retail Sales." NTHP Dollars & Sense of Historic Preservation, #12.

Spencer analyzes retail sales data and qualitative observations from the five businesses owners to determine if recent restoration/preservation projects resulted in an increase in retail sales. She finds that all five businesses experienced an increase in gross sales in the year after making improvements and that 4 out of the 5 owners attributed this increase to the physical improvements. Unfortunately it is impossible to separate the affects of the physical improvements from other confounding variables that could also explain the increase in sales, such as changes in product line, advertising, economy, neighboring stores, etc.

Strauss, Charles H., Bruce E. Lord, and Stephen C. Crado. n.d. *Economic Impacts and User Expenditures from Selected Heritage Visitors Centers*. South Western Pennsylvania Heritage Preservation Commission.

University of Rhode Island, Intergovernmental Policy Analysis Program. 1993. *Economic Effects of the Rhode Island Historical Preservation Commission Program Expenditures from 1971 to 1993*. NTHP Dollars & Sense of Historic Preservation, #3.

The study reviews the impacts of the Rhode Island Historical Preservation Commission's programs on the state economy in the areas of employment, wages, valued added, and tax revenues generated since 1971. It does not, however, assess the cultural value of historic preservation or the degree to which the preservation of historical landmarks contributes to the overall attraction of tourists. The study uses computer models of the state economy to conduct a full economic impact analysis for each of the Commission's programs. These programs are compared to other types of public construction that supply economic stimulus and/or improve public infrastructure. Findings indicate that the greatest impacts of the Commission's programs are in the construction-related industries, with retail sales and the service industries being strong contributors. Dollar for dollar, historic preservation programs generate approximately the same number of jobs as some other construction and maintenance programs. Notably, about 93.4 percent of the funding for the Commission's programs has come from matching federal funds and tax credits thereby, yielding approximately \$1.50 dollars in state tax revenues for each dollar spent.

U.S. Advisory Panel on Historic Preservation. 1979. *The Contribution of Historic Preservation to Urban Revitalization*. Washington, D.C.: U.S. Government Printing Office. Report prepared by Booz, Allen and Hamilton, Inc.

Virginia (State of), Department of Historic Resources. 1991. *The Financial Impact of Historic Designation*. Senate Document No. 23. Richmond, Virginia.

\_\_\_\_\_. Department of Historic Resources. 1991. *The Financial Impact of Historic Designation* (pursuant to Senate Joint Resolution 162).

Vivian, Daniel, Mark Gilberg, and David Listokin. 2000. "Analyzing the Economic Impacts of Historic Preservation." *Forum Journal* 14, 3.

This article conveys information presented and debated at a conference on measuring the economic impacts of historic preservation, held in Washington, DC in October 1989. Participating in the conference were economists, government officials, real estate experts, academics and other preservation professions. Themes discussed included: data sources for economic analysis; methods for measuring the impacts of historic district designation on property values; defining heritage tourism; the untapped potential of Main Street Program data; and the use and limitations of Input-Output models to measure the full economic impacts of historic preservation expenditures.

Wagner, Richard D. 1993. "Urban Downtown Revitalization and Historic Preservation." *Preservation Forum* (September/October).

Walter, Jackson J. 1987. *Historic preservation and places to live: A natural partnership for Healthy American communities*.

Speech before the Policy Advisory Board, of the Joint Center for Housing Studies of MIT and Harvard University. Pebble Beach California. Walter argues that historic preservation

can also play an important role in the preservation and provision of inner city housing. It is also an important component in the revitalization of the cities, not only economically, but also culturally. However, in order for cities to take advantage of their heritage, leadership and creativity are needed.

Wilcoxon, Sandra K. 1991. *Economics of an Architectural Legacy: the Economic Impact of the Frank Lloyd Wright Home and Studio Foundation on Oak Park and Chicago*. Chicago, IL: The Frank Lloyd Wright Home and Studio Foundation.

Utilizing a written questionnaire administered four times throughout the year, the Frank Lloyd Wright Home and Studio Foundation in Oak Park, Illinois attempted to assess the direct and indirect economic impact of the home and studio on the local and greater metropolitan areas. The survey addressed the following: restaurants and hotels patronized, amount spent per person on meals, transportation method, and visitors' plans to shop in the area. An analysis of direct spending found that of the home and studios' \$1.6 million dollar operating budget, 36 percent was spent in the local area, 37 percent in Chicago, and 27 percent in other parts of the United States. Indirect spending was calculated using a tourism multiplier of 6 and a wage multiplier of 1.4 for employee salaries. By applying the multipliers to direct spending figures it was calculated that the impact of the home and studio and its visitors and employees on the Chicago area accounts for \$21.4 million. Combining direct and indirect spending yields totals of \$26.4 million impact on the greater Chicago area and \$5.5 million on the village of Oak Park. Using an employment multiplier that states each \$1 million in direct spending creates 39 new jobs, it is calculated that the home and studio has created 47 jobs in Oak Park and 133 jobs in Chicago. Counting their own employees, this totals 204 jobs.

Youngblood, George L., Jerry Bussel, Jesse T. Stackwell III, and Gerald P. Wilson, Jr. 1987. *The Economic Impacts of Tourism Generated by the Gettysburg National Military Park on the Economy of Gettysburg*. Gettysburg, PA: Gettysburg National Military Park.

## **Preservation Economics Policy**

Abbot, Carl. "Five Strategies for Downtown: Policy Discourse and Planning Since 1943." In *Planning the Twentieth-Century American City*, edited by Mary Corbin Sies and Christopher Silver. Baltimore: Johns Hopkins Press, 1996.

Downtown is a constructed concept that has gone through 5 major phases that influence planning behavior:

1945-1955: Downtown as Unitary Center of the SMA: downtown as hub of retail activity, the CBD, the site of essential urban activities, not threatened or endangered. Plans gave priority to neighborhood identity and conservation, housing, but rarely mentioned downtown specifically.

1955-1965: Downtown as Failing Business Center: Downtown threatened by obsolescence, needs drastic intervention in the CBD. No longer as attractive to shoppers, theatergoers,

service businesses. Plans call for rezoning and large scale redevelopment of blighted land—urban renewal housing—clean up the area around the CBD.

1965-1975: Downtown as a Federation of Everyday Environments: urban renew acknowledged to be a failure; City now seen as collection of neighborhoods and distinct areas. J. Jacobs wrote about “concentrated pools of use.”<sup>416</sup> Planning in the 1960s and ‘70s recognized and sought to delineate and map “functional zones,” “functional areas,” “functional sub districts” and retail clustering. <sup>417</sup> Subarea analysis continued into the 1990s, but after 1975, it “became accepted background rather than an exciting discovery.” <sup>419</sup> [See the NYC special district plans]

1975-1985: Downtown as a Set of Individual Experiences: Desire to stimulate business, compete w/ suburbs. Downtown becomes set of “distinctive social environments” that were to be “consciously designed in the interest of enjoyment and tourism,” –“downtown as theme park.” <sup>419</sup> Competing with suburban shopping was a failure, so downtown had to emphasize specialized entertainment and shopping—“downtowns conceived as museums, cultural centers, amenity districts, and amusement parks.” Festival markets were just one type of “amenity project” popularized in the 1980s; others included conventions centers, arts districts, museums/aquariums, and historic districts. Planning emphasized design control, preservation planning, amenity bonuses, and zoning fine tuning. Springfield, Mass, New Orleans, and SF plans emphasized adaptive reuse, historic preservation, and design review. <sup>422</sup>

1985 to Present: Downtown as Command Post: Downtown is part of a national and global network; retailing for the metropolitan market no longer viewed as important downtown function. Not dedicated to, as J. B. Jackson says, “to traditional human activities or institutions.”

Becker, Robert. 1991. *Beauty—Enhancing Rural Economies through Amenity Resources*. Proceedings of the National Policy Symposium, Pennsylvania State University.

Chadbourne, Christopher, Philip Walker and Mark Wolfe. 1997. *Gambling, Economic Development, and Historic Preservation*. Washington: APA Planning Advisory Service.

The authors consider the pros and cons of legalized gambling for the communities in which casinos are located. Impacts on historic preservation, zoning, and land use are emphasized, as are economic impacts. The literature on gambling and economic development raises questions that the authors then seek to answer through an examination of five case studies: Natchez, MI; Joliet, IL; Davenport, IA; Deadwood, SD; and Blackhawk, CO. Among the questions: what is the net economic impact of casino gambling? Who are the winners and losers? How can communities maximize benefits?

To gain public approval, gambling is offered as a means to fund one of the three “E’s”—education, economic development, and the environment. Colorado and South Dakota both use a portion of their casino revenues to fund preservation activities. Cities are becoming

savvier at demanding exactions from casinos to pay for infrastructure and service impacts. Studies of employment have shown that casinos tend not to lower unemployment or dramatically increase employment rates; rather they promote job shifting, not job creation. Local workers are generally hired for the lowest-paying jobs, while management is imported. The degree to which communities have success in leverage gambling activities to create spin-off development (indirect and induced development) depends upon the locations of the casinos relative to existing business, design standards that create pedestrian linkages, and joint casino/town advertising. Cities need to carefully regulate the non-gambling activities they allow casinos. Related casino activities can compete directly with existing retail, entertainment, and cultural establishments. Introduction of gambling also tends to unleash real estate speculation, driving up land values and pushing out local businesses. “Because of its return on revenue, casinos can displace any other use in an open marketplace.” Casinos are built fast and cheaply; most communities have not be able to enforce design review.

Clarion Associates, Inc. and Granacki Associates for Landmarks Preservation Council of Illinois. 1994. *Property Tax Incentives for Landmarks: An Analysis*.

Costonis, John J. 1974. *Space Adrift: Saving Urban Landmarks through the Chicago Plan*. Urbana, IL: University of Illinois Press.

This monograph analyzes the transfer of development rights as a mechanism for preserving historic properties. As part of its overall analysis, it considers the impact of landmark restrictions on property value as well as the assessment of landmarks for tax purposes.

Chapter three discusses the cost of historic preservation restrictions—a measure termed “damages.” Damages are determined by subtracting a landmark’s present value from its fair-market value in the absence of designation. These “before and after” values are estimated by the income approach of appraisal. Other traditional appraisal methods are not so applicable. Applying the cost technique is problematical because it requires precise estimates of physical decline and functional obsolescence—factors inherently difficult to define in a landmark situation. Low sales frequency of landmarks often renders the market approach inappropriate.

Appendix four examines the relationship between landmarks and the property tax. It examines both the principles and practice of real estate taxation, notes how and when landmarks may be penalized by prejudicial assessment, and discusses “intergovernmental agreement” and other strategies for improving the equity of a landmark’s assessment/taxation.

Historic Preservation Program. 1997. *Preservation Horizons: A Plan for Historic Preservation in Missouri*. Missouri Department of Natural Resources.

This document is a general overview for the State of Missouri, on how the state would like to create and stimulate public and private interest, funding, policies and planning strategies for historic preservation. The greater emphasis states how heritage tourism and economic development are byproducts of historic preservation programs and cultural resources.

Tourism is Missouri's second most important industry, therefore, special consideration should be placed on all organizations, of the local, state or federal level, which promote historic-related tourism. Although the document is broad in nature, more narrowly defined goals include: encouraging public-private partnerships; creating historic preservation education opportunities for public officials; and stimulating historic preservation interest through internet sites published by local and state organizations. In summary, the State of Missouri hopes to integrate historic preservation into all planning and policy procedures.

Historic Tax Credit Program. January 1999. *Missouri Historic Rehabilitation Tax Credit Program*. Department of Economic Development.

The Department of Economic Development is responsible for issuing historic rehabilitation tax credits. Therefore, a general information document was produced to explain key definitions, specific requirements, as well as an explanation of the two approval processes. In addition, two historic tax credit forms are attached. In the appendix of the document, the Secretary of Interior's Standards for Rehabilitation are outlined, listing special concerns and documentation requirements.

Historic Preservation Program and Community Development Division. March 1999. *Federal and Missouri State Historic rehabilitation tax credits for Certified Rehabilitation of Historic Buildings--A Comparison*. Missouri Department of Natural Resources and Missouri Department of Economic Development.

This brief, 6-paged chart is constructed in a 'question-and-answer' style. The questions are followed with individual answers, concerning both federal credit and state credit.

Gale, Dennis E. 1991. "The Impacts of Historic District Designation: Planning and Policy Implications." *Journal of the American Planning Association* 57, 3 (Summer).

This article explores the relationship between historic district designation and residential property value. Gale first reviews the past studies on the effects of historic district designation on residential value. He then explains the findings of his own study that examined property assessment data in three districts before and after they were designated as historic; value trends in these designated neighborhoods were then compared to those in three undesignated "revitalizing neighborhoods." Gale finds that property values declined over this period in all of the districts studied, however, in two of the three historic districts, values declined less severely than the citywide rate. This suggests that designation may insulate a neighborhood from price volatility in the housing market. Nevertheless, "overall economic trends" appear to exercise a greater influence on value than did designation. Based on a reevaluation of the literature in light of his own results, Gale theorizes that the effects of designation on property values may be influenced by the point at which the neighborhood is designated relative to the "property rehabilitation cycle." In other words, neighborhoods that experience substantial rehabilitation followed by designation may experience an increase in value, whereas, values may remain flat or decline in locations where designation precedes the start of major rehabilitation activity. Ultimately, the author concludes that designation

does not significantly affect property value. He worries, however, that in their enthusiastic pursuit of historic designation, preservationists inadvertently encourage planners and politicians to overlook comprehensive master planning that includes urban design controls; historic designation is then misused as a “surrogate for neighborhood planning.”

Governor’s Task Force on Historic Preservation and Heritage Tourism. 2000. *Investing in South Carolina’s Future by Preserving Our Past: Report of the Governor’s Task Force on Historic Preservation and Heritage Tourism*. Columbia, SC: South Carolina Dept. of Parks, Recreation & Tourism.

Grace, Karen. Historic Preservation Program. 1992. *Annual Report*. Missouri Department of Natural Resources.

The Historic Preservation Program (HPP), which resides in the Missouri State Historic Preservation Office (SHPO), produced this document. It is an introduction to the efforts and initiatives the HPP actively follows. The document reports on the Historic Preservation Revolving Fund, where the Dept. of Natural Resources actively markets properties to buyers that are able to uphold the tasks of preservation. The Endangered Buildings Evaluation Team was established in 1992, specifically to make recommendations of potential new uses for endangered buildings’ conditions. Several other standard programs within the HPP include the Preservation Education Program; Statewide Survey; and the Cultural Resource Inventory (CRI). Other programs include the Main Street Program, promoting preservation and economic revitalization through Missouri’s small, historic commercial districts; and the Certified Local Government Program, assisting local level partners to establish and maintain historic preservation programs. The SHPO also utilizes historic rehabilitation tax credits as a means to stimulate private investment from federal tax incentives. In 1992, Missouri ranked in the top 2 percent in its use of historic rehabilitation tax credits.

Krumholz, Norman. 1999. “Equitable Approaches to Local Economic Development.” *Policy Studies Journal* 27, 1: 83-95.

Krumholz points out that the central city economic development “successes” of the 1980s and 1990s (like those described in Frieden and Sagalyn’s *Downtown, Inc.*, 1989) absorbed huge public subsidies and tax breaks through “public/private partnerships” but did little to produce jobs for local residents or ameliorate poverty; rather, they often displaced low-income populations for the benefit of suburban residents or new middle-class urban homebuyers. Planners and city government allowed private developers and real estate agents to monopolize the leadership of these projects to achieve their own objectives. Why, asks Krumholz, should public money be spent on such projects when they do not appear to promote local economic development? What is their justification? And who benefits?

At the same time, Community Development Corporations (CDCs) have demonstrated their capacity to execute urban projects that serve populations most in need. The author offers brief case studies of the following cities that worked with CDCs on development initiatives



that attended to redistributive and social justice concerns: Boston, Cleveland, Oakland, Jersey City, and Chicago. These profiles underscore the importance of innovative development tools such as linkage agreements that require private developers to provide clear public benefits (to needy populations) in return for public support. (Examples include low-income housing set asides in residential developments or commercial developments approved contingent upon contributions to a local business loan fund.) Cities must also invest in education and infrastructure, the two most important economic development initiatives. Lastly, cities must build upon their existing strengths and maximize niche market opportunities.

Kula, E. 1998. *History of Environmental Economic Thought*. London: Routledge.

Kula offers a concise and accessible history of environmental economics from the Romans to present day. He summarizes the views and writings of major economists and philosophers, among them Adam Smith, Malthus, Ricardo, Marx, Keynes, Galbraith, Boulding and others. The concept of “environment” is narrowly conceived as the natural environment and much of the book addresses issues of resource extraction, population growth, pollution, and the tensions between economic growth and environmental degradation. Still, in its analysis of different approaches to the understanding and correction of “market failures,” this book provides the historical and theoretical underpinnings of preservation legislation. Kula describes the writings of Pigou, the economist who popularized the notion of government use of legislation, taxation and subsidy to promote interests of social welfare, and of Galbraith, who advocated for government control of the boundaries of economic growth. This book is a nice compliment to David Throsby’s work on cultural economics.

Listokin, David, et al. 1982. *Landmark Preservation and the Property Tax*. New Brunswick, NJ: Center for Urban Policy Research and New York Landmarks Conservancy.

Mason, Randy, ed. 1999. *Economics and Heritage Conservation: A Meeting Organized by the Getty Conservation Institute, December 1998*. Los Angeles: J. Paul Getty Trust.

This report summarizes the results of a meet organized by the Getty Conservation Institute to broadly consider the potential contributions of economic studies to the conservation of tangible cultural heritage—buildings, sites, collections, and objects. Recognizing that economic considerations are a substantial factor in determining what is preserved, the intent of the meeting was to promote dialog and interdisciplinary research between economists and “culturalists,” a term used to describe conservators, art historians, anthropologists, sociologists and other social scientists who traditionally evaluate non-economic values. Topics discussed at the meeting included: the differences between economic and cultural values; the limits and contributions of economic theories to cultural preservation; cultural capital and sustainability; the role of politics in conservation decision making; and reasons why markets appear to “fail” in the context of cultural heritage.

Particularly insightful is a paper contributed by Arjo Klamer and Peter-Wim Zuidhof on “The Values of Cultural Heritage: Merging Economic and Cultural Appraisals.” The

authors discuss economic concepts relevant to cultural heritage, emphasizing the lexicon of economic theory. They selectively review influential contributions to the cultural economics literature, highlighting the various tool economists use to measure the value of cultural heritage, such as impact studies, willingness-to-pay studies, contingent valuation studies, and referenda. Examples of each are provided in sidebars. They conclude with suggestions for future research. Among them, how do the institutional solutions commonly used to address market failures—direct interventions, regulation, private market incentives, information dissemination—influence cultural heritage’s valuation (the assessment of existing value) and valorization (the addition of value). And, do cultural values make certain funding arrangements more appropriate and/or effective for particular heritage goods?

Missouri Alliance for Historic Preservation. February 1997. *Proposed State of Missouri Historic Rehabilitation Historic rehabilitation tax credit: Analysis of Costs and Benefits*. Jefferson City, MO: Missouri Alliance for Historic Preservation.

The executive summary begins by stating that this proposal is merely a starting point of a methodology, which will aid in preparing future fiscal analyses. Methodologies were summarized for estimating the state cost of the proposed historic rehabilitation tax credit, as well as for estimating fiscal benefits created by the proposed historic rehabilitation tax credit. In the executive summary, the proposal estimated specific results. For instance, between 1998 and 2003, an additional \$200 million in historic rehabilitation activity, will be created. Also, 3,400 construction jobs and 3,800 other jobs will be produced over the next six years. Other proposed results include economic and political benefits at all government levels. The summary includes multiple charts on cost/benefit analyses of the proposed Missouri historic rehabilitation tax credit.

Missouri Department of Economic Development, Missouri Main Street Program. October 1990. *Missouri Main Street Program: Guide to Resources for Downtown Revitalization*. Jefferson City, MO.

Through a collection of summaries, the Missouri Main Street Program identifies several different resources that will assist citizens in downtown revitalization efforts. The document contains contact information and brief service descriptions for numerous government agencies, university centers, business associations and non-profit organizations. Some agencies provide management training specifically, while others provide information on funding, media relations, fundraising tools, and technical assistance.

National Trust for Historic Preservation Flood Response Program, O’Conner & Partners, Inc. October 1994. *Katy Trail State Park, MO: Tourism Assessment and Marketing Recommendations for Flood Recovery*.

This report focuses on six small towns along Katy Trail State Park, however, it is designed to assist all Park corridor communities. The primary focus is increasing the tourism-based economy in this region, as it relates to the Park. The first goal/strategy includes creating

new facilities to accommodate Trail users. The second goal/strategy, discussed in heavier detail, utilizes marketing as a means to bring new visitors into the corridor communities. The Park has many natural marketing assets as a heritage tourism region, as a bicycle destination, and through its proximity to wine regions. The visitor profile research also assists the Park in reaching its marketing goals.

Newman, Harvey K. 2001. "Historic Preservation Policy and Regime Politics in Atlanta." *Journal of Urban Affairs* 23, 1: 71-86.

A carefully documented political history of Atlanta's historic preservation movement. African-American led political regime that identified preservation efforts with the Jim Crow past were unsupportive of preservation throughout the '70s and early 1980s. Describes how these pro-development politicians were gradually compelled to adopt a preservation-based development strategy. The result of professional mediation among politicians and preservation advocates, the City's preservation commission evolved in the mid '80s from an advisory only capacity to a body with the authority to approve or deny development proposals. Also uses a unique "Economic Review Panel" that arbitrates economic hardship demolition requests. The mediation strategy has relevance beyond Atlanta.

Power, Thomas Michael. 1996. *Environmental Protection and Economic Well-Being: The Economic Pursuit of Quality*. Second edition. Armonk, NY: M.E. Sharpe.

Humans desire quality and it is the pursuit of quality, not the struggle for survival and the consumption of necessities, that drives much of our decision making, according to Power. (He estimates that only 12 percent of our spending is on necessities.) The author disputes the claim that environmental qualities (and environmental protection) are non-economic choices. We choose to afford the private luxuries of life but we feel unable to pay for the social costs of vitally important public goods and services—we have "public squalor amid private affluence." Because we desire quality, environmental choices have economic consequences. Governments are shortsighted when they relax environmental (or planning) restrictions in the hopes of attracting new businesses.

Power questions the pro-growth mentality that pervades government decision making. An overemphasis on the "economic base"—the driving force in the economy, particularly those local industries that bring money into an area by exporting some product—neglects the businesses that supply the local economy. Local areas have little or no control over national and international demand for their exported products. Rather, locally oriented service-led growth is the real source of economic development. (Source of new jobs in the last 15 years has been in the expansion of small, local firms, not smokestack industries.) The quality of local amenities and resources—schools, culture, environment, workforce, public infrastructure—is what draws firms to an area and keeps them there. Workers will even accept lower wages to live somewhere that provides a high quality of life and low cost of living. Businesses follow the workforce they need just as readily as people follow jobs. Local efforts to boost economic growth, gauged using the usual metrics of per capita income and or unemployment rate, are often misdirected. Cutting taxes and easing local

development restriction to lure new business or retain existing ones only serve to undercut the more important quality of life amenities. Policy makers must do thorough fiscal impact analysis to make effective decisions.

Instead of chasing new businesses, local governments should focus energies on growing new local businesses and expanding existing ones. They can do this by providing local businesses with access to capital; providing technical assistance to small businesses who need expertise with businesses planning and investment packaging. They should also recognize that economic development includes providing attractive neighborhoods, recreational opportunities, natural beauty, good schools, roads, and services.

Porter, Michael E. May/June 1995. "The Competitive Advantage of the Inner City." *Harvard Business Review* 73, 3: 55-71.

Every location has a unique set of attributes that suggest a certain competitive advantage to the right business. Successful local businesses must serve local the community but must also be capable of exporting to regional, national and international markets. Competitive advantage blooms in clusters of related companies; the critical mass generates growth of companies in related fields. Porter emphasizes four main competitive advantages of the inner city: strategic location, local market demand, integration with regional clusters, and human resources. One example he gives is the Boston food processing industries clustered around Newmarket Square. When other markets are often saturated, those in the inner city are often underserved. Inner-city businesses can capitalize on local markets by catering to unmet needs. As opposed to indiscriminate investments in unrelated enterprises, clusters of related businesses maximize the impacts of investments.

Inner city businesses face many obstacles, among them: crime, poor infrastructure, excessive regulation, lack of usable land, poorly educated work force, high taxes and other expenses, insufficient access to capital, and overall unproductive attitudes of urban leaders and residents. Misguided are those community leaders who try to exact unrealistic social benefits from private businesses (through tools like linkage payments, etc—see Krumholtz); according to Porter, these only stunt economic growth. Government must move away from regulation, direct subsidy, and intervention, toward creating a more hospitable business environment. They must strip away or streamline regulation; act as site and land developers, improve security and infrastructure. CDCs should stay away from business ownership, lending, and entrepreneurship, fields in which they cannot hope to compete with the human and capital resources of the private sector. Instead, they cultivate their strengths in housing, workforce education, community organizing, and job placement.

"Preservation Plan Task Force Reports." 1996. Jefferson City, MO: Department of Natural Resources, Historic Preservation Program. Photocopy.

This report outlines 5 areas of historic preservation goals and strategies: public education; funding and financial issues; public/private partnerships and interaction between all levels of government; preservation policies and planning; and delivery of preservation services. There is a heavy emphasis on establishing historic preservation as an economic

development policy. The Task Force Report highlights that historic preservation equates good business, because it produces both revenue and employment. Several action plans are addressed in order to implement these various goals. Identifying beneficial stakeholders, improving information access to the public via electronic files, removal of disincentives to property owners, and fundraising are all addressed in the implementation procedures.

Reichl, Alexander J. 1997. "Historic Preservation and Progrowth Politics in U.S. Cities." *Urban Affairs Review*, 32, 4:513-535.

Reichl borrows elements of C. N. Stone's Regime Theory of urban politics to analyze the relationships among historic preservationists and progrowth advocates in New York City, Atlanta and New Orleans. He suggests that "preservation is a means by which widespread support for redevelopment efforts can be politically constructed." First, the historical context for this relationship is developed. Middle class "urban pioneers" who began moving back to cities in the 1960s became allies of the low-income communities fighting urban renewal. Federal programs such as the CDBG and UDAG were reshaped to accommodate preservation initiatives, which had the political support of middle-class voters. Reichl illustrates the role of preservation in redevelopment policy with an examination of the 42 Street redevelopment in New York City. The project, which included plans for massive office towers, became primarily identified with historic preservation in the public and political discourse, despite the fact that preservation of the theaters required only a fraction of the development costs. The preservation component created widespread public support for the project; in the interest of restoring the theaters, preservationists went along with the entire redevelopment plan despite their concerns with the design and bulk of the office towers. Thus, Reichl concludes that the business community often uses historic preservation and the arts to its advantage, while the preservation community furthers its goals through the skillful manipulation of development projects. In contrast, the economic and political regime of Atlanta adopted a progrowth plan that was antithetical to preservation. In New Orleans, preservation is used both to limit growth, and to promote it through heritage tourism in the French Quarter.

Roddewig, Richard J. 1987. *Economic Incentives for Historic Preservation in Atlanta*. Center for Preservation Policy Studies, National Trust for Historic Preservation.

Schuster, J. Mark. "Making a List: Information as a Tool of Historic Preservation," in *Economics of Art and Culture: Invited Papers at the 12<sup>th</sup> International Conference of the Association of Cultural Economics International*, edited by R. Blundell et. al. Amsterdam: Elsevier, 2004.

Sawicki, David S. Summer 1989. "The Festival Marketplace as Public Policy: Guidelines for Future Policy Decisions." *Journal of the American Planning Association* 55, 3: 347-361.

The author attempts a pre-completion evaluation of the costs and benefits of a proposed festival marketplace, Underground Atlanta. The project's stated goals were to: create jobs; support the convention industry; spur downtown development; produce revenue for the city (parking, property taxes, sales taxes); physically renew a section of downtown and adjacent

areas; and provide business opportunities for local entrepreneurs, particularly minorities. Moreover, cities in general used festival marketplaces to lure suburbanites back downtown. They often required substantial public subsidies; developers contend that they would not undertake festival market investments “but for” public subsidy.

Sawicki evaluates three impacts: fiscal impacts, other desirable economic benefits, and qualitative benefits (improved urban design and city image). He examines Underground Atlanta’s financial projections and questions if the project will produce marginal benefits for the city, or will only draw retail away from other existing downtown businesses. (He notes that Harborplace posted annual sales of over \$100 million in its first year, but retail sales in the city as a whole were level or dropped, suggesting that the festival market drew businesses from other retailers.) He concludes that the costs and benefits of festival marketplace projects are difficult to assess; they involve multiple funding sources, revenue streams, and development partners, making it difficult to understand their accounting. He offers guidelines for governments considering festival markets, or any other large municipal investment. Such developments should be: part of a comprehensive plan; evaluated with fiscal impact analysis; subject to public review and comment of costs, benefits, and opportunity costs. These obligations may require that the city hire staff or consultants experienced in real estate analysis.

Throsby, David. 2001. *Economics and Culture*. Cambridge: Cambridge University Press.

Throsby broadly and thoughtfully considers the theoretical intersections between economics and culture. The differences between economic and cultural value are examined at length. The components or range of cultural value include: aesthetic value, spiritual value, social value, historical value, symbolic value, and authenticity value. The social sciences and humanities have developed techniques for measuring these values including: mapping, thick description, attitudinal analysis, content analysis, and expert appraisal. Economic value is measured in the marketplace for private goods by price. For cultural goods whose monetary value is not well measured in the marketplace, economists have developed contingent valuation (CMV) and willingness to pay (WTP) methods designed to assign an economic value to public goods.

The author introduces the concepts of cultural capital and cultural sustainability, and explores the similarities between cultural capital and natural capital. The role of culture in economic development is briefly reviewed, as is cultural tourism.

A chapter on cultural policy concludes the book. Throsby warns that in an increasingly globalized world, cultural policy is often largely dictated by economic policy. Efficiency and cost effectiveness—measurements of economic value—dominate over other cultural values and equity of cultural ownership and access.

de la Torre, Marta, ed., *Assessing the Values of Cultural Heritage: Research Report*. Los Angeles: The Getty Conservation Institute, 2002.

This paper aims to explore value assessment as a particular aspect of conservation planning and management. The pragmatic questions at hand are: how can a wide range of heritage values be identified and characterized in a way that (1) informs policies and planning decisions, and (2) is relevant to all the disciplines and stakeholders involved?

Treinen, Michael. 2004. "Opposing Forces Yet Mutual Catalysts: Reconciling Corporate Policy With the Preservation of Iowa's Historic Buildings." *Journal of Corporation Law* 29, 4: 819.

Treinen comments on the current status of historic preservation efforts in Iowa and offers recommendations for making the state's historic properties more attractive to corporations. Iowa has had some success with historic preservation, however, many large historically significant commercial properties remain underutilized or vacant. Both a state rehabilitation tax credit and local property tax exemption enabling legislation currently exist in Iowa. Communities should advertise their available historic buildings and promote awareness of the existing preservation incentives. While new construction seems to be the default choice for many corporations, the design and construction details of some historic properties provide marketing advantages for image-oriented corporations like architecture firms and some retail establishments. Still, accessibility, parking, and the high construction cost of historic preservation are obstacles. Municipalities should orchestrate public/private partnerships and direct preservation activity to targeting downtown redevelopment areas. Iowans are environmentally conscious; historic preservation has environmental benefits that should be more clearly noted in federal and state preservation incentives statutes, making them potentially more attractive to corporations looking to improve their images by capitalizing on a "corporate goodwill" project. Existing state incentives available to fund construction of new and expanding businesses should be rewritten to prioritize the reuse of historic buildings. Lastly, Iowa should mandate comprehensive local planning; it is now only one of ten states that does not.

### **Preservation and Gentrification**

Allison, Eric. 2005. "Gentrification and Historic Districts: Public Policy Considerations in the Designation of Historic Districts in New York City." Ph.D. Dissertation, Columbia University. [Requested ILL]

Beauregard, Robert A. "Chaos and complexity of gentrification." In *Gentrification of the City*, edited by Neil Smith and Peter Williams. (Boston: Allen & Unwin, 1986).

Author describes the "potential gentrifiers:" "the necessary agents and beneficiaries of the gentrification process." Gentrification is linked to changes in the industrial and occupational structure in the US—decline of manufacturing jobs, increase of professional, administrative, personal service, retail, office, hospitality jobs. Gentrifiers less inclined to have children; tend toward conspicuous consumption; seek public places in which to consumer—restaurants, clubs, movies, plays, shopping—and to find potential, like-minded mates. "The potential gentry represent an 'up-scale' class of consumers who frequent restaurants and bars, and generally treat shopping as a social event." 44 Items purchased—

ability to shop in certain neighborhoods--are coveted status markers. Commercial gentrification fuels more residential gentrification: "the two are mutually supportive." As gentrifiers move into an area "the demand increases for housing and for restaurants, bars, movie theaters and other facilities for public but individualized consumption." They crave "the opportunity to express one's affluence and 'taste' in physical surroundings." 45 Government aides the gentrification process by designating historic districts and "labeling" neighborhoods, e.g. TriBeCa. 52.

Bures, R. 2001. "Historic Preservation, Gentrification, and Tourism: The Transformation of Charleston, South Carolina." In *Critical Perspectives on Urban Redevelopment*. New York: Elsevier Press: 195-210.

The author contends that the historic preservation movement in Charleston led to gentrification that caused racial and economic segregation through the involuntary dislocation of black residents. Racial segregation of gentrifying neighborhoods is documented with census statistics for the period 1920-1990. Historic preservation efforts and events associated with gentrification are framed within the context of other physical and social forces that shaped the city, such as the construction of a bridge that enabled commuting to the suburbs, and the northern migration of African Americans. Bures concludes that preservationists must develop strategies to maintain the social and community environments in addition to their efforts on behalf of the physical environment.

Burke, Padraic. 1978. "Pike Place Market: Long Cherished Symbol in Seattle Undergoing Changes as Developers Move In." *American Preservation* 1, 6 (Aug./Sept.): 22-29.

"But this urban renewal project would be like no other in the country. There would be no wholesale destruction of neighborhoods here, but rather careful and considerate restoration of both the buildings and social fabric of the area. Where there had been displacement of the original population in other projects, here there would be both retention and preservation of the people and the values of the neighborhood. Here human values were to dominate and not the greed of buildings and real estate speculators who saw the thing and not the lives of people and their neighborhood." (26) Relays story of the day the National Commission on Neighborhoods visited the market. Geno Baroni, Assistant Secretary at the Dept. of Housing and Urban Development is reported to have said of the market restoration project: "Why bother...I've seen it all happen before. In Georgetown and in Faneuil Hall. The poor people are being shoved out and the trendy people are moving in. Out goes the place that serves bacon and eggs and in comes something else that serves Sunday brunch six days a week." Of the 27 "working man's taverns that existed in the Market area only a few years ago only five remain. Of some 770 low-cost housing units that existed in the area in 1971 only 138 remain.' The article implies that the market is being changed for the worse by government-subsidized preservation.

Chinatown Neighborhood Improvement Resource Center. *Displacement of San Francisco's Chinatown*. San Francisco, 1978.



This report is quoted in the National Urban Coalition handbook noted below. It is said to propose "an idea of historic preservation which goes beyond the architectural concerns characteristic of conventional historic preservation efforts." It calls Chinatown "a living historic neighborhood" with "its ornate parapets"...etc. but also "historic and cultural richness embodied in the lifestyles of the residential community and in the unique services provided by the small merchants of the neighborhoods."

Cohen, James. 1989. "Combining Historic Preservation and Income Class Integration: A Case Study of the Butchers Hill Neighborhood of Baltimore." *Housing Policy Debate* 9, 3: 663-697.

Nationally, historic preservation efforts often lead to gentrification and the displacement of low-income and minority residents. The Butchers Hill neighborhood of Baltimore is an exception. Baltimore has high degree of income inequality (concentration of poverty) as documented by a number of indicators (Gini Coefficient, index of dissimilarity and isolation index). Cohen explains how neighborhood groups created competing non-profit housing corporations to cater to different ends of the economic spectrum and, as result, Butchers Hill evolved into a mixed-income and mix-race community.

The article reviews federal, state, and local programs to promote mix-income housing, in addition to the National Trust for Historic Preservation's Community Partners Program (CCP) intended to promote mixed income housing and preservation-based development. Among the goals of CCP is to alter the perception that the preservation movement has ignored low-income and minority communities needs.

Gentrification of Butchers Hill began in the late 1960s spurred on by the South East Community Organization (SECO) and its associated community development corporation, (CDC) Southeast Development Incorporated (SDI). Alarmed by the displacement of low-income residents, a "countermovement" to preserve affordable housing emerged, led by the Concerned Citizens of Butchers Hill and the CDC it developed, Jubilee Baltimore. Cohen briefly profiles the creative financing of four mixed-income projects developed by Jubilee Baltimore. As result of gentrification and its countermovement, Butchers Hill is demographically and socioeconomically diverse, a status the neighborhood self consciously seeks to maintain.

In conclusion Cohen offers eight topics for future research: 1) States' use of Low Income Rehabilitation Tax Credit (LIHTC) allocations; what are the drawbacks to the large-scale, entirely-low income developments that most states favor with their LIHTC allocations? 2) Mixed-income development and social services; are they needed and if so, who should pay for them? 3) The relationship between restoration and tenant displacement; what assistance should be provided to displaced tenants? 4) Tenant screening of mix-income developments at both ends of the economic spectrum; what are the appropriate criteria for tenant selection? 5) The extent to which mixed-income developments are also mixed-race; nationally, what are the demographic profiles of successful mixed-income neighborhoods? 6) Identification and choice of historic buildings to restore; who decides? 7) Extent of social interaction between income levels in mixed-income developments; if social

interaction exists, what are its benefits? 8) How can combined use of the Historic Rehabilitation Investment Tax Credit (ITC) and Low Income Rehabilitation Tax Credit be expanded?

Coulson, Edward N., and Robin N. Leichenko. July 2004. "Historic Preservation and Neighborhood Change." *Urban Studies* 41, 8: 1587-1600.

The authors conduct an econometric analysis to determine if designation of historic districts in Fort Worth, Texas leads to gentrification. The literature on neighborhood transition is reviewed with an emphasis on the various modifications of the "filtering" and "tipping" models. The filtering model describes how housing units "filter" down through successively lower income groups as they age and decline in quality, while the tipping model explains how a neighborhood undergoes demographic transitions. Census data from 1990 and 2000 is analyzed to establish if there is a relationship between historic designation and changes in the following five demographic and housing indicators: diversity of population as measured by the Simpson index of diversity, growth rate of population, change in the residential vacancy rate, percentage change in median income, and change in the owner-occupancy. Neighborhoods with historic designation are found to be slightly more Hispanic, and have slightly higher vacancy and home ownership rates. The researchers find a convergence of the census tracts toward the mean for some variables. For example, tracts with relatively high home ownership experience a decline in ownership during the 1990s, and those with low ownership rates experience an increase. A similar convergence was observed for Black and Hispanic populations, indicating that the neighborhoods became more diverse. Interpretation of regression analyses concludes that "historical designation does not lead to gentrification, or any other kind of neighborhood turnover." Designation is, however, associated with higher median house values, which is consistent with the authors' past research findings.

Datel, Robin E. and Dennis J. Dingemans. "Why Place are Preserved: Historic Districts in American and European Cities," *Urban Geography* 9, no. 1 (1988): 37-52.

Researchers sent questionnaires to historic preservation organizations in five metro areas: London, Paris, San Francisco, Washington, DC, and Philadelphia to determine why these groups seek historic district listing. They first note that district designation is often tied to patterns of gentrification; new middle-class homeowners seeks to designate areas in which they live, but neighborhoods of equal historical and architectural interest that are occupied by economically-depressed or even stable working-class residents often go undesignated. In descending order of importance to those survey where the following rationales given for HP: knowledge of history; honor the past; psychological benefits; aesthetics; tourism; economic rationales were way at the bottom of the list. "Sense of place" is articulated in many answers. However, few have studied how sense of place motivates preservation. The literature of preservation "lacks expressions of sense of place and discussion of meaning of places to members and citizens." Architectural surveys and nominations compiled by preservation experts notoriously avoid mentioning sense of place. "But the objective judgments of an outside are not the same as the attachments of an insider" (see citations). What matters to people who live there "is something more personal and

experiential, the result of acting and feeling in a place, not just viewing it.” Cultural resource experts do not consider including experiential, sense of place component in their work. It would involve social science skills outside the realm of their experience and training. If these were considered, perhaps a “different kind of ‘preservation’ program could be appropriate.”

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\_\_\_\_\_. “Environmental Perception, Historic Preservation, and Sense of Place,” in *Environmental Perception and Behavior: An Inventory and Prospects*, research paper No. 209, edited by Thomas F. Saarinen, David Seamon, and James L. Sell (Chicago: University of Chicago Department of Geography, 1984): 131-144.

Authors review the environmental perception studies of historic preservation, giving generous footnotes. The desire to maintain and enhance a sense of place motivates much preservation activity. Yet, examination of particular sense of place and how they motivate preservation activity are few. Surveys of preservationists conducted by the authors confirm that sense of place is important to preservationists. Members of local community may use the technical language the preservationist to express their desire to preserve a neighborhood perhaps because no adequate experiential one exists (see Linda Graber, “Development Control and the Sense of Place: Experiential Foundation of Contemporary Land-Use Planning Movements (PhD dissertation, Univ. of Minnesota, 1979). Capturing the average resident’s sense of place would require tools not typically used by preservationists, such as: examination of regional or local literature and art; participation in an observation of relevant decision-making groups; questionnaires; interviews; cognitive mapping. They suggest that a diversity of methods would be best.

Datel, Robin Elizabeth. “Preservation and a Sense of Orientation for American Cities,” *Geographical Review* 75, 2 (April 1985): 125-141.

Datel examines preservation activity in Washington, DC, San Francisco, and Philadelphia. She notes that preservation activity accompanies gentrification. Interest in architecture and history, as well as willingness to participate in neighborhood planning, are a function of education and class. Thus, preservationists are most engaged in middle-class areas. Preservation activity, in turn, stimulates real estate development and social change. She notes an irony in that the 1966 NHPA was enacted to “give transient Americans a sense of rootedness and belonging,” and yet “In the pursuit of this goal preservationists sometimes have abetted the displacement and disorientation of persons rooted by their own experience.”

“Displacement Unsolved.” *American Preservation: The Magazine for Historic and Neighborhood Preservation* 1, no. 1 (1977): 20-26.

Displacement “is ... one of the most vexing [problems] in the resurgence of the neighborhood preservation movement in this country.” Includes an interview with Frances Phipps, Ph.D., the National Urban Coalition’s Director of Research, who comments on the preliminary findings of her report on displacement in 47 US cities. She suggests an income tax limit for residents of historic districts (unclear if she’s talking about qualifications for

property tax abatements). Quotes Russell Wright, an HP consultant who says “I feel that certain commercial uses contribute to the establishment of the character of an area to make it different from other neighborhoods.” [See some of his HP plans in the UMD Nat Trust Library] Mrs Mary Widener, Ex. Dir. of Neighborhood Housing Services: “To put it bluntly, many minority residents feel that it [historic preservation] is a conspiracy to move them out of their neighborhood and take their homes.”

Foley, John and Mickey Lauria. 2003. “Historic Preservation in New Orleans French Quarter: Unresolved Racial Tensions.” In *Knights and Castles: Minorities and Urban Regeneration*. ( pp. 67 - 89 ). Burlington CT: Ashgate Publishing Company.

Preservation of the French Quarter is complicated by competing and often conflicting visions of New Orleans’ past and future that are heavily influenced by race, class, and sexual preference. The authors draw on interviews and public statements to form the basis of their conclusions. They argue that the predominantly white, affluent residents of the Quarter see themselves as a minority fighting for the preservation of their unique neighborhood which is threatened by the policies of a largely black political structure. The denizens of the Quarter believe that black indifference toward preservation stems from ignorance; if blacks were educated in the history of the Quarter, some reason, then they too would advocate for policies that promote preservation. On the other hand, “The segregated past still affects the perception of the Quarter by the citywide black majority population, and it is not a place where they feel comfortable to live.” In this context, “Education sounds often like the desire to instill values without reflexion [sic] on their cultural bias.” Nevertheless, residents of the Quarter espouse an appreciation for diversity and tolerance which appears sometimes at odds with what Foley and Lauria argue are attitudes that express a subtle undercurrent of racism.

Conflicting values clash over the treatment of noise and crime. The Quarter’s permanent residents demand that the political establishment enforce the noise ordinance and adopt a “zero tolerance” approach to criminal infractions. The black mayor is, however, receptive to the plight of the predominantly black street musicians who argue that music is a part of their cultural history and a vital facet of the tourist industry. Police enforcement of minor criminal behavior like public intoxication and nudity is relaxed, particularly for visitors, in the interest of promoting the tourism industry that is so critical to the creation of jobs for low-income citizens.

In the face of New Orleans’ serious social and economic problems, the authors reason that arguments in favor of preservation sometimes appear elitist, if not inconsequential, to the future of the city. Class and racial differences inform an individual’s sense of what is appropriate and therefore “The preservation discourse cannot be accepted, a priori as superior.”

Ford, Larry R. (April 1974) “Historic Preservation and the Sense of Place,” *Growth and Change* 5, 33-37.

Ford notes that preservation activity is catching on in many west coast cities in the US, particularly San Francisco. He thinks this is positive for a number of reasons, namely b/c it reuses buildings in the “zone of discard” adjacent to the CBD. Due to high central city land values, the question is not one of redevelop or leave as is, but rather renovation vs. urban renewal. Demolition is inevitable unless a profitable renovation scheme can be developed. If the popularity of preservation goes too far, the diversity suffers and districts become “simply quant, high cost office area[s].” “Sterility sets in.” He assumes most of these areas are abandoned warehouses; “the people issue is not of direct concern. To a degree, however, responsible preservationists must consider preserving functions as well as architecture for social as well as historic reasons.” P36

Gale, Dennis E. *Neighborhood Revitalization and the Postindustrial City: A Multinational Perspective*. Lexington, MA: Lexington Books, 1984.

Ch. 2 reviews US gentrification literature. J. Thomas Black studied 143 central cities w/ populations of at least 50K and found that at 48 percent were experiencing private-market, non-subsidized housing renovation; estimates that b/w 1968-75, 54,600 units were renovated. About 2/3 were designated historic districts. As a whole, the extent of rehab seems small compared to new construction data. More than ½ of sampled population in each study moved to gentrifying neighborhoods from another location within the same city; most studies indicate that < 20 percent of gentrifiers had come from the suburbs. Architectural or historical appeal ranks high on list of reasons gentrifiers move to neighborhoods, along with accessibility to work and economic factors.

Gale, Dennis E. 1979. “Middle Class Resettlement in Older Urban Neighborhoods.” *Journal of the American Planning Association* 45, no. 3 (July): 293-304.

Most of the information Gale uses in Ch. 2 in the citation above comes from this article. He has a further explanation of his “stage theory” of how the types of people who move into gentrifying neighborhoods change over time, also discussed in his 1991 article above. Smith has a similar theory in *The Revanchist City*. Gale’s survey results and his analysis of past studies indicate that most people (72-85 percent in Atlanta, New Orleans, NYC, and Washington) rate the architectural/historical/cultural character as a primary reason for their movement to a neighborhood.

Goss, Jon. April 1-May 16, 1996. “Disquiet on the Waterfront: Reflections of Nostalgia and Utopia in the Urban Archetypes of Festival Marketplaces.” *Urban Geography* 17: 221-247.

Goss employs critical theory in a “textual reading” of festival marketplaces. He examines four of their archetypes: public space, marketplace, street theater, and waterfront. According to Goss, festival marketplaces are illusions of public space created for bourgeois enjoyment and conspicuous consumption; they exist somewhere on a spectrum between kitsch and fetish. Their architectural design and management are carefully manipulated to sanitize them of the potential dangers or unpleasantness experienced elsewhere in the city: homelessness, loitering, rowdy youth, etc. Goss, and those who he quotes, mock Rouse and other neo-traditional designers (like Duany and Plater-Zyberk) “invested in the

nostalgic discourse” for their belief that historic (or historically designed) public spaces have the potential to shape human interaction and promote civic life. Because we mourn the loss of these nineteenth century public spaces, we recreate them in the form of the festival marketplace—an “ideal-typical” reproduction of “archaic forms and functions.”

Goss draws on a number of cultural critics including Benjamin, Arnet, Boudrillard, Habermas, Freud and others. The paper is well research and includes a lengthy bibliography of newspaper articles and secondary sources relevant to festival marketplaces. While he is critical of the way that their architecture and images are manipulated to compel consumption, Goss admits that the festival marketplace is “profoundly ambivalent;” he acknowledges that they are not as exclusionary as most enclosed malls; people who visit them seem to have enjoyable exchanges; they appear to be fun.

Gotham, Kevin Fox. 2005. Tourism Gentrification: The Case of New Orleans’ Vieux Carre (French Quarter).” *Urban Studies* 42, 7: 1099-1121.

Gotham sees “tourism gentrification” as a unique form of gentrification characterized by a distinctive process. It relies on both the globalization of the entertainment industry, on abundant capital made available by the securitization of commercial loans, and the creation of Real Estate Investment Trusts (REITS). The author points to research suggesting that “while tourism may be a ‘global’ force, it is also a locally based set of activities and organizations involved in the production of local distinctiveness, local cultures and different local histories that appeal to visitors’ tastes for the exotic and unique.” Historic preservation plays a vital role in the promotion of this “local culture,” however, in the interests of development and enhanced tourism, decision are often made that undermine preservation objectives.

Gotham maintains that unlike past theories of gentrification that emphasize the influence of changing consumer demand and market forces, tourism gentrification relies on the intentional production of a market. “Consumer taste for gentrified spaces is...created and marketed, and depends on the alternatives offered by powerful capitalists who are primarily interested in producing the built environment from which they can extract the highest profit.” As a result, today the French Quarter is less racially and economically diverse than at any time in its history; local-owned enterprises have been all but entirely replaced by entertainment venues owned by global conglomerates; low-income housing is practically nonexistent. While some residents welcome this change as a sign of progress, others believe that it has eliminated diversity, destroyed the local culture, and undermined the residential neighborhood characteristics that made the Quarter a tourist destination in the first place.

Hays, Stelle. “Butchertown: Main Aims of Neighborhood Are to Preserve Human Resources and to Avoid Displacement. *American Preservation* 1, no. 2 (Dec 1977-Jan. 1978): 58-63.

The Butchertown neighborhood of St. Louis struggles to maintain low income housing as prices rise elsewhere in the city. Resident formed Butchertown, Inc. in 1967 to purchase and restore vacant properties for resale to low-income residents. Tensions exist b/w newer

preservation-oriented residents and more long-term homeowners. The two groups have difficulty agreeing to a proposed local historic district.

Hodder, Robert. 1996. "Savannah's Changing Past: Historic Preservation Planning and the Social Construction of a Historic Landscape, 1955 to 1985." In *Planning the Twentieth-Century American City*, edited by Mary Corbin Sies and Christopher Silver. Baltimore: Johns Hopkins University Press.

The historic preservation movement in Savannah, Georgia evolved through three distinct phases that gradually drew together the interests and histories of both white and black preservation advocates. In the first phase, between 1955 and 1973, preservationists founded the Historic Savannah Foundation (HSF) and persuaded the local political and business elites to acknowledge the economic potential of preserving the city's architecture as a tourist attraction. HSF realized a number of high-profile achievements, including the economically-successful redevelopment of Troup Ward, seen by some as a model of privately-funded preservation. The city's black community, however, was troubled by the displacement that accompanied preservation redevelopment. Lee Adler, among the leaders of HSF, encouraged the organization to actively combat the social problems caused by gentrification. When they demurred, he formed the Savannah Landmark Rehabilitation Project (SLRP) in 1975 to show that "The benefits of preservation can be shared by the rich and the poor."

Between 1974 and 1979 the SLRP focused on the city's recently-designated Victorian District, a low-income and predominantly African American neighborhood. The organization channeled private and public funding into a revolving loan fund for low-income home owners and purchased rehabilitated historic properties for low-income renters.

The beginning of the third phase, which spanned from 1980 to 1985, was marked by the relocation of the King-Tisdell Cottage, an African-American landmark, to the Beach Institute Historic Neighborhood. The cottage became the local branch of the Association for the Study of African American History and swelling interest in black history encouraged the formation of the Beach Institute Historic Neighborhood Association (BIHNA). BIHNA worked to ensure that preservation activities served the interests of the existing low-income and black residents. In 1983, HSF, SLRP and BIHNA came together to co-host a conference on preservation, housing, and community development.

Jandl, Ward H. 1979. Editorial and response from editor. *American Preservation* 2, no. 2 (Dec./Jan.): 90..

Jandl wrote to dispute a claim published in an earlier edition that the Tax Reform Act "has caused many homes to be turned into apartments which otherwise would be have become single-family dwellings." His statistics indicate that 25 percent of new units involve subsidy for low-and moderate-income residents and that most units are created from vacant industrial buildings. In response, the editors write that they "believe...too many single-family dwellings have become apartment buildings [as a result of the incentives]."

Kasinitz, Philip. Fall 1988. "The Gentrification of Boerum Hill: Neighborhood Change and Conflicts over Definitions." *Qualitative Sociology* 11, no. 3, 163-182.

Gentrification involves the middle-class redefinition of existing inner-city neighborhoods. "Brownstoners" moved into "Gowanus," a neighborhood w/ a slum reputation that was bordered by public housing, beginning in the early 1960s and began calling their new home "Boerum Hill." Long-term residents often form gentrification countermovements to express their own definitions. In the minds of the predominantly white, middle-class members of the Boerum Hill Association, neighborhood boundaries were defined by the brownstone architecture, not by the types of people who lived there. While not necessarily wealthy, the brownstoners had significantly more social and political capital than the existing residents. Many of them journalists, writers, and lawyers, they skillfully used the media to create a history for BH, to oppose demolitions, and create an historic district—to make themselves "visible." According to Kasinitz, landmarking enabled one set of residents to use state policy to make their aesthetic and social vision of the neighborhood a reality. Population plummeted as rooming houses and multi-unit apartment buildings were converted to single-family occupancy. Anti-gentrification advocates redefined "renovation" as gentrification—b/c who could be against renovation? The Puerto Rican community asserted its ethnic identity to resist gentrification, first by organizing a "Three Kings Day" Christmas festival. Both pro and anti gentrification advocates construct myths about their history and identity. Includes long list of references.

Klimoski, Gretchen. 1978. "From Historic Preservation to Urban Conservation: Urban Revitalization Displaces the Poor—A Working Paper." Published under a different name in '79.

Lewis, Peirce F. Fall 1985. "The Future of the Past: Our Clouded Vision of Historic Preservation." In *Controversies in Historic Preservation*, edited by Pamela Thurber. Washington, DC: National Trust for Historic Preservation.

Lewis thinks the preservationist movement is a dismal failure because it relies on five inherently flawed arguments for why historic buildings should be saved: cultural memory; antique texture; successful proxemics; environmental diversity; and economic gain. Each has its pitfalls; preservationists must exercise care in how they are used.

If preservationists employ the cultural memory rationale, then were do they draw the line in deciding what to preserve; and how effective are our preservation strategies in conveying cultural memory? Is the adaptive reuse of Ghirardelli Square or (as was being proposed when this essay was written in 1974) Eastern State Penitentiary for retail boutiques an effective strategy to preserve cultural memory?

If "antique texture"—the inherent beauty of old materials—is championed as the reason for preservation, then preservationists must ask (or critics will force them to confront) if the aesthetic qualities of old materials are really inherent, universally-held convictions, or rather if they are the preferences of a white middle-class majority.



And lastly, if economic gains are the reason for historic preservation, then preservationists must ask: who gains, and who loses? Lewis points to the case of New Orleans' French Quarter, where rising property values have displaced minority and low-income residents. [For a classic example of a text that uses Lewis's five flawed arguments in defense of preservation, see Arthur P. Ziegler, Jr.'s *Historic Preservation in Inner City Areas: A Manual of Practice* (Pittsburgh: Allegheny Press, 1971).

Lloyd, Richard. 2002. "Neo-Bohemia: Art and Neighborhood Redevelopment in Chicago." *Journal of Urban Affairs* 24, 5, 517-532.

Creative culture and commerce are drawn to Chicago's Wicker Park neighborhood b/c of its neo-bohemian traditions. Grit, danger, the illicit are seen as authentic, and thus create a "bohemian chic," 518 which is more attractive than "sanitized environments" (e.g., Navy Pier) to workers in creative industries like media, art and music. Lloyd draws heavily on R. Florida's Creative class concepts.

Maher, Timothy, et. al. Dec. 1985. "Whose neighborhood?: The Role of Established Residents in Historic Preservation Areas." *Urban Affairs Quarterly* 21, 2: 267-281.

The authors (all four professors of sociology) seek to determine if revitalization of historic districts can take place without gentrification. Can existing residents (incumbent occupants) of historic districts play an active role in neighborhood revitalization, or does revitalization always cause gentrification as affluent homebuyers displace low-income residents? The researchers conduct interviews with residents of two Indianapolis neighborhoods—Chatham-Arch and Old Northside—to gauge their inclination toward restoration. Information on socioeconomic status is also recorded.

The literature on poverty and urban blight suggests to the researchers three attributes of "slum residents" that may account for their relative inclination toward restoration: lack of money; lack of skills; lack of ambition (culture of poverty).

Statistical analysis of the survey results finds that residents who lack financial resources are generally disinclined toward restoration. Level of education was also negatively correlated with an inclination toward restoration. To test whether a culturally-derived "lack of ambition" influenced residents inclination toward restoration, the researchers analyzed households with and without the following variables: a female head, a single parent, an unemployed member, and a non-white head. Their results are the opposite of what would be predicted by the "culture of poverty thesis." Households headed by single females, non-whites, and with unemployed members were more interested in home improvement, were more critical of the houses around them, and were more likely to report expenditure on major repairs and redecoration projects.

The researchers speculate that the major differences between long-time residents and new homeowners in their inclination toward preservation may have to do with "the way the restoration process unfolds." The more affluent new residents are more self-consciously

committed to historic preservation, perhaps because of the way they were courted to move into the neighborhood, the way the media portrays the preservation process, the fact that they have preservation role models with which they can identify, or still other reasons.

In conclusion, the researchers do not find promising evidence that incumbent upgrading will lead to the revitalization of the two neighborhoods. Rather, newcomers are in a better position to guide the direction of redevelopment due to their greater financial and personal assets and the fact that the preservation movement may be catered to their needs and inclinations. Without public intervention, existing residents are likely to be pushed out of the neighborhoods.

Metzger, John T. 2001. "The Failure of a Festival Marketplace: South Street Seaport in Lower Manhattan." *Planning Perspectives* 16: 25-46.

Metzger describes in detail how various interests shaped the design and programming of South Street Seaport. Beginning with a brief history of the seaport area, he documents efforts between 1950 and 1980s to save the area for preservation and redevelopment. In the '60s the site was nearly cleared for the construction of an office development until the newly established Landmarks Preservation Commission stepped in to designate the area as a district. In 1969 the NYC Planning Commission declared the site an urban renewal area and designed the seaport area for "restoration and rehabilitation." The South Street Seaport Museum was established to obtain ownership of the properties and management restoration activities.

In the mid 1970s the Seaport abandoned its initial plan to redevelop each building individually and instead tried to find a master developer for the site. James Rouse, who in 1976 opened Boston's Faneuil Hall Market to great success, was an obvious choice. Rouse proposed a festival marketplace development with new construction on Pier 17, construction of a new commercial building on an infill site, rehabilitation of existing historic buildings, and permitting pushcart vendors. Artists who lived in the seaport, existing businesses and the fish mongers who occupied the municipally-owned Fulton Fish Market all opposed Rouse's plan. In response, the city proposed changes in zoning and committed to rehabilitating the fish market.

The city leased the buildings to the Seaport Museum who in turn leased them to Rouse for redevelopment. The construction was heavily leveraged with public financing from the city, state and federal government, particularly a large Urban Development Action Grant; Rouse contributed no equity to the project. The \$350 million development was projected to generate thousands of construction and full time jobs, and approximately \$8.5 million annual revenue to the city. When completed in 1983 (Pier 17 opened in 1985), the Seaport fell short of its job creation and revenue goals. The shops were originally leased to small local businesses "that blended with the historic theme and identity" as well as a few national chains. Gradually throughout the '80s the local businesses were replaced with national chains able to pay higher rents that were needed to help cover operating costs. The identity of the Seaport shifted from a "historic marketplace to suburban-style shopping mall."

Rouse went on to build a new of other festival marketplaces in smaller cities that failed and were then closed; the company ceased developing such ventures in 1988.

Murtagh, William J. 1978. "As I See It: Displacement: Challenge for Preservationists/Conservationists." *American Preservation* 1, 6 (Aug./Sept.): 6-7.

Preservationists are widening their scope of concerns and are "becoming interested in preserving networks, neighborhoods, and cultural landscapes." They have "to look inwardly and examine certain problems related to historic preservation. One such problem is the social displacement of current residents by persons with higher incomes and social status." "The imposition of local preservation-oriented zoning controls often accelerates the natural rhythm of change, increasing the rate of real estate turnover, resident mobility and flight, and business and resident displacement." He thinks the problem is w/ the tax structure, appraisers, and real estate industry. "...with minor exceptions, preservationists have failed the other segments of our society and often have forced unwanted changes upon them. For the young and upwardly mobile, change—sometimes caused by preservation—can be beneficial. For others, usually the poor and the elderly, such change is often not good or questionable at best." "As the scope of preservation and conservation expands, such social and economic issues as displacement must be carefully studied."

Nassar, Noha. May 2003. "Planning for Urban Heritage Places: Reconciling Conservation, Tourism, and Sustainable Development." *Journal of Planning Literature* 17, 4: 467.

Although she does not use the word "gentrification," Nassar argues that sustainable planning for heritage places is needed in an age of global tourism because the economic forces generated by tourism often displace the services that cater to the local population. In the last half of the twentieth century, historic towns have come under increasing pressure from affluent tourists and marketing corporations who exploit local resources. Tourism-led development undermines the central precepts of conservation by emphasizing the preservation of the physical and neglecting the cultural. Heritage places need socioeconomic protection as well as architectural protection.

The author believes that cultural heritage is consumer product, thus the selection of heritage places and the way in which they are marketed are "driven by the requirements of the consumer market." This market demands a certain uniformity of retail and service amenities like car parking, fast-food, and luxury western hotels, much of which may not serve the local population. Moreover, development that meets these impulses tends to undermine the individuality of heritage places. These conclusions are supported by recent literature on heritage tourism and its negative externalities that is reviewed in the article.

Heritage tourism can be made sustainable, according to Nassar, by first acknowledging the relationship between building form and use, and second, by incorporating "social ideals" into land use planning. She identifies two distinct strategies to make heritage tourism sustainable. The functional theory maintains that tourism must be distributed more effectively in accordance with the "carrying capacity" of the resources, restricting the number of visitors as needed. The political economy approach advocates that local

ownership and management of tourist resources will help to distribute wealth and balance tourist development with local needs; public participation is prioritized.

National Urban Coalition. *Neighborhood Transition without Displacement: A Citizens' Handbook*. N.p.: National Urban Coalition, 1979.

This brief handbook discusses strategies communities can use to identify and counteract displacement. It includes a section on historic preservation efforts, which it notes are “frequently associated with reinvestment...and displacement,” but may also be used by existing residents to improve housing opportunities for low income groups. Case studies were preservation strategies used to combat displacement are provided for Pittsburgh, San Francisco’s Chinatown, and Savannah. A bibliography of reports, articles, and books is included.

Newson, Michael D. Summer 1971. “Blacks and Historic Preservation.” *Law and Contemporary Problems* 36: 423-432.

Newson gives a scathing critique of the historic preservation movement. Efforts by historic preservationists and real estate professionals to redevelop historically-significant inner-city neighborhoods lead to the displacement of existing black residents in a process the author calls “the Georgetown Syndrome.” Blacks sell to white developers because they either cannot resist the prices being offered to them, or they cannot afford the repairs required by code enforcement, which Newson argues is often enhanced in areas that historic preservationists, in league with city officials, see as ripe for redevelopment. He blames the historic preservation movement for being blind to the social implications of their restoration projects.

The author offers suggestions and sees hope for those blacks who desire to resist or to reform the preservation movement. When blacks have more political power in city government, they may take control of landmark commissions or may force zoning boards to deny preservation projects that reduce the supply of low income housing. Banking and insurance reform may give blacks more access to the credit needed to maintain homes in gentrifying areas. Government-sponsored preservation programs may enhance opportunities for black-administered preservation efforts. If these do not work, protest may be the final recourse for those who seek to align the “goals and methods” of historic preservation with “black aspirations.”

Petty, Ann E. 1978. “Historic Preservation without Relocations, Savannah Rebuilds Victorian District.” *Journal of Housing* 35, 8: 422-3.

Roddewig, Richard, and Michael S. Young. 1979. “Neighborhood Revitalization and the Historic Preservation Incentives of the Tax Reform Act of 1976: Lessons from the Bottom Line of a Chicago Red Brick Three-Flat.” *The Urban Lawyer* 11, 1: 35-74.

The article reviews the historic preservation provisions of the 1976 Tax Reform Act and highlights problems developers have encountered in the implementation of the new

program. Basic program requirements are described. The authors bemoan DOI's "finickiness in certifying applications" and the fact that the Standards are subject to DOI interpretation, leaving developers unsure of what constitutes an appropriate application, particularly with respect to contemporary and compatible new construction. The layered state and federal reviews, and the desire of reviewers to scrutinize the minutia of rehabilitation proposals, result in costly delays. Based on their observation of rehabilitation projects in Chicago, they conclude that the new tax incentives will only result in gentrification and displacement of those with limited economic means. (Quoted is a memo from the DOI warning that displacement will likely result from National Register listing.) Nevertheless, in the final section they conduct a proforma analysis of a Chicago residential building rehabilitation to illustrate that the preservation tax incentives help to make some historic investments marginally attractive.

Rohrback, Peter Thomas. Oct.-Dec. 1970. "The Poignant Dilemma of Spontaneous Restoration." *Historic Preservation* 22, 4: 4-10.

Rohrback describes tensions between white upper-middle class preservationists and the predominantly black members of the Capitol East Community Organization (CECO) arising from residential restoration efforts in the East Capital Hill neighborhood of Washington, DC. Following a precedent set by Georgetown, preservationists formed the Capitol Hill Restoration Society in 1955 to promote the redevelopment of their neighborhood. In response to displacement and loss of neighborhood control, black residents formed CECO to raise awareness of the problem in the black community and to empower residents to resist gentrification by financing restoration of black homes.

In its defense, the president of Restoration Society argues that his membership cannot be held responsible for "complex problems of integration and shifting population." Rather, their mission is only to restore old homes. Furthermore, he maintains that black residents who held on to their homes are reaping the benefits of enhanced home equity. In a response that follows Rohrback's article, one Restoration Society member contends that CECO has done nothing constructive in the area. He defensively declares his status as a liberal who is committed to the inner city, who resisted the movement to the suburbs, and who is offended by insinuations that he is part of "some sort of white conspiracy." The "laws of economics" are what prohibit racial integration.

Rosen, Joseph A. "Manchester: Once Affluent but Now Low-Income Section of Pittsburgh will be Reborn in Unique Restoration Project." *American Preservation* 1, no. 3 (Feb/Mar 1978): 9-19.

Pittsburgh History and Landmarks Foundation lead by Arthur P. Ziegler, Jr., aims to produce preservation outcomes without displacement. Ziegler says that preservation up until the mid-1960s was not much different from Urban Renewal in that the poor were displaced for the benefit of the rich. He claims that the Mexican War Street Program was the first mixed income, integrated preservation district in the country and that the program "did something to the preservation movement across the country b/c it introduced a social consciousness, an awareness that the poor occupy the majority of our nation's

architecturally significant buildings.” Lee Adler from Savannah consulted on neighborhood development.

Smith, Neil. 1989. “Comment on David Listokin, Barbara Listokin, and Michael Lahr’s ‘The Contributions of Historic Preservation to Housing and Economic Development’: Historic Preservation in a Neoliberal Age.” *Housing Policy Debate* 9, 3: 479-485.

Smith believes that the negative aspects of historic preservation may outweigh its benefits, despite the lack of research documenting a correlation between preservation and displacement. Preservation benefits the rich and middle classes at the expense of the working poor who are displaced. More research is needed to document the “differential effects of historic preservation.” The author calls on the preservation movement to “institutionalize at its core a policy of social responsibility.”

Sauder, Robert A., and Teresa Wilkinson, “Preservation Planning and Geographic Change in New Orleans’ Vieux Carre,” *Urban Geography* 10, no. 1 (1988): 41-61.

The Vieux Carre is no longer a “real place” where people live, work and shop but has become, instead, a “Creole Disneyland.” Consultants hired by the city in the late 1920s recommended a zoning ordinance to “preserve [the] unusual and historic section of predominant residential uses and small businesses (Harland-Bartholomew and Associates report, 1929). View Carre Commission created was created in 1936 to ensure that “the quaint and distinctive character of the Vieux Carre section ...may not be injuriously affected;” it emphasized the retention and maintenance of the historic fabric but also referred to the “quaint and distinctive character.” Authors show that in the 1940s, neighborhood services were well distributed throughout the quarter and far outnumbered tourist-oriented gift shops. Working class population was displaced by white, white-collar gentrifiers b/w the 1940-1980s. The Vieux Carre Commission responded to this influx with a preoccupation on the preservation of architectural details; “design preservation” was the commission’s understanding of the “tout ensemble.” No effort was made to preserve the “integrity” of the district, “the totality of its unique environment.” The pursuit of tourist revenue was prioritized over other concerns. A late ‘60s study recommended a framework for preserving buildings but also “the total effect,” recommended “coordinated public and private action should be taken to preserve and strengthen the district’s tout ensemble.” The Commission ignored the social aspects and implemented the architectural ones recommendation. Tourist gift shops steadily replaced local services (map showing impact on French Market is amazing). Eventually the power to limit uses was given to the Commission, but the hotels, entertainment venues, and gift shops were already well established and the use ordinance was not vigorously enforced; they were reacting to change, not guiding it. “Much of the Vieux Carre’s former integrity stemmed from its social and functional diversity.” “The social and functional consequences of the district’s preservation...call into question policies which stress the preservation of buildings over the clearly expressed and understood management of the neighborhood, one which emphasizes its suitability for everyday use.” In the mid-80s the commission was still working w/ a citizen advisory committee to find was to expand the concept of the “tout ensemble” to

include elements of community life like food stores, hardware stores, etc. No policy changes were made.

Tournier, Robert E. 1980. "Historic Preservation as a Force in Urban Change: Charleston." In *Back to the City: Issues in Neighborhood Renovation*, edited by Shirley Bradway Laska and Daphne Spain. New York: Pergamon Press.

Tournier comments on the racial and sociodemographic changes catalyzed by historic district designation in Charleston, South Carolina. He examines census data between 1940 and 1970 for the neighborhoods of Wraggsborough, Radcliffeborough, and Ansonborough. According to the author, these areas had similar architectural character and a high number of buildings identified as significant in the 1940-1941 architectural survey of the city. The neighborhoods experienced rapid physical deterioration to slum conditions following WWII; they were further characterized by a high proportion of black occupants, low owner occupancy, and low median rent. Ansonborough, however, was made a city historic district in 1959. Between 1960 and 1970, it experienced a rapid increase in owner occupancy, mean rent, and a decrease in units occupied by blacks. The historic district placed economic pressure on low-income residents forcing them to move. Low-income owner-occupants were pressured to sell by the high cost of maintaining a house to historic district standards that require in-kind replacement of significant architectural features. While historic districts may be a "jewel to be cherished" by urban planners who seek increased tax revenue, for low-income residents, they are a "painstakingly restored gilded ghetto." Tournier warns that preservation efforts must not lose sight of people in its pursuit of building restoration.

Troy, Austen. July 10-12, 2002. Comments on "Historic Preservation and Neighborhood Change" by N. Edward Coulson and Robin M. Leichenko. A paper prepared for the Lincoln Institute of Land Policy Seminar: Analysis of Land Markets and the Impact of Land Market Regulation.

While acknowledging that Coulson and Leichenko's paper is a well-written contribution to an important subject, Troy argues that the researchers failed to adequately consider alternative explanations for their results. He also raises possible problems with the design of the statistical research. Troy suggests that historic designation is typically used in one of two ways. "Well organized and educated, upper-income neighborhoods (where historical housing is present) tend to use historical designation as a buffer against anticipated neighborhood change." Used in this way, designation is seen as a tool to prohibit the conversion of single-family houses to multi-unit rentals, and as a mechanism to exclude lower-income residents who presumably can not afford to make the costly repairs required by local landmarks commissions. Alternatively, designation may be used under other circumstances with the desire to promote the transition of blighted neighborhoods through a process of upward filtering (wherein wealthier individuals buy older, deteriorated properties for the purpose of restoration). According to the author, these two motivations for designation help to explain Coulson and Leichenko's results.

Methodological problems may also explain why designation did not appear to be correlated with neighborhood change. Troy argues that the chosen unit of analysis—the census tract—was simply too large; “it allows for so much within-unit heterogeneity. That is, a given tract may have multiple diverse neighborhoods within it, in terms of both socio-economic characteristics and historic housing.” Large unit size leads to a small sample size that “prohibits sufficient variation across enough variables.”

Lastly, something unique about the Forth Worth housing market—for instance, the “supply of historic housing relative to the overall supply of housing”—may inhibit preservation causing gentrification.

Werwath, Peter. 1998. “Comment on David Listokin, Barbara Listokin, and Michael Lahr's ‘The Contributions of Historic Preservation to Housing and Economic Development.’” *Housing Policy Debate* 9, 3: 487-495.

Werwath contends that Listokin, Listokin, and Lahr have not adequately addressed the potential negative side effects of historic preservation, namely gentrification and the displacement of low income residents and small businesses. Preservation projects, according to the author’s observations, create low paying jobs in retail sales, food service, housekeeping, and building maintenance, as opposed to the comparatively better employment opportunities created through large-scale urban renewal developments. Preservation also tends to displace low-income residents as middle-class buyers and speculators move into an area and profit from the increasing real estate values that accompany rehabilitation activity. There is no need to incentivize preservation when gentrification is already taking place as a result of market forces such as a growing labor demand and a tight housing supply. These situations call for greater investment in affordable housing. To encourage more moderate rehabilitation that will leave housing more affordable to low-income renters, Werwath recommends eliminating the “substantial rehabilitation” requirement of the Federal Historic Rehabilitation Tax Credit. Lastly, he highlights the needs for greater consistency in the enforcement of the Secretary of the Interior’s Standards, and more flexibility in the use of substitute materials such as vinyl windows in lieu of in-kind replacement with wood.

Zukin, Sharon, and Ervin Kosta. “Bourdieu off Broadway: Managing Distinction on a Shopping Block in the East Village.” *City & Community* 2004, 3, 2, June, 101-114.

Why study commercial districts? B/c looking at only housing markets or labor markets “neglects one of a district’s key functions in urban redevelopment: to create one of the consumption spaces on which cultural producers and new middle class rely.” 102 The shops on East 9<sup>th</sup> street are both diverse (as discussed by J. Jacobs) and have distinction (as used by Bourdieu). “For consumers, distinction implies the serendipitous discovery of unique elements among the aesthetic and social diversity of the city.” 113 Is it possible to manage distinction? It requires bldg owners to manage who they rent to; city should ensure mix of old and new buildings, and affordable rents; city should offer small biz loans to “innovative, small-scale retail stores;”



Zukin, Sharon. 1990 "Socio-Spatial Prototypes of a New Organization of Consumption: The Role of Real Cultural Capital." *Sociology*, 24, 1, Feb, 37-56.

"...gentrifiers know enough to appreciate historic architectural style and imported cheese." Shops associated with gentrification include the "international bistro,' the art galleries with bare wood floors and always open doors, the food or designer boutiques where articles are on Exhibit as much as on sale...." They seek shopping that offers "sensory delights." They are the suburban shopping mall with "stone and mortar cachet of central urban areas." 41

First wave of gentrification brings retail opportunities that suit the gentrifiers' consumption desires. Then, the first wave of neighborhood cafes and local-service shops are "bought out and overcome by branches of international chain stores and expensive boutiques. Landmark districts are part of a "socially constructed...symbolic quest for authenticity, validation, monumentality, as well as a myth that an historically preserved enclave—and others like it—represent the real, historical city." 42